

HANFORD ELEMENTARY SCHOOL DISTRICT

COUNTY OF KINGS  
HANFORD, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2001

TOGETHER WITH AUDITOR'S REPORT

HANFORD ELEMENTARY SCHOOL DISTRICT

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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, 2001, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and 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).

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, 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, 2001,

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 November 27, 2001 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*  
November 27, 2001.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINED BALANCE SHEET -  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 AS OF JUNE 30, 2001

	GOVERNMENTAL		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
<u>ASSETS</u>			
Cash in County Treasury (Note 2)	\$ 3,679,122	\$ 69,732	\$ 360,270
Cash on Hand and in Banks (Note 2)	-	255	-
Cash in Revolving Fund (Note 2)	5,050	905	-
Cash with Fiscal Agent (Note 2)	2,486,423	-	-
Accounts Receivable-			
Federal Government (Note 4)	190,197	397,866	-
State Government (Note 4)	750,755	168,159	-
Interest	181,046	185	-
Other (Note 4)	44,826	55,589	-
Due from Other Funds (Note 5)	-	-	-
Prepaid Expenditures	35,528	-	-
Stores Inventory	-	35,415	-
Amount Available in Debt Service	-	-	-
Amount to be Provided for Payment of General Long-Term Debt	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 7,372,947</b>	<b>\$ 728,106</b>	<b>\$ 360,270</b>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts Payable and Accrued Payroll	\$ 2,279,970	\$ 8,507	\$ -
Deferred Revenue	489,369	-	-
Due to Other Funds (Note 5)	2,389	-	-
Due to Student Groups	-	-	-
Medical and Dental Claims Payable	-	-	-
Compensated Absences	149,972	-	-
Notes Payable - TRANS (Note 6)	2,475,000	-	-
Interest Payable	129,938	-	-
Capital Leases (Note 8)	-	-	-
General Obligation Bonds Payable (Note 7)	-	-	-
<b>Total Liabilities</b>	<b>5,526,638</b>	<b>8,507</b>	<b>-</b>
FUND EQUITY (Note 1):			
Reserved for Revolving Fund	5,050	905	-
Reserved for Stores Inventory	-	35,415	-
Reserved for Prepaid Expenditures	35,528	-	-
Reserved for Debt Service	-	-	360,270
Unreserved -			
Designated for Economic Uncertainties	1,372,500	-	-
Designated for Equipment Replacement	-	157,000	-
Undesignated	433,231	526,279	-
Retained Earnings	-	-	-
<b>Total Fund Equity</b>	<b>1,846,309</b>	<b>719,599</b>	<b>360,270</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 7,372,947</b>	<b>\$ 728,106</b>	<b>\$ 360,270</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>TOTAL (MEMORANDUM ONLY)</u>
<u>CAPITAL PROJECTS</u>	<u>INTERNAL SERVICE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL LONG-TERM DEBT</u>	
\$ 4,660,714	\$ 154,547	\$ -	\$ -	\$ 8,924,385
-	-	414	-	669
-	-	-	-	5,955
-	7,000	-	-	2,493,423
-	-	-	-	588,063
-	-	-	-	918,914
-	-	-	-	181,231
32,851	-	-	-	133,266
-	-	2,389	-	2,389
-	-	-	-	35,528
-	-	-	-	35,415
-	-	-	360,270	360,270
-	-	-	13,937,233	13,937,233
<u>\$ 4,693,565</u>	<u>\$ 161,547</u>	<u>\$ 2,803</u>	<u>\$ 14,297,503</u>	<u>\$ 27,616,741</u>
\$ 469,639	\$ 3,834	\$ 2,389	\$ -	\$ 2,764,339
-	-	-	-	489,369
-	-	-	-	2,389
-	-	414	-	414
-	79,338	-	-	79,338
-	-	-	51,146	201,118
-	-	-	-	2,475,000
-	-	-	-	129,938
-	-	-	340,297	340,297
-	-	-	13,906,060	13,906,060
<u>469,639</u>	<u>83,172</u>	<u>2,803</u>	<u>14,297,503</u>	<u>20,388,262</u>
-	-	-	-	5,955
-	-	-	-	35,415
-	-	-	-	35,528
-	-	-	-	360,270
-	-	-	-	1,372,500
-	-	-	-	157,000
4,223,926	-	-	-	5,183,436
-	78,375	-	-	78,375
<u>4,223,926</u>	<u>78,375</u>	<u>-</u>	<u>-</u>	<u>7,228,479</u>
<u>\$ 4,693,565</u>	<u>\$ 161,547</u>	<u>\$ 2,803</u>	<u>\$ 14,297,503</u>	<u>\$ 27,616,741</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, 2001

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	<u>GENERAL</u>
REVENUE:	
Revenue Limit Sources-	
State Apportionments	\$ 16,921,238
Local Sources	<u>4,002,822</u>
Total Revenue Limit Sources	20,924,060
Federal Revenue	2,706,805
Other State Revenue	8,015,825
Other Local Revenue	<u>570,813</u>
Total Revenue	<u>32,217,503</u>
EXPENDITURES:	
Certificated Salaries	15,198,243
Classified Salaries	5,563,324
Employee Benefits	5,278,398
Books and Supplies	2,488,157
Services and Other Operating Expenditures	2,492,521
Capital Outlay	981,963
Other Outgo	639,458
Debt Service -	
Principal Retirement	21,450
Interest	<u>23,736</u>
Total Expenditures	<u>32,687,250</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	<u>(469,747)</u>
OTHER FINANCING SOURCES (USES):	
Proceeds from Capital Leases	128,937
Operating Transfers In (Note 5)	80,000
Operating Transfers Out (Note 5)	<u>(168,000)</u>
Total Other Financing Sources (Uses)	<u>40,937</u>
DEFICIENCY OF REVENUE AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER USES	(428,810)
FUND BALANCES - JULY 1, 2000	<u>2,275,119</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 1,846,309</u>

The notes to the financial statements



<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ -	\$ -	\$ -	\$ 16,921,238
-	-	-	4,002,822
-	-	-	20,924,060
1,156,497	-	-	3,863,302
439,387	29,037	-	8,484,249
<u>294,177</u>	<u>847,837</u>	<u>693,383</u>	<u>2,406,210</u>
<u>1,890,061</u>	<u>876,874</u>	<u>693,383</u>	<u>35,677,821</u>
4,523	-	-	15,202,766
702,785	-	-	6,266,109
113,835	-	-	5,392,233
697,535	-	13,229	3,198,921
217,930	-	649,928	3,360,379
232,181	-	2,727,880	3,942,024
90,751	-	-	730,209
-	243,940	256,206	521,596
-	<u>658,151</u>	<u>1,186</u>	<u>683,073</u>
<u>2,059,540</u>	<u>902,091</u>	<u>3,648,429</u>	<u>39,297,310</u>
<u>(169,479)</u>	<u>(25,217)</u>	<u>(2,955,046)</u>	<u>(3,619,489)</u>
-	-	-	128,937
168,000	-	2,654,756	2,902,756
-	-	<u>(2,734,756)</u>	<u>(2,902,756)</u>
<u>168,000</u>	<u>-</u>	<u>(80,000)</u>	<u>128,937</u>
(1,479)	(25,217)	(3,035,046)	(3,490,552)
<u>721,078</u>	<u>385,487</u>	<u>7,258,972</u>	<u>10,640,656</u>
<u>\$ 719,599</u>	<u>\$ 360,270</u>	<u>\$ 4,223,926</u>	<u>\$ 7,150,104</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, 2001

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	FINAL BUDGET
REVENUE:	
Revenue Limit Sources-	
State Apportionments	\$ 16,959,333
Local Sources	<u>3,978,645</u>
Total Revenue Limit Sources	20,937,978
Federal Revenue	2,585,752
Other State Revenue	7,602,845
Other Local Revenue	<u>621,595</u>
Total Revenue	<u>31,748,170</u>
EXPENDITURES:	
Certificated Salaries	15,213,846
Classified Salaries	5,587,105
Employee Benefits	4,543,136
Books and Supplies	2,620,263
Services and Other Operating Expenditures	2,642,444
Capital Outlay	1,125,393
Other Outgo	702,283
Debt Service -	
Principal Retirement	21,450
Interest	<u>23,736</u>
Total Expenditures	<u>32,479,656</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(731,486)</u>
OTHER FINANCING SOURCES (USES):	
Proceeds from Capital Leases	129,000
Operating Transfers In	80,000
Operating Transfers Out	<u>(160,000)</u>
Total Other Financing Sources (Uses)	<u>49,000</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(682,486)
FUND BALANCES - JULY 1, 2000	<u>2,275,119</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 1,592,633</u>

GENERAL FUND	SPECIAL REVENUE FUNDS			
	ACTUAL	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 16,921,238	\$ -	\$ -	\$ -	-
<u>4,002,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
20,924,060	-	-	-	-
(13,918)				
2,706,805	1,098,168	1,156,497	58,329	
8,015,825	452,741	439,387	(13,354)	
<u>570,813</u>	<u>293,323</u>	<u>294,177</u>	<u>854</u>	
32,217,503	1,844,232	1,890,061	45,829	
(469,333)				
15,198,243	4,525	4,523	2	
5,563,324	703,954	702,785	1,169	
5,278,398	115,389	113,835	1,554	
2,488,157	717,768	697,535	20,233	
2,492,521	264,899	217,930	46,969	
981,963	373,839	232,181	141,658	
639,458	92,760	90,751	2,009	
21,450	-	-	-	
<u>23,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	
32,687,250	2,273,134	2,059,540	213,594	
(207,594)				
<u>(469,747)</u>	<u>(428,902)</u>	<u>(169,479)</u>	<u>259,423</u>	
261,739				
128,937	-	-	-	
(63)				
80,000	160,000	168,000	8,000	
<u>(168,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
(8,000)				
40,937	160,000	168,000	8,000	
(8,063)				
(428,810)	(268,902)	(1,479)	267,423	
253,676				
<u>2,275,119</u>	<u>721,078</u>	<u>721,078</u>	<u>-</u>	
-				
\$ 1,846,309	\$ 452,176	\$ 719,599	\$ 267,423	
<u>253,676</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, 2001

	<u>DEBT SERVICE FUNDS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Revenue Limit Sources-			
State Apportionments	\$ -	\$ -	\$ -
Local Sources	-	-	-
Total Revenue Limit Sources	-	-	-
Federal Revenue	-	-	-
Other State Revenue	-	29,037	29,037
Other Local Revenue	-	847,837	847,837
Total Revenue	-	876,874	876,874
EXPENDITURES:			
Certificated Salaries	-	-	-
Classified Salaries	-	-	-
Employee Benefits	-	-	-
Books and Supplies	-	-	-
Services and Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Other Outgo	-	-	-
Debt Service -			
Principal Retirement	-	243,940	(243,940)
Interest	-	658,151	(658,151)
Total Expenditures	-	902,091	(902,091)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(25,217)	(25,217)
OTHER FINANCING SOURCES (USES):			
Proceeds from Capital Leases	-	-	-
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	-	(25,217)	(25,217)
FUND BALANCES - JULY 1, 2000	385,487	385,487	-
FUND BALANCES - JUNE 30, 2001	<u>\$ 385,487</u>	<u>\$ 360,270</u>	<u>\$ (25,217)</u>

The notes to the financial statements

<u>CAPITAL PROJECTS FUNDS</u>			<u>TOTALS (MEMORANDUM ONLY)</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>
\$ -	\$ -	\$ -	\$ 16,959,333	\$ 16,921,238	\$ (38,095)
-	-	-	3,978,645	4,002,822	24,177
-	-	-	20,937,978	20,924,060	(13,918)
-	-	-	3,683,920	3,863,302	179,382
-	-	-	8,055,586	8,484,249	428,663
492,000	693,383	201,383	1,406,918	2,406,210	999,292
492,000	693,383	201,383	34,084,402	35,677,821	1,593,419
-	-	-	15,218,371	15,202,766	15,605
-	-	-	6,291,059	6,266,109	24,950
-	-	-	4,658,525	5,392,233	(733,708)
14,000	13,229	771	3,352,031	3,198,921	153,110
983,302	649,928	333,374	3,890,645	3,360,379	530,266
5,966,054	2,727,880	3,238,174	7,465,286	3,942,024	3,523,262
-	-	-	795,043	730,209	64,834
256,206	256,206	-	277,656	521,596	(243,940)
21,450	1,186	20,264	45,186	683,073	(637,887)
7,241,012	3,648,429	3,592,583	41,993,802	39,297,310	2,696,492
(6,749,012)	(2,955,046)	3,793,966	(7,909,400)	(3,619,489)	4,289,911
-	-	-	129,000	128,937	(63)
2,654,756	2,654,756	-	2,894,756	2,902,756	8,000
(2,734,756)	(2,734,756)	-	(2,894,756)	(2,902,756)	(8,000)
(80,000)	(80,000)	-	129,000	128,937	(63)
(6,829,012)	(3,035,046)	3,793,966	(7,780,400)	(3,490,552)	4,289,848
7,258,972	7,258,972	-	10,640,656	10,640,656	-
\$ 429,960	\$ 4,223,926	\$ 3,793,966	\$ 2,860,256	\$ 7,150,104	\$ 4,289,848

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, 2001

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	<u>SELF- INSURANCE EMPLOYEE BENEFITS FUND</u>
OPERATING REVENUE:	
Self-Insurance Premiums	<u>\$ 275,283</u>
OPERATING EXPENSES:	
Administration Fees	18,133
Payment for Dental Insurance Claims	<u>289,083</u>
Total Operating Expenses	<u>307,216</u>
OPERATING LOSS	(31,933)
NON-OPERATING REVENUE:	
Interest Income	<u>6,852</u>
NET LOSS	(25,081)
RETAINED EARNINGS - JULY 1, 2000	<u>103,456</u>
RETAINED EARNINGS - JUNE 30, 2001	<u>\$ 78,375</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, 2001

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	<u>SELF-INSURANCE EMPLOYEE BENEFITS FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Premiums	\$ 275,283
Cash Paid for Claims and Other Operating Expenses	<u>(296,875)</u>
NET CASH USED BY OPERATING ACTIVITIES	(21,592)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	<u>6,852</u>
DECREASE IN CASH	(14,740)
CASH - JULY 1, 2000	<u>176,287</u>
CASH - JUNE 30, 2001	<u>\$ 161,547</u>
RECONCILIATION OF OPERATING INCOME TO <u>NET CASH USED BY OPERATING ACTIVITIES</u>	
OPERATING LOSS	\$ (31,933)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Increase in Accounts Payable	<u>10,341</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (21,592)</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, 2001

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 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. Construction Fund is used to account for state apportionments provided for construction of new school facilities (Education Code Sections 17700-17080). The District maintains one construction fund for a new school site.
4. Special Reserve Fund-Instructional Materials Project is used to account for costs of the District's instructional materials project.
5. Special Reserve Fund-Buses is used for transportation capital outlay.
6. School Facilities Fund is used to account for state apportionments provided for construction of new school facilities (Education Code Sections 17070-17080).
7. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
8. 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 (\$8,924,385 as of June 30, 2001). The fair market value of this pool as of that date, as provided by the pool sponsor, was \$8,958,458. 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 (\$64,874 as of June 30, 2001) and in the revolving fund (\$4,028) 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 \$2,493,423 at year end.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS-

As of June 30, 2001, expenditures exceeded appropriations in individual funds as follows:

<u>APPROPRIATIONS CATEGORY</u>	<u>EXCESS EXPENDITURES</u>
General Fund:	
Employee Benefits	\$ 735,262
Debt Service Funds:	
1993 General Obligation Bonds-	
Principal Retirement	\$ 193,940
Interest	\$ 302,836
1998 General Obligation Bonds-	
Principal Retirement	\$ 50,000
Interest	\$ 355,315

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 Fund.

4. ACCOUNTS RECEIVABLES-

Accounts receivables as of June 30, 2001, consist of the following:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
Federal Government:				
National School Lunch	\$ -	\$ 300,560	\$ -	\$ 300,560
School Breakfast Program	-	97,306	-	97,306
Migrant Education	21,055	-	-	21,055
IASA - Title VII	114,502	-	-	114,502
Technology Literacy	54,125	-	-	54,125
After School Learning Center	<u>515</u>	<u>-</u>	<u>-</u>	<u>515</u>
Total Federal Government	<u>\$ 190,197</u>	<u>\$ 397,866</u>	<u>\$ -</u>	<u>\$588,063</u>
State Government:				
Child Nutrition Program	\$ -	\$ 28,048	\$ -	\$ 28,048
Lottery	364,206	-	-	364,206
Deferred Maintenance	-	140,111	-	140,111
Staff Development	134,752	-	-	134,752
Class Size Reduction	82,093	-	-	82,093
Peer Assistance and Review	53,651	-	-	53,651
Star Program	10,283	-	-	10,283
Math Teacher Inst. Grant	3,480	-	-	3,480
Miller-Unruh	24,880	-	-	24,880
Medi-Cal Billing	4,960	-	-	4,960
Immediate Intervention/ Underperforming Schools	<u>72,450</u>	<u>-</u>	<u>-</u>	<u>72,450</u>
Total State Government	<u>\$ 750,755</u>	<u>\$ 168,159</u>	<u>\$ -</u>	<u>\$ 918,914</u>
Other:				
Facilities Use	\$ 25,158	\$ -	\$ -	\$ 25,158
SELPA	766	-	-	766
Developer Fees	-	-	32,851	32,851
Food Service Sales	-	55,524	-	55,524
Miscellaneous	<u>18,902</u>	<u>65</u>	<u>-</u>	<u>18,967</u>
Total Other	<u>\$ 44,826</u>	<u>\$ 55,589</u>	<u>\$ 32,851</u>	<u>\$ 133,266</u>

5. INTERFUND TRANSACTIONS-

Due From/Due To Other Funds - Individual fund interfund receivable and payable balances as of June 30, 2001 are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ -	\$ 2,389
John F. Kennedy Student Body Fund	<u>2,389</u>	<u>-</u>
Totals	<u>\$ 2,389</u>	<u>\$ 2,389</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 2000-2001 fiscal year are as follows:

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>AMOUNT</u>
General Fund	Special Reserve- Buses	\$ 80,000
Deferred Maintenance Fund	General Fund	168,000
Special Reserve - Capital Facilities	John F. Kennedy Construction	<u>2,654,756</u>
Total		<u>\$ 2,902,756</u>

6. NOTES PAYABLE - TRANS

On July 3, 2000, the District issued \$2,475,000 of 2000-2001 Tax and Revenue Anticipation Notes at a premium of \$20,765. The Notes were sold by the District to supplement its cash flow. The Notes bear interest at 4.27 percent and were repaid by the District on July 3, 2001.

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, 2001 are as follows:

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>PAYMENTS</u>
2002	\$ 230,809	\$ 305,581	\$ 536,390
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
Thereafter	<u>5,186,448</u>	<u>4,007,652</u>	<u>9,194,100</u>
Totals	<u>\$ 6,606,060</u>	<u>\$ 5,555,070</u>	<u>\$ 12,161,130</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, 2001 are as follows:

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>PAYMENTS</u>
2002	\$ 60,000	\$ 352,565	\$ 412,565
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
Thereafter	<u>6,790,000</u>	<u>3,529,462</u>	<u>10,319,462</u>
Totals	<u>\$ 7,300,000</u>	<u>\$ 5,247,537</u>	<u>\$ 12,547,537</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, 2000</u>	<u>REDEEMED</u> <u>CURRENT</u> <u>YEAR</u>	<u>BALANCE</u> <u>OUTSTANDING</u> <u>JUNE 30, 2001</u>
1993 G.O Bonds	5.15% to 5.8%	\$ 7,500,000	\$ 6,800,000	\$ 193,940	\$ 6,606,060
1998 G.O. Bonds	4.40% to 5.0%	7,350,000	<u>7,350,000</u>	<u>50,000</u>	<u>7,300,000</u>
Total Bonds Payable			<u>\$ 14,150,000</u>	<u>\$ 243,940</u>	<u>\$ 13,906,060</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>
2002	\$ 144,652
2003	144,652
2004	30,111
2005	30,111
2006	<u>30,112</u>
Total	379,638
Less-Amount Representing Interest	<u>(39,341)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 340,297</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>
2002	\$ 182,525
2003	<u>18,000</u>
Total	<u>\$ 200,525</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, 2001 is as follows:

	<u>BALANCE</u> <u>JULY 1, 2000</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2001</u>
Compensated Absences	\$ -	\$ 51,146	\$ -	\$ 51,146
Certificates of Participation	55,000	-	(55,000)	-
Capital Leases	434,018	128,937	(222,658)	340,297
Bonds payable	<u>14,150,000</u>	<u>-</u>	<u>(243,940)</u>	<u>13,906,060</u>
Totals	<u>\$14,639,018</u>	<u>\$ 180,083</u>	<u>\$ (521,598)</u>	<u>\$ 14,297,503</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 \$9,000,000. The District's liability insurance carrier is handling the action.

13. SUBSEQUENT EVENT-

The District issued \$2,780,000 of 2001-2002 Tax and Revenue Anticipation Notes, the (Notes) on July 3, 2001 at a premium of \$33,777. The Notes mature on July 3, 2002 with an estimated yield of 4.30 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 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2000-2001 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, 2001, 2000, and 1999 were \$1,211,906, \$1,082,422, and \$1,026,325, 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 2000-2001 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, 2001, 2000 and 1999 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, 2001, 23 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, 2001, expenditures of \$125,929 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, 2001

	<u>CHILD DEVELOPMENT FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>CAFETERIA FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash in County Treasury	\$ 5,510	\$ 55,221	\$ 9,001	\$ 69,732
Cash in Banks	-	-	255	255
Cash in Revolving Fund	-	-	905	905
Accounts Receivable-				
Federal Government	-	-	397,866	397,866
State Government	-	140,111	28,048	168,159
Interest	-	-	185	185
Other	-	-	55,589	55,589
Stores Inventory	<u>-</u>	<u>-</u>	<u>35,415</u>	<u>35,415</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,510</u>	<u>\$ 195,332</u>	<u>\$ 527,264</u>	<u>\$ 728,106</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
Accounts Payable	<u>\$ 5,510</u>	<u>\$ -</u>	<u>\$ 2,997</u>	<u>\$ 8,507</u>
FUND BALANCES:				
Reserved for Revolving Fund	-	-	905	905
Reserved for Stores Inventory	-	-	35,415	35,415
Unreserved - Designated				
For Equipment Replacement	-	-	157,000	157,000
Unreserved - Undesignated	<u>-</u>	<u>195,332</u>	<u>330,947</u>	<u>526,279</u>
Total Fund Balances	<u>-</u>	<u>195,332</u>	<u>524,267</u>	<u>719,599</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,510</u>	<u>\$ 195,332</u>	<u>\$ 527,264</u>	<u>\$ 728,106</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 -  
 ALL SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	CAFETERIA FUND	TOTAL
<b>REVENUE:</b>				
Federal Revenue-				
National School Lunch	\$ -	\$ -	\$ 876,039	\$ 876,039
Other	<u>-</u>	<u>-</u>	<u>280,458</u>	<u>280,458</u>
Total Federal Revenue	<u>-</u>	<u>-</u>	<u>1,156,497</u>	<u>1,156,497</u>
Other State Revenue-				
Child Nutrition	-	-	81,501	81,501
Other	<u>214,990</u>	<u>142,896</u>	<u>-</u>	<u>357,886</u>
Total Other State Revenue	<u>214,990</u>	<u>142,896</u>	<u>81,501</u>	<u>439,387</u>
Other Local Revenue-				
Food Service Sales	-	-	272,405	272,405
Interest	2,547	6,529	11,692	20,768
Other	<u>-</u>	<u>-</u>	<u>1,004</u>	<u>1,004</u>
Total Other Local Revenue	<u>2,547</u>	<u>6,529</u>	<u>285,101</u>	<u>294,177</u>
Total Revenue	<u>217,537</u>	<u>149,425</u>	<u>1,523,099</u>	<u>1,890,061</u>
<b>EXPENDITURES:</b>				
Certificated Salaries	4,523	-	-	4,523
Classified Salaries	151,476	-	551,309	702,785
Employee Benefits	20,298	-	93,537	113,835
Books and Supplies	19,674	-	677,861	697,535
Services and Other Operating Expenditures	2,877	171,256	43,797	217,930
Capital Outlay	-	199,312	32,869	232,181
Other Outgo	<u>18,690</u>	<u>-</u>	<u>72,061</u>	<u>90,751</u>
Total Expenditures	<u>217,538</u>	<u>370,568</u>	<u>1,471,434</u>	<u>2,059,540</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1)	(221,143)	51,665	(169,479)
<b>OTHER FINANCING SOURCES:</b>				
Operating Transfers In	<u>-</u>	<u>168,000</u>	<u>-</u>	<u>168,000</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1)	(53,143)	51,665	(1,479)
FUND BALANCES - JULY 1, 2000	<u>1</u>	<u>248,475</u>	<u>472,602</u>	<u>721,078</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ -</u>	<u>\$ 195,332</u>	<u>\$ 524,267</u>	<u>\$ 719,599</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 SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CHILD DEVELOPMENT FUND		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUE:</b>			
Federal Revenue-			
National School Lunch	\$ -	\$ -	\$ -
School Breakfast Program	-	-	-
Total Federal Revenue	-	-	-
Other State Revenue-			
Child Nutrition	-	-	-
Other	219,842	214,990	(4,852)
Total Other State Revenue	219,842	214,990	(4,852)
Other Local Revenue-			
Food Service Sales	-	-	-
Interest	-	2,547	2,547
Other	-	-	-
Total Other Local Revenue	-	2,547	2,547
Total Revenue	219,842	217,537	(2,305)
<b>EXPENDITURES:</b>			
Certificated Salaries	4,525	4,523	2
Classified Salaries	151,772	151,476	296
Employee Benefits	20,392	20,298	94
Books and Supplies	19,678	19,674	4
Services and Other Operating Expenditures	2,885	2,877	8
Capital Outlay	-	-	-
Other Outgo	20,590	18,690	1,900
Total Expenditures	219,842	217,538	2,304
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(1)	(1)
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfers In	-	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	(1)	(1)
FUND BALANCES - JULY 1, 2000	1	1	-
FUND BALANCES - JUNE 30, 2001	\$ 1	\$ -	\$ (1)

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, 2001

	DEFERRED MAINTENANCE FUND		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Federal Revenue-			
National School Lunch	\$ -	\$ -	\$ -
School Breakfast Program	-	-	-
Total Federal Revenue	-	-	-
Other State Revenue-			
Child Nutrition	-	-	-
Other	160,000	142,896	(17,104)
Total Other State Revenue	160,000	142,896	(17,104)
Other Local Revenue-			
Food Service Sales	-	-	-
Interest	1,000	6,529	5,529
Other	-	-	-
Total Other Local Revenue	1,000	6,529	5,529
Total Revenue	161,000	149,425	(11,575)
EXPENDITURES:			
Certificated Salaries	-	-	-
Classified Salaries	-	-	-
Employee Benefits	-	-	-
Books and Supplies	-	-	-
Services and Other Operating Expenditures	192,500	171,256	21,244
Capital Outlay	201,000	199,312	1,688
Other Outgo	-	-	-
Total Expenditures	393,500	370,568	22,932
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(232,500)	(221,143)	11,357
OTHER FINANCING SOURCES:			
Operating Transfers In	160,000	168,000	8,000
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(72,500)	(53,143)	19,357
FUND BALANCES - JULY 1, 2000	248,475	248,475	-
FUND BALANCES - JUNE 30, 2001	\$ 175,975	\$ 195,332	\$ 19,357

The notes to the financial statements

CAFETERIA FUND			TOTALS		
FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
\$ 817,710	\$ 876,039	\$ 58,329	\$ 817,710	\$ 876,039	\$ 58,329
<u>280,458</u>	<u>280,458</u>	<u>-</u>	<u>280,458</u>	<u>280,458</u>	<u>-</u>
<u>1,098,168</u>	<u>1,156,497</u>	<u>58,329</u>	<u>1,098,168</u>	<u>1,156,497</u>	<u>58,329</u>
72,899	81,501	8,602	72,899	81,501	8,602
<u>-</u>	<u>-</u>	<u>-</u>	<u>379,842</u>	<u>357,886</u>	<u>(21,956)</u>
<u>72,899</u>	<u>81,501</u>	<u>8,602</u>	<u>452,741</u>	<u>439,387</u>	<u>(13,354)</u>
271,248	272,405	1,157	271,248	272,405	1,157
10,000	11,692	1,692	11,000	20,768	9,768
<u>11,075</u>	<u>1,004</u>	<u>(10,071)</u>	<u>11,075</u>	<u>1,004</u>	<u>(10,071)</u>
<u>292,323</u>	<u>285,101</u>	<u>(7,222)</u>	<u>293,323</u>	<u>294,177</u>	<u>854</u>
<u>1,463,390</u>	<u>1,523,099</u>	<u>59,709</u>	<u>1,844,232</u>	<u>1,890,061</u>	<u>45,829</u>
-	-	-	4,525	4,523	2
552,182	551,309	873	703,954	702,785	1,169
94,997	93,537	1,460	115,389	113,835	1,554
698,090	677,861	20,229	717,768	697,535	20,233
69,514	43,797	25,717	264,899	217,930	46,969
172,839	32,869	139,970	373,839	232,181	141,658
<u>72,170</u>	<u>72,061</u>	<u>109</u>	<u>92,760</u>	<u>90,751</u>	<u>2,009</u>
<u>1,659,792</u>	<u>1,471,434</u>	<u>188,358</u>	<u>2,273,134</u>	<u>2,059,540</u>	<u>213,594</u>
(196,402)	51,665	248,067	(428,902)	(169,479)	259,423
<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>168,000</u>	<u>8,000</u>
(196,402)	51,665	248,067	(268,902)	(1,479)	267,423
<u>472,602</u>	<u>472,602</u>	<u>-</u>	<u>721,078</u>	<u>721,078</u>	<u>-</u>
<u>\$ 276,200</u>	<u>\$ 524,267</u>	<u>\$ 248,067</u>	<u>\$ 452,176</u>	<u>\$ 719,599</u>	<u>\$ 267,423</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL DEBT SERVICE FUNDS  
 AS OF JUNE 30, 2001

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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>63,371</u>	\$ <u>296,899</u>	\$ <u>360,270</u>
<u>FUND BALANCES</u>			
Fund Balances:			
Reserved for Debt Service	\$ <u>63,371</u>	\$ <u>296,899</u>	\$ <u>360,270</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, 2001

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	<u>1993 GENERAL OBLIGATION BONDS</u>	<u>1998 GENERAL OBLIGATION BONDS</u>	<u>TOTAL</u>
REVENUE:			
Other State Revenue	\$ 15,903	\$ 13,134	\$ 29,037
Other Local Revenue-			
Interest	8,668	12,451	21,119
Other	<u>457,059</u>	<u>369,659</u>	<u>826,718</u>
Total Other Local Revenue	<u>465,727</u>	<u>382,110</u>	<u>847,837</u>
Total Revenue	<u>481,630</u>	<u>395,244</u>	<u>876,874</u>
EXPENDITURES:			
Debt Service -			
Principal Retirement	193,940	50,000	243,940
Interest	<u>302,836</u>	<u>355,315</u>	<u>658,151</u>
Total Expenditures	<u>496,776</u>	<u>405,315</u>	<u>902,091</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(15,146)	(10,071)	(25,217)
FUND BALANCES - JULY 1, 2000	<u>78,517</u>	<u>306,970</u>	<u>385,487</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 63,371</u>	<u>\$ 296,899</u>	<u>\$ 360,270</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, 2001

	<u>1993 GENERAL OBLIGATION BONDS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Other State Revenue	\$ -	\$ 15,903	\$ 15,903
Other Local Revenue-			
Interest	-	8,668	8,668
Other	-	<u>457,059</u>	<u>457,059</u>
Total Other Local Revenue	-	<u>465,727</u>	<u>465,727</u>
Total Other Revenue	-	<u>481,630</u>	<u>481,630</u>
EXPENDITURES:			
Debt Service -			
Principal Retirement	-	193,940	(193,940)
Interest	-	<u>302,836</u>	<u>(302,836)</u>
Total Expenditures	-	<u>496,776</u>	<u>(496,776)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(15,146)	(15,146)
FUND BALANCES - JULY 1, 2000	<u>78,517</u>	<u>78,517</u>	<u>-</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 78,517</u>	<u>\$ 63,371</u>	<u>\$ (15,146)</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>
\$ -	\$ 13,134	\$ 13,134	\$ -	\$ 29,037	\$ 29,037
-	12,451	12,451	-	21,119	21,119
-	369,659	369,659	-	826,718	826,718
-	382,110	382,110	-	847,837	847,837
-	395,244	395,244	-	876,874	876,874
-	50,000	(50,000)	-	243,940	(243,940)
-	355,315	(355,315)	-	658,151	(658,151)
-	405,315	(405,315)	-	902,091	(902,091)
-	(10,071)	(10,071)	-	(25,217)	(25,217)
306,970	306,970	-	385,487	385,487	-
<u>\$ 306,970</u>	<u>\$ 296,899</u>	<u>\$ (10,071)</u>	<u>\$ 385,487</u>	<u>\$ 360,270</u>	<u>\$ (25,217)</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS  
 AS OF JUNE 30, 2001

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	<u>SPECIAL RESERVE- CAPITAL FACILITIES</u>	<u>BUILDING FUND</u>	<u>JOHN F. KENNEDY CONSTRUCTION</u>
<u>ASSETS</u>			
Cash in County Treasury	\$ 2,746,619	\$ 981,392	\$ -
Accounts Receivable - Other	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,746,619</u></u>	<u><u>\$ 981,392</u></u>	<u><u>\$ -</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 2,070	\$ 144,173	\$ -
FUND BALANCES:			
Unreserved - Undesignated	<u>2,744,549</u>	<u>837,219</u>	<u>          -</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,746,619</u></u>	<u><u>\$ 981,392</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements

<u>SPECIAL RESERVE- INSTRUCTIONAL MATERIALS PROJECT</u>	<u>SPECIAL RESERVE- BUSES</u>	<u>SCHOOL FACILITIES</u>	<u>CAPITAL FACILITIES</u>	<u>PRISON IMPACT AID</u>	<u>TOTAL</u>
\$ 193,063	\$ 5,525	\$ 541,350	\$ 177,255	\$ 15,510	\$ 4,660,714
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,851</u>	<u>-</u>	<u>32,851</u>
<u>\$ 193,063</u>	<u>\$ 5,525</u>	<u>\$ 541,350</u>	<u>\$ 210,106</u>	<u>\$ 15,510</u>	<u>\$ 4,693,565</u>
\$ -	\$ -	\$ 272,467	\$ 50,929	\$ -	\$ 469,639
<u>193,063</u>	<u>5,525</u>	<u>268,883</u>	<u>159,177</u>	<u>15,510</u>	<u>4,223,926</u>
<u>\$ 193,063</u>	<u>\$ 5,525</u>	<u>\$ 541,350</u>	<u>\$ 210,106</u>	<u>\$ 15,510</u>	<u>\$ 4,693,565</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, 2001

	<u>SPECIAL RESERVE- CAPITAL FACILITIES</u>	<u>BUILDING FUND</u>	<u>JOHN F. KENNEDY CONSTRUCTION</u>
REVENUE-			
Other Local Revenue-			
Interest	\$ 138,909	\$ 124,353	\$ -
Developer Fees	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>138,909</u>	<u>124,353</u>	<u>-</u>
EXPENDITURES:			
Books and Supplies	-	-	-
Services and Other Operating Expenditures	49,116	195,174	-
Capital Outlay	-	1,306,868	-
Debt Service-			
Principal Retirement	-	256,206	-
Interest	<u>-</u>	<u>1,186</u>	<u>-</u>
Total Expenditures	<u>49,116</u>	<u>1,759,434</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>89,793</u>	<u>(1,635,081)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	2,654,756	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(2,654,756)</u>
Total Other Financing Sources (Uses)	<u>2,654,756</u>	<u>-</u>	<u>(2,654,756)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,744,549	(1,635,081)	(2,654,756)
FUND BALANCES - JULY 1, 2000	<u>-</u>	<u>2,472,300</u>	<u>2,654,756</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 2,744,549</u>	<u>\$ 837,219</u>	<u>\$ -</u>

The notes to the financial statements are

<u>SPECIAL RESERVE- INSTRUCTIONAL MATERIALS PROJECT</u>	<u>SPECIAL RESERVE- BUSES</u>	<u>SCHOOL FACILITIES</u>	<u>CAPITAL FACILITIES</u>	<u>PRISON IMPACT AID</u>	<u>TOTAL</u>
\$ 11,081	\$ 4,644	\$ 92,097	\$ 5,457	\$ 1,404	\$ 377,945
<u>-</u>	<u>-</u>	<u>-</u>	<u>315,438</u>	<u>-</u>	<u>315,438</u>
<u>11,081</u>	<u>4,644</u>	<u>92,097</u>	<u>320,895</u>	<u>1,404</u>	<u>693,383</u>
-	-	13,229	-	-	13,229
-	-	166,578	239,060	-	649,928
-	-	1,405,084	-	15,928	2,727,880
-	-	-	-	-	256,206
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186</u>
-	-	1,584,891	239,060	15,928	3,648,429
<u>11,081</u>	<u>4,644</u>	<u>(1,492,794)</u>	<u>81,835</u>	<u>(14,524)</u>	<u>(2,955,046)</u>
-	-	-	-	-	2,654,756
<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,734,756)</u>
-	(80,000)	-	-	-	(80,000)
<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
11,081	(75,356)	(1,492,794)	81,835	(14,524)	(3,035,046)
<u>181,982</u>	<u>80,881</u>	<u>1,761,677</u>	<u>77,342</u>	<u>30,034</u>	<u>7,258,972</u>
<u>\$ 193,063</u>	<u>\$ 5,525</u>	<u>\$ 268,883</u>	<u>\$ 159,177</u>	<u>\$ 15,510</u>	<u>\$ 4,223,926</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, 2001

	<u>SPECIAL RESERVE - CAPITAL FACILITIES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Other Local Revenue-			
Interest	\$ -	\$ 138,909	\$ 138,909
Developer Fees	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>-</u>	<u>138,909</u>	<u>138,909</u>
EXPENDITURES:			
Books and Supplies	-	-	-
Services and Other Operating Expenditures	50,000	49,116	884
Capital Outlay	2,604,756	-	2,604,756
Debt Service-			
Principal Retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,654,756</u>	<u>49,116</u>	<u>2,605,640</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,654,756)</u>	<u>89,793</u>	<u>2,744,549</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	2,654,756	2,654,756	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,654,756</u>	<u>2,654,756</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	2,744,549	2,744,549
FUND BALANCES - JULY 1, 2000	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ -</u>	<u>\$ 2,744,549</u>	<u>\$ 2,744,549</u>



BUILDING FUND

JOHN F. KENNEDY CONSTRUCTION

<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ 150,000	\$ 124,353	\$ (25,647)
-	-	-
<u>150,000</u>	<u>124,353</u>	<u>(25,647)</u>
-	-	-
510,500	195,174	315,326
1,938,369	1,306,868	631,501
256,206	256,206	-
<u>21,450</u>	<u>1,186</u>	<u>20,264</u>
<u>2,726,525</u>	<u>1,759,434</u>	<u>967,091</u>
<u>(2,576,525)</u>	<u>(1,635,081)</u>	<u>941,444</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(2,576,525)	(1,635,081)	941,444
<u>2,472,300</u>	<u>2,472,300</u>	<u>-</u>
<u>\$ (104,225)</u>	<u>\$ 837,219</u>	<u>\$ 941,444</u>

<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>(2,654,756)</u>	<u>(2,654,756)</u>	<u>-</u>
<u>(2,654,756)</u>	<u>(2,654,756)</u>	<u>-</u>
(2,654,756)	(2,654,756)	-
<u>2,654,756</u>	<u>2,654,756</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2001

	SPECIAL RESERVE - INSTRUCTIONAL MATERIALS PROJECT		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Other Local Revenue-			
Interest	\$ 2,000	\$ 11,081	\$ 9,081
Developer Fees	-	-	-
Total Revenue	2,000	11,081	9,081
EXPENDITURES:			
Books and Supplies	-	-	-
Services and Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Debt Service-			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,000	11,081	9,081
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	2,000	11,081	9,081
FUND BALANCES - JULY 1, 2000	181,982	181,982	-
FUND BALANCES - JUNE 30, 2001	\$ 183,982	\$ 193,063	\$ 9,081

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>
\$ 5,000	\$ 4,644	\$ (356)	\$ 10,000	\$ 92,097	\$ 82,097
-	-	-	-	-	-
<u>5,000</u>	<u>4,644</u>	<u>(356)</u>	<u>10,000</u>	<u>92,097</u>	<u>82,097</u>
-	-	-	14,000	13,229	771
-	-	-	180,000	166,578	13,422
-	-	-	1,407,000	1,405,084	1,916
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>1,601,000</u>	<u>1,584,891</u>	<u>16,109</u>
<u>5,000</u>	<u>4,644</u>	<u>(356)</u>	<u>(1,591,000)</u>	<u>(1,492,794)</u>	<u>98,206</u>
-	-	-	-	-	-
<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(75,000)	(75,356)	(356)	(1,591,000)	(1,492,794)	98,206
<u>80,881</u>	<u>80,881</u>	<u>-</u>	<u>1,761,677</u>	<u>1,761,677</u>	<u>-</u>
<u>\$ 5,881</u>	<u>\$ 5,525</u>	<u>\$ (356)</u>	<u>\$ 170,677</u>	<u>\$ 268,883</u>	<u>\$ 98,206</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, 2001

	CAPITAL FACILITIES FUND		
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUE:			
Other Local Revenue-			
Interest	\$ 4,000	\$ 5,457	\$ 1,457
Developer Fees	<u>315,000</u>	<u>315,438</u>	<u>438</u>
Total Revenue	<u>319,000</u>	<u>320,895</u>	<u>1,895</u>
EXPENDITURES:			
Books and Supplies	-	-	-
Services and Other Operating Expenditures	242,802	239,060	3,742
Capital Outlay	-	-	-
Debt Service-			
Principal Retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>242,802</u>	<u>239,060</u>	<u>3,742</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>76,198</u>	<u>81,835</u>	<u>5,637</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	76,198	81,835	5,637
FUND BALANCES - JULY 1, 2000	<u>77,342</u>	<u>77,342</u>	<u>-</u>
FUND BALANCES - JUNE 30, 2001	<u>\$ 153,540</u>	<u>\$ 159,177</u>	<u>\$ 5,637</u>

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>
\$ 1,000	\$ 1,404	\$ 404
<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<u>6,000</u>	<u>1,404</u>	<u>(4,596)</u>
-	-	-
-	-	-
15,929	15,928	1
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>15,929</u>	<u>15,928</u>	<u>1</u>
<u>(9,929)</u>	<u>(14,524)</u>	<u>(4,595)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(9,929)	(14,524)	(4,595)
<u>30,034</u>	<u>30,034</u>	<u>-</u>
<u>\$ 20,105</u>	<u>\$ 15,510</u>	<u>\$ (4,595)</u>

<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE-FAVORABLE (UNFAVORABLE)</u>
\$ 172,000	\$ 377,945	\$ 205,945
<u>320,000</u>	<u>315,438</u>	<u>(4,562)</u>
<u>492,000</u>	<u>693,383</u>	<u>201,383</u>
14,000	13,229	771
983,302	649,928	333,374
5,966,054	2,727,880	3,238,174
256,206	256,206	-
<u>21,450</u>	<u>1,186</u>	<u>20,264</u>
<u>7,241,012</u>	<u>3,648,429</u>	<u>3,592,583</u>
<u>(6,749,012)</u>	<u>(2,955,046)</u>	<u>3,793,966</u>
2,654,756	2,654,756	-
<u>(2,734,756)</u>	<u>(2,734,756)</u>	<u>-</u>
(80,000)	(80,000)	-
<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
(6,829,012)	(3,035,046)	3,793,966
<u>7,258,972</u>	<u>7,258,972</u>	<u>-</u>
<u>\$ 429,960</u>	<u>\$ 4,223,926</u>	<u>\$ 3,793,966</u>

are an integral part of this statement.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL AGENCY FUNDS  
 AS OF JUNE 30, 2001

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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	\$ 389	\$ 25	\$ 414
Due From Other Funds	<u>-</u>	<u>2,389</u>	<u>2,389</u>
 Total Assets	 <u>\$ 389</u>	 <u>\$ 2,414</u>	 <u>\$ 2,803</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ 2,389	\$ 2,389
Due to Student Groups	<u>389</u>	<u>25</u>	<u>414</u>
 Total Liabilities	 <u>\$ 389</u>	 <u>\$ 2,414</u>	 <u>\$ 2,803</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, 2001

	<u>BALANCE</u> <u>JULY 1, 2000</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2001</u>
<u>WASHINGTON STUDENT BODY FUND</u>				
<u>ASSETS</u>				
Cash in Banks	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>
<u>WOODROW WILSON STUDENT BODY FUND</u>				
<u>ASSETS</u>				
Cash in Banks	\$ <u>12,422</u>	\$ <u>41,653</u>	\$ <u>53,686</u>	\$ <u>389</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ <u>12,422</u>	\$ <u>41,653</u>	\$ <u>53,686</u>	\$ <u>389</u>
<u>JOHN F. KENNEDY STUDENT BODY FUND</u>				
<u>ASSETS</u>				
Cash in Banks	\$ <u>13,576</u>	\$ <u>28,131</u>	\$ <u>41,682</u>	\$ <u>25</u>
Due from Other Funds	<u>-</u>	<u>2,389</u>	<u>-</u>	<u>2,389</u>
Total Assets	<u>\$ 13,576</u>	<u>\$ 30,520</u>	<u>\$ 41,682</u>	<u>\$ 2,414</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ <u>13,576</u>	\$ <u>28,131</u>	\$ <u>41,682</u>	\$ <u>25</u>
Accounts Payable	<u>-</u>	<u>2,389</u>	<u>-</u>	<u>2,389</u>
Total Liabilities	<u>\$ 13,576</u>	<u>\$ 30,520</u>	<u>\$ 41,682</u>	<u>\$ 2,414</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash in Banks	\$ <u>26,098</u>	\$ <u>69,784</u>	\$ <u>95,468</u>	\$ <u>414</u>
Due from Other Funds	<u>-</u>	<u>2,389</u>	<u>-</u>	<u>2,389</u>
Total Assets	<u>\$ 26,098</u>	<u>\$ 72,173</u>	<u>\$ 95,468</u>	<u>\$ 2,803</u>
<u>LIABILITIES</u>				
Due to Student Groups	\$ <u>26,098</u>	\$ <u>69,784</u>	\$ <u>95,468</u>	\$ <u>414</u>
Accounts Payable	<u>-</u>	<u>2,389</u>	<u>-</u>	<u>2,389</u>
Total Liabilities	<u>\$ 26,098</u>	<u>\$ 72,173</u>	<u>\$ 95,468</u>	<u>\$ 2,803</u>

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

HANFORD ELEMENTARY SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2001

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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, 2001 was composed of the following members:

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

ADMINISTRATION

Rebecca Presley - Superintendent

Nancy White - Business Director



SUPPLEMENTARY INFORMATION

SECTION

HANFORD ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>SECOND PERIOD REPORT</u>	<u>ANNUAL REPORT</u>
<b>ELEMENTARY-</b>		
Kindergarten	502	506
Grades One through Three	1,710	1,714
Grades Four through Six	1,527	1,525
Grades Seven and Eight	922	919
Special Education - Master Plan	100	101
Home and Hospital	5	6
Opportunity	13	13
Community Day School	<u>10</u>	<u>11</u>
<b>TOTALS</b>	<u><u>4,789</u></u>	<u><u>4,795</u></u>

**SUMMER SCHOOL-**

HOURS OF ATTENDANCE

Elementary

18,275

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, 2001

<u>GRADE LEVEL</u>	<u>1982-83 ACTUAL MINUTES</u>	<u>1986-87 MINUTES REQUIREMENT</u>	<u>2000-2001 ACTUAL MINUTES</u>	<u>STATUS</u>
Kindergarten	31,680	36,000	37,740	Complied
Grades 1 Through 3	42,240	50,400	54,028	Complied
Grades 4 Through 8	48,224	54,000	57,468	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, 2001

	(Budget) 2002	2001	2000	1999
<u>General Fund</u>				
Revenue and Other Financial Sources	\$ 32,052,088	\$ 32,426,440	\$ 28,934,098	\$ 28,364,710
Expenditures	32,467,939	326,687,250	28,852,179	28,055,410
Other Uses and Transfers Out	<u>211,821</u>	<u>168,000</u>	<u>390,000</u>	<u>161,739</u>
Total Outgo	<u>32,679,760</u>	<u>32,855,250</u>	<u>29,242,179</u>	<u>28,217,149</u>
Change in Fund Balance	<u>\$ (627,672)</u>	<u>\$ (428,810)</u>	<u>\$ (308,081)</u>	<u>\$ 147,561</u>
Ending Fund Balance	<u>\$ 1,218,637</u>	<u>\$ 1,846,309</u>	<u>\$ 2,275,119</u>	<u>\$ 2,583,200</u>
Available Reserves	<u>\$ 1,178,059</u>	<u>\$ 1,805,731</u>	<u>\$ 2,232,718</u>	<u>\$ 2,543,392</u>
Designated for Economic Uncertainties	<u>\$ 1,080,625</u>	<u>\$ 1,372,500</u>	<u>\$ 1,305,000</u>	<u>\$ 1,050,000</u>
Undesignated Fund Balance	<u>\$ 97,434</u>	<u>\$ 433,231</u>	<u>\$ 927,718</u>	<u>\$ 1,493,392</u>
Available Reserves as a Percentage of Total Outgo	3.6%	5.5%	7.6%	9.0%
Total Long-Term Debt	\$ 13,829,568	\$ 14,297,503	\$ 14,639,018	\$ 15,090,596
Average Daily Attendance at P-2	4,837	4,789	4,732	4,770

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 \$736,891 over the past two years. The fiscal year 2001-2002 budget projects a decrease of \$627,672. 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 \$793,093 over the past two years.

Average daily attendance has increased by 19 ADA over the past two years, and is expected to increase by 48 ADA during fiscal year 2001-2002.

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

<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>
<b>FEDERAL PROGRAMS:</b>			
U.S. Department of Education:			
Maintenance and Operation (P.L. 84-874)	84.041		\$ 4,286
Title IV Drug Free Schools (P.L. 99-570)	84.186		67,120
IASA - Title VII Bilingual Education	84.290U		373,743
After School Learning Centers	84.287B		515
Passed through California Department of Education (CDE):			
IASA - Title I	84.010	03064	1,338,296
Migrant Education	84.011	03239	270,612
IASA - Title VI	84.151	03340	47,222
Title II Dwight D. Eisenhower Program	84.168	03699	39,187
Mathematics Professional Development Grant	84.276A	03894	3,568
Title VI Class Size Reduction (P.L. 105-277)	84.340A	03073	144,908
IASA - Title III Education Technology Literacy Challenge Grant	84.318X	03285	398,761
After School Start-up Grant	93.575	03941	2,911
Grades 4-12 Reading Standards and Interventions Grant	84.276A	03264	<u>15,676</u>
Total U.S. Department of Education			<u>2,706,805</u>
U.S. Department of Agriculture:			
Passed through CDE:			
National School Lunch Program	10.555	03755	876,966
School Breakfast Program	10.553	03157	<u>279,531</u>
Total U.S. Department of Agriculture			<u>1,156,497</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,863,302</u></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 2000-2001 was \$90,921.

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, 2001

	GENERAL FUND	1998 GENERAL OBLIGATION BONDS	CAFETERIA FUND
June 30, 2001 Annual Financial and Budget Report (Form J-200) Fund Balance	\$ 2,210,425	\$ 295,909	\$ 515,258
Adjustments Increasing (Decreasing) Fund Balances-			
(Overstatement) Understatement of Cash in County Treasury	(1)	990	-
Overstatement of Accounts Receivable	(296,447)	-	-
Overstatement of Accounts Payable	84,625	-	-
Overstatement of Deferred Revenue	68	-	-
Record Accrued Compensated Absences	(149,972)	-	-
Understatement of Stores Inventory	-	-	9099
Understatement of Due to Other Funds	(2,389)	-	-
June 30, 2001 Audited Financial Statement Fund Balances	<u>\$ 1,846,309</u>	<u>\$ 296,899</u>	<u>\$ 524,267</u>

	GENERAL LONG-TERM DEBT ACCOUNT GROUP
June 30, 2001 Annual Financial and Budget Report (J-200) Total Liabilities	\$ 6,751,362
Adjustments Increasing Total Liabilities-	
Understatement of General Obligation Bonds Payable	7,366,060
Understatement of Capital Leases	128,935
Record Accrued Compensated Absences	51,146
June 30, 2001 Audited Financial Statement, General Long-Term Debt Total Liabilities	<u>\$ 14,297,503</u>

NOTE: There were no adjustments to the following funds:

- Deferred Maintenance Fund
- Capital Facilities Fund
- Self-Insurance Fund
- Child Development Fund
- John F. Kennedy Construction 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

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.

**DIANE M. AUGUSTO**

Certified Public Accountant

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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, 2001, and have issued our report thereon dated November 27, 2001, 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 dental 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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*  
November 27, 2001.

## DIANE M. AUGUSTO

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

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, 2001. 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, 2001.

#### 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*  
November 27, 2001.

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## 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, 2001, and have issued our report thereon dated November 27, 2001. 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 dental 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	3	Yes
Staff development days	3	Yes
Kindergarten enrollment	4	Yes
Independent study	13	No (see below)
Continuation education	12	Not applicable
Adult education	8	Not applicable
Regional occupational center/programs	5	Not applicable
County Office of Education programs	9	Not applicable
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)	8	Yes
Schiff-Bustamante Standards-Based		
Instructional Materials	4	Yes
Digital High School Education Technology Grant Program	5	Yes
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.

*Deane M. Augusto*

November 27, 2001.

FINDINGS AND  
RECOMMENDATIONS SECTION

HANFORD ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2001

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Qualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	___	Yes <u>X</u>	No
Reporting condition(s) identified not considered to be material weaknesses?	<u>X</u>	Yes    ___	None reported
Noncompliance material to financial statements noted?	___	Yes <u>X</u>	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	___	Yes <u>X</u>	No
Reporting condition(s) identified not considered to be material weaknesses?	___	Yes <u>X</u>	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
84.010	IASA - Title I
84.318X	IASA - Title III Ed. Tech. Literacy Challenge

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 <u>X</u>	No
Reporting condition(s) identified not considered to be material weaknesses?	___	Yes <u>X</u>	None reported

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

Unqualified

## SECTION II - FINANCIAL STATEMENT FINDINGS

### 01-1. 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, 2001

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.

2. ATTENDANCE ACCOUNTING-

Finding:

As a result of our audit of attendance, we noted the cumulative enrollment line was overstated by thirty-seven on the Second Period attendance report (Form J18/19).

Recommendation:

We recommend the Second Period attendance report be revised reporting the correct cumulative enrollment.

Current Status:

Implemented. The form was revised.