

**JEFFERSON ELEMENTARY
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2002**

JEFFERSON ELEMENTARY SCHOOL DISTRICT
OF SAN JOAQUIN
TRACY, CALIFORNIA
JUNE 30, 2002

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
R.G. Fagin	President	2002
Pete Carlson	Vice President	2004
Todd Wetherell	Clerk	2002
Jeff Allen	Member	2002
Debbie Wingo	Member	2004

ADMINISTRATION

Ed Quinn	Superintendent
Dana Taylor	Business Manager

ORGANIZATION

The Jefferson Elementary School District was established in the 1800's and is comprised of an area of approximately 130 square miles. There were no changes in the boundaries of the District during the current year. The District is currently operating three elementary schools.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Governing Board
Jefferson Elementary School District
Tracy, California

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

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

In common with other school districts, the District has not maintained a complete historical cost record of its general fixed assets and, accordingly, the general-purpose financial statements do not include the general fixed assets group of accounts required by generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group relates to historical data that is not currently available.

In our opinion, except for the effect on the financial statements of the omission of the general fixed asset group of accounts, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Elementary School District at June 30, 2002, and the results of its operations and the cash flows of its proprietary fund 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 September 27, 2002, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Vavrinek, Turic, Day & Co, LLP

Pleasanton, California
September 27, 2002

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Cash	\$ 5,000	\$ 30	\$ -
Investments	1,581,943	190,518	4,019,055
Accounts receivable	187,500	43,478	30,625
Due from other funds	7,000	-	-
Stores inventory	-	2,044	-
Amount to be provided for the retirement of general long-term debt	-	-	-
Total Assets	<u>\$ 1,781,443</u>	<u>\$ 236,070</u>	<u>\$ 4,049,680</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	168,105	2,718	656,431
Due to other funds	-	7,000	-
Deferred revenue	32,894	-	-
Due to student groups	-	-	-
General long-term debt	-	-	-
Total Liabilities	<u>200,999</u>	<u>9,718</u>	<u>656,431</u>
FUND EQUITY			
Retained earnings	-	-	-
Fund balances			
Reserved	702,331	2,074	-
Unreserved			
Designated	361,987	224,278	3,393,249
Undesignated	516,126	-	-
Total Fund Equity	<u>1,580,444</u>	<u>226,352</u>	<u>3,393,249</u>
Total Liabilities and Fund Equity	<u>\$ 1,781,443</u>	<u>\$ 236,070</u>	<u>\$ 4,049,680</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Group	Total (Memorandum Only)
Internal Service	Agency	General Long-Term Debt	
\$ -	\$ 31,121	\$ -	\$ 36,151
55,907	-	-	5,847,423
313	-	-	261,916
-	-	-	7,000
-	-	-	2,044
-	-	293,468	293,468
<u>\$ 56,220</u>	<u>\$ 31,121</u>	<u>\$ 293,468</u>	<u>\$ 6,448,002</u>
-	-	-	827,254
-	-	-	7,000
-	-	-	32,894
-	31,121	-	31,121
-	-	293,468	293,468
<u>-</u>	<u>31,121</u>	<u>293,468</u>	<u>1,191,737</u>
56,220	-	-	56,220
-	-	-	704,405
-	-	-	3,979,514
-	-	-	516,126
<u>56,220</u>	<u>-</u>	<u>-</u>	<u>5,256,265</u>
<u>\$ 56,220</u>	<u>\$ 31,121</u>	<u>\$ 293,468</u>	<u>\$ 6,448,002</u>

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
REVENUES				
Revenue Limit Sources				
State apportionments	\$3,929,319	\$ -	\$ -	\$ 3,929,319
Local sources	2,180,365	-	-	2,180,365
Total Revenue Limit Sources	6,109,684	-	-	6,109,684
Federal revenues	129,326	71,717	-	201,043
Other state revenues	1,349,389	37,679	-	1,387,068
Other local revenues	191,937	313,085	2,055,770	2,560,792
Tuition and transfers	455,602	-	-	455,602
Total Revenues	8,235,938	422,481	2,055,770	10,714,189
EXPENDITURES				
Current Expenditures				
Certificated salaries	4,191,245	-	-	4,191,245
Classified salaries	1,099,209	137,205	-	1,236,414
Employee benefits	1,402,577	37,392	-	1,439,969
Books and supplies	519,092	192,922	4,934	716,948
Services and operating expenditures	719,980	156,991	366,751	1,243,722
Other outgo	118,525	7,000	-	125,525
Capital outlay	271,226	457	11,632,605	11,904,288
Debt service - principal	-	29,657	-	29,657
Debt service - interest and other	-	1,579	-	1,579
Total Expenditures	8,321,854	563,203	12,004,290	20,889,347
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(85,916)	(140,722)	(9,948,520)	(10,175,158)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	-	70,000	339,387	409,387
Operating transfers out	(110,000)	-	(299,387)	(409,387)
Other sources	217,686	-	-	217,686
Total Other Financing Sources/(Uses)	107,686	70,000	40,000	217,686
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	21,770	(70,722)	(9,908,520)	(9,957,472)
FUND BALANCE, BEGINNING OF YEAR	1,558,674	297,074	13,301,769	15,157,517
FUND BALANCE, END OF YEAR	\$1,580,444	\$ 226,352	\$ 3,393,249	\$ 5,200,045

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

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 3,929,319	\$ 3,929,319	\$ -
Local sources	2,180,448	2,180,365	(83)
Total Revenue Limit Sources	6,109,767	6,109,684	(83)
Federal revenues	154,864	129,326	(25,538)
Other state revenues	1,376,583	1,349,389	(27,194)
Other local revenues	191,949	191,937	(12)
Tuition and transfers	455,602	455,602	-
Total Revenues	8,288,765	8,235,938	(52,827)
EXPENDITURES			
Current Expenditures			
Certificated salaries	4,209,183	4,191,245	17,938
Classified salaries	1,101,170	1,099,209	1,961
Employee benefits	1,406,054	1,402,577	3,477
Books and supplies	739,426	519,092	220,334
Services and operating expenditures	784,798	719,980	64,818
Other outgo	118,525	118,525	-
Capital outlay	55,881	271,226	(215,345)
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	8,415,037	8,321,854	93,183
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(126,272)	(85,916)	40,356
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	(110,000)	(110,000)	-
Other sources	-	217,686	217,686
Total Other Financing Sources/(Uses)	(110,000)	107,686	217,686
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(236,272)	21,770	258,042
FUND BALANCE, BEGINNING OF YEAR	1,558,674	1,558,674	-
FUND BALANCE, END OF YEAR	\$ 1,322,402	\$ 1,580,444	\$ 258,042

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

Special Revenue			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
71,718	71,717	(1)	-	-	-
37,679	37,679	-	-	-	-
312,762	313,085	323	2,056,210	2,054,868	(1,342)
-	-	-	-	-	-
422,159	422,481	322	2,056,210	2,054,868	(1,342)
-	-	-	-	-	-
137,214	137,205	9	-	-	-
37,553	37,392	161	-	-	-
192,926	192,922	4	4,935	4,934	1
156,995	156,991	4	366,757	366,751	6
7,000	7,000	-	-	-	-
457	457	-	11,639,376	11,632,605	6,771
29,657	29,657	-	-	-	-
1,580	1,579	1	-	-	-
563,382	563,203	179	12,011,068	12,004,290	6,778
(141,223)	(140,722)	501	(9,954,858)	(9,949,422)	5,436
70,000	70,000	-	339,387	339,387	-
-	-	-	(299,387)	(299,387)	-
-	-	-	-	-	-
70,000	70,000	-	40,000	40,000	-
(71,223)	(70,722)	501	(9,914,858)	(9,909,422)	5,436
297,074	297,074	-	13,301,769	13,301,769	-
\$ 225,851	\$ 226,352	\$ 501	\$ 3,386,911	\$ 3,392,347	\$ 5,436

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 3,929,319	\$ 3,929,319	\$ -
Local sources	2,180,448	2,180,365	(83)
Total Revenue Limit Sources	6,109,767	6,109,684	(83)
Federal revenues	226,582	201,043	(25,539)
Other state revenues	1,414,262	1,387,068	(27,194)
Other local revenues	2,560,921	2,560,792	(129)
Tuition and transfers	455,602	455,602	-
Total Revenues	10,767,134	10,714,189	(52,945)
EXPENDITURES			
Current Expenditures			
Certificated salaries	4,209,183	4,191,245	17,938
Classified salaries	1,238,384	1,236,414	1,970
Employee benefits	1,443,607	1,439,969	3,638
Books and supplies	937,287	716,948	220,339
Services and operating expenditures	1,308,550	1,243,722	64,828
Other outgo	125,525	125,525	-
Capital outlay	11,695,714	11,904,288	(208,574)
Debt service - principal	29,657	29,657	-
Debt service - interest and other	1,580	1,579	1
Total Expenditures	20,989,487	20,889,347	100,140
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(10,222,353)	(10,175,158)	47,195
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	409,387	409,387	-
Operating transfers out	(409,387)	(409,387)	-
Other sources	-	217,686	217,686
Total Other Financing Sources/(Uses)	-	217,686	217,686
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(10,222,353)	(9,957,472)	264,881
FUND BALANCE, BEGINNING OF YEAR	15,157,517	15,157,517	-
FUND BALANCE, END OF YEAR	\$ 4,935,164	\$ 5,200,045	\$ 264,881

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND TYPES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS FOR THE YEAR ENDED JUNE 30, 2002

	Internal Service
OTHER FINANCING SOURCES	
Interest income	<u>\$ 1,655</u>
EXPENDITURES	
Services and other operating expenses	<u>1,000</u>
NET INCOME	655
RETAINED EARNINGS, BEGINNING OF YEAR	55,565
RETAINED EARNINGS, END OF YEAR	<u><u>\$ 56,220</u></u>

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

**PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in accounts receivable	\$ 367
Cash paid for operating expenditures	(1,000)
Interest received	1,655
NET INCREASE IN CASH	1,022
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	54,885
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 55,907</u>

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson Elementary School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants, except that a complete historical cost record of fixed assets has not been maintained. The Jefferson Elementary School District accounts for its financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

A. Financial Reporting Entity

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

B. Fund Accounting

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

Governmental Funds

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

Proprietary Funds

- Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District.

Fiduciary Funds

- Agency Funds are used to account for assets held by the District as trustee.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Account Group

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust 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 and expendable trust funds are accounted for in the account group of the District. The District does not maintain a General Fixed Asset Account Group.

- The General Long-Term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on general long-term debt, which is recognized when due.

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

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Budgets and Budgetary Accounting

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

E. Encumbrances

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

F. Stores Inventory

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

G. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is recognized at year-end in the governmental fund that will pay the benefit. The noncurrent portion of the liability 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 if the employee was hired prior to July 1, 1980.

H. Fund Balance Reserves and Designations

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

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

I. Property Tax

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

J. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the internal service fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Deposits with County Treasurer are considered cash equivalents.

K. Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

M. Total (Memorandum Only) Columns on Combined Statements

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

NOTE #2 – CASH

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

	Carrying Amount
Cash on hand and in banks	\$ 31,121
Cash in revolving fund	5,030
Total Deposits	<u>\$ 36,151</u>

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

The Federal Depository Insurance Corporation insures cash balances held in banks and in revolving funds up to \$100,000. At June 30, 2002, the carrying amount of the District's deposits was \$36,151, and the bank balance was \$39,461. All cash held by financial institutions is fully insured.

NOTE #3 – INVESTMENTS

Investments consist of deposits with the County Treasurer in the amount of \$5,847,423 (fair value of \$5,860,287) is an external investment pool sponsored by the County of San Joaquin. School Districts are required to deposit all receipts and collections of monies with their county treasurer (Education Code Section 41001). Therefore, the District is considered to be an involuntary participation in an external investment pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

NOTE #4 – ACCOUNTS RECEIVABLE

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

	General	Special Revenue	Capital Projects	Proprietary	Total
Federal Government					
Categorical aid	\$ -	\$ 9,650	\$ -	\$ -	\$ 9,650
State Government					
Apportionment	17,032	-	-	-	17,032
Categorical aid	22,910	31,248	-	-	54,158
Lottery	91,635	-	-	-	91,635
Local Government					
Interest	21,160	1,001	29,424	313	51,898
Other Local Sources	34,763	1,579	1,201	-	37,543
Total	<u>\$ 187,500</u>	<u>\$ 43,478</u>	<u>\$ 30,625</u>	<u>\$ 313</u>	<u>\$ 261,916</u>

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

B. PERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. There was no required employer contribution rate for fiscal 2001-2002. The contribution requirements of the plan members are established by State statute. The District was not required to make contributions to CalPERS for the fiscal year ending June 30, 2002, 2001, and 2000.

C. Other Information

Under STRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The District has no obligations to STRS for early retirement incentives granted to terminated employees.

D. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use social security as its alternative plan.

E. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$77,453 (1.975 percent of salaries subject to STRS) and to PERS in the amount of \$0 (0 percent of salaries subject to PERS). Under generally accepted accounting principles, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #11 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General and Internal Service Fund. Employee life, health, and disability programs are administered by the General Fund through the District's participation in the San Joaquin County Schools Insurance Group public entity risk pools (JPA's). Excess liability coverage is purchased through the JPA. Refer to Note #13 for additional information regarding the JPAs.

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

The following is a summary of the insurance policies carried by the District as of June 30, 2002.

<u>Insurance Program Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
<u>Workers' Compensation Program</u>		
San Joaquin County Schools Workers' Compensation	Workers' Compensation	State Statutory Limits
<u>Excess Property and Liability Program</u>		
San Joaquin County Schools Property & Liability	Excess Property and Liability	\$1,000 per incident
<u>Health Care Program</u>		
San Joaquin County Health Care Insurance Group	Health Care	N/A

NOTE #12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

B. Construction Commitments

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

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Tom Hawkins School - Permanent Campus	<u>\$ 1,389,637</u>	<u>10/15/02</u>

NOTE #13 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the San Joaquin County Schools Workers' Compensation Group, San Joaquin County Health Care Insurance Group, San Joaquin County Schools Property and Liability Insurance Group public entity risk pools, San Joaquin County Legal Services Authority, Tracy Area Public Facilities Financing Agency (TAPFFA) joint powers agency, and the San Joaquin County Schools Data Processing Group. The District pays an annual premium to the applicable entity for its health, workers' compensation, legal services, data processing, and property liability coverage. The relationships between the District, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

San Joaquin County School			
A. <u>Entity</u>	Legal Services Authority (SJCSLSA)	Workers' Compensation (SJCSWCIG)	Health Care (SJCSHCIG)
B. <u>Purpose</u>	Contract for legal services	Provide workers' compensation insurance	Provide health and welfare benefits
C. <u>Participants</u>	School districts/ county office in San Joaquin County	School districts/ county office in San Joaquin County	School districts/ county office in San Joaquin County
D. <u>Governing Board</u>	One member from each participating district	One member from each participating district	One member from each participating district
E. <u>Condensed Audited Financial Information Follows</u>			
	June 30, 2001*	June 30, 2001*	June 30, 2001*
Assets	\$ 17,261	\$ 4,043,307	\$ 2,642,877
Liabilities	1,700	1,400,134	3,474,556
Fund Equity	\$ 15,561	\$ 2,643,173	\$ (831,679)
Revenues	44,000	8,245,365	12,697,232
Expenses	45,500	6,938,670	15,671,204
Net Increase/(Decrease) in Fund Equity	\$ (1,500)	\$ 1,306,695	\$ (2,973,972)
F. <u>Payments for the Current Year</u>	\$ 4,309	\$ 131,823	\$ 744,741

* Most recent information available.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

San Joaquin County School			
A. <u>Entity</u>	Property and Liability Insurance Group (SJCSP&LIG)	Data Processing (SJCSDPC)	TAPFFA
B. <u>Purpose</u>	Provide property and liability insurance	Contract for data processing	Forming a Community Facilities District
C. <u>Participants</u>	School districts/ county office in San Joaquin County	School districts/ county office in San Joaquin County	City of Tracy, Tracy Unified School District, Jefferson School District
D. <u>Governing Board</u>	One member from each participating district	One member from each participating district	One member from each participating district
E. <u>Condensed Audited Financial Information Follows</u>			
	June 30, 2001*	June 30, 2001*	April 30, 2001*
Assets	\$ 554,249	\$ 1,911,271	\$ 100,758,832
Liabilities	278,699	194,959	57,157,634
Fund Equity	\$ 275,550	\$ 1,716,312	\$ 43,601,198
Revenues	567,385	2,279,846	12,741,958
Expenses	458,462	2,077,090	5,005,283
Net Increase/(Decrease) in Fund Equity	\$ 108,923	\$ 202,756	\$ 7,736,675
F. <u>Payments for the Current Year</u>	\$ 30,466	\$ 43,163	Not applicable

* Most recent information available.

None of the JPA's had long-term debts outstanding at June 30, 2001 except that the TAPFFA agency had outstanding special tax bonds payable of \$57,040,000 at April 30, 2001. The District's share of year-end assets, liabilities or fund equity has not been calculated.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #14 – TAX AND REVENUE ANTICIPATION NOTES

On July 3, 2001, the District issued \$660,000 Tax and Revenue Anticipation Notes bearing interest at 2.65 percent. Interest and principal were due and payable on July 3, 2002. By May 2002, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$660,000 and related accrued interest and cash held in trust are not included in these financial statements.

NOTE #15 – SUBSEQUENT EVENTS

The District issued \$710,000 of Tax and Revenue Anticipation Notes dated July 3, 2002. The notes mature on July 3, 2003, and yield 2.65 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February, 2003, until 100 percent of principal and interest due is on account in May, 2002.

NOTE #16 – NEW ACCOUNTING PRONOUNCEMENTS

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

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

B. Basic Financial Statements which include:

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

C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 2002, with earlier application encouraged.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

These phases are as follows:

- Phase I: Districts with total revenue of \$100 million or more are required to implement for the year ending June 30, 2002.
- Phase II: Districts with total revenue of at least \$10 million but less than \$100 million are required to implement for the year ending June 30, 2003.
- Phase III: Districts with total revenue of less than \$10 million are required to implement for the year ending June 30, 2004.

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2004. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

JEFFERSON ELEMENTARY SCHOOL DISTRICT**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002**

	Cafeteria	Deferred Maintenance	Pupil Transportation	Total
ASSETS				
Cash	\$ 30	\$ -	\$ -	\$ 30
Investments	5,788	151,231	33,499	190,518
Accounts receivable	12,441	31,011	26	43,478
Stores inventory	2,044	-	-	2,044
Total Assets	<u>\$ 20,303</u>	<u>\$ 182,242</u>	<u>\$ 33,525</u>	<u>\$ 236,070</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	2,718	-	-	2,718
Due to other funds	7,000	-	-	7,000
Total Liabilities	<u>9,718</u>	<u>-</u>	<u>-</u>	<u>9,718</u>
FUND EQUITY				
Fund balances				
Reserved	2,074	-	-	2,074
Unreserved				
Undesignated	8,511	182,242	33,525	224,278
Total Fund Equity	<u>10,585</u>	<u>182,242</u>	<u>33,525</u>	<u>226,352</u>
Total Liabilities and Fund Equity	<u>\$ 20,303</u>	<u>\$ 182,242</u>	<u>\$ 33,525</u>	<u>\$ 236,070</u>

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Cafeteria	Deferred Maintenance	Pupil Transportation	Total
REVENUES				
Federal revenues	\$ 71,717	\$ -	\$ -	\$ 71,717
Other state revenues	3,946	33,733	-	37,679
Other local revenues	308,111	4,811	163	313,085
Tuition and transfers	-	-	-	-
Total Revenues	<u>383,774</u>	<u>38,544</u>	<u>163</u>	<u>422,481</u>
EXPENDITURES				
Current Expenditures				
Classified salaries	137,205	-	-	137,205
Employee benefits	37,392	-	-	37,392
Books and supplies	192,922	-	-	192,922
Services and operating expenditures	8,990	133,000	15,001	156,991
Other outgo	7,000	-	-	7,000
Capital outlay	457	-	-	457
Debt service - principal	-	-	29,657	29,657
Debt service - interest and other	-	-	1,579	1,579
Total Expenditures	<u>383,966</u>	<u>133,000</u>	<u>46,237</u>	<u>563,203</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(192)</u>	<u>(94,456)</u>	<u>(46,074)</u>	<u>(140,722)</u>
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	-	30,000	40,000	70,000
Operating transfers out	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>30,000</u>	<u>40,000</u>	<u>70,000</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	<u>(192)</u>	<u>(64,456)</u>	<u>(6,074)</u>	<u>(70,722)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,777</u>	<u>246,698</u>	<u>39,599</u>	<u>297,074</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,585</u>	<u>\$ 182,242</u>	<u>\$ 33,525</u>	<u>\$ 226,352</u>

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

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Cafeteria		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Federal revenues	\$ 71,718	\$ 71,717	\$ (1)
Other state revenues	3,946	3,946	-
Other local revenues	308,114	308,111	(3)
Total Revenues	383,778	383,774	(4)
EXPENDITURES			
Current Expenditures			
Classified salaries	137,214	137,205	9
Employee benefits	37,553	37,392	161
Books and supplies	192,926	192,922	4
Services and operating expenditures	8,993	8,990	3
Other outgo	7,000	7,000	-
Capital outlay	457	457	-
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	384,143	383,966	177
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(365)	(192)	173
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Financing Sources/(Uses)	-	-	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(365)	(192)	173
FUND BALANCE, BEGINNING OF YEAR	10,777	10,777	-
FUND BALANCE, END OF YEAR	\$ 10,412	\$ 10,585	\$ 173

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

Deferred Maintenance			Pupil Transportation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33,733	33,733	-	-	-	-
4,811	4,811	-	(163)	163	326
38,544	38,544	-	(163)	163	326
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
133,002	133,000	2	15,000	15,001	(1)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	31,237	29,657	1,580
-	-	-	-	1,579	(1,579)
133,002	133,000	2	46,237	46,237	-
(94,458)	(94,456)	2	(46,400)	(46,074)	326
30,000	30,000	-	40,000	40,000	-
-	-	-	-	-	-
30,000	30,000	-	40,000	40,000	-
(64,458)	(64,456)	2	(6,400)	(6,074)	326
246,698	246,698	-	39,599	39,599	-
\$ 182,240	\$ 182,242	\$ 2	\$ 33,199	\$ 33,525	\$ 326

JEFFERSON ELEMENTARY SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Total		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Federal revenues	\$ 71,718	\$ 71,717	\$ (1)
Other state revenues	37,679	37,679	-
Other local revenues	312,762	313,085	323
Total Revenues	<u>422,159</u>	<u>422,481</u>	<u>322</u>
EXPENDITURES			
Current Expenditures			
Classified salaries	137,214	137,205	9
Employee benefits	37,553	37,392	161
Books and supplies	192,926	192,922	4
Services and operating expenditures	156,995	156,991	4
Other outgo	7,000	7,000	-
Capital outlay	457	457	-
Debt service - principal	31,237	29,657	1,580
Debt service - interest and other	-	1,579	(1,579)
Total Expenditures	<u>563,382</u>	<u>563,203</u>	<u>179</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(141,223)</u>	<u>(140,722)</u>	<u>501</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	70,000	70,000	-
Operating transfers out	-	-	-
Total Other Financing Sources/(Uses)	<u>70,000</u>	<u>70,000</u>	<u>-</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	<u>(71,223)</u>	<u>(70,722)</u>	<u>501</u>
FUND BALANCE, BEGINNING OF YEAR	<u>297,074</u>	<u>297,074</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 225,851</u>	<u>\$ 226,352</u>	<u>\$ 501</u>

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

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JEFFERSON ELEMENTARY SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2002

	Community Facilities	Capital Facilities	State School Building
ASSETS			
Investments	\$ 13,846	\$ 2,570,979	\$ 111,753
Accounts receivable	78	14,598	628
Total Assets	<u>\$ 13,924</u>	<u>\$ 2,585,577</u>	<u>\$ 112,381</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	-	20,108	102,603
Total Liabilities	<u>-</u>	<u>20,108</u>	<u>102,603</u>
FUND EQUITY			
Fund balances			
Unreserved			
Designated	13,924	2,565,469	9,778
Undesignated			
Total Fund Equity	<u>13,924</u>	<u>2,565,469</u>	<u>9,778</u>
Total Liabilities and Fund Equity	<u>\$ 13,924</u>	<u>\$ 2,585,577</u>	<u>\$ 112,381</u>

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

Special Reserve	County Schools Facilities	Total
\$ 199,486	\$ 1,122,991	\$ 4,019,055
912	14,409	30,625
<u>\$ 200,398</u>	<u>\$ 1,137,400</u>	<u>\$ 4,049,680</u>

<u>485</u>	<u>533,235</u>	<u>656,431</u>
<u>485</u>	<u>533,235</u>	<u>656,431</u>

199,913	604,165	3,393,249
<u>199,913</u>	<u>604,165</u>	<u>3,393,249</u>
<u>\$ 200,398</u>	<u>\$ 1,137,400</u>	<u>\$ 4,049,680</u>

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Community Facilities	Capital Facilities	State School Building
REVENUES			
Other local revenues	\$ 902	\$ 1,844,364	\$ (1,342)
Total Revenues	902	1,844,364	(1,342)
EXPENDITURES			
Current Expenditures			
Books and supplies	-	3,789	-
Services and operating expenditures	-	262,965	-
Capital outlay	-	1,836,864	-
Total Expenditures	-	2,103,618	-
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	902	(259,254)	(1,342)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	(299,387)	-
Total Other Financing Sources/(Uses)	-	(299,387)	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	902	(558,641)	(1,342)
FUND BALANCE, BEGINNING OF YEAR	13,022	3,124,110	11,120
FUND BALANCE, END OF YEAR	\$ 13,924	\$ 2,565,469	\$ 9,778

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

Special Reserve	County Schools Facilities	Total
<u>\$ 5,442</u>	<u>\$ 206,404</u>	<u>\$ 2,055,770</u>
<u>5,442</u>	<u>206,404</u>	<u>2,055,770</u>
1,145	-	4,934
103,786	-	366,751
<u>20,643</u>	<u>9,775,098</u>	<u>11,632,605</u>
<u>125,574</u>	<u>9,775,098</u>	<u>12,004,290</u>
<u>(120,132)</u>	<u>(9,568,694)</u>	<u>(9,948,520)</u>
40,000	299,387	339,387
-	-	(299,387)
<u>40,000</u>	<u>299,387</u>	<u>40,000</u>
(80,132)	(9,269,307)	(9,908,520)
<u>280,045</u>	<u>9,873,472</u>	<u>13,301,769</u>
<u>\$ 199,913</u>	<u>\$ 604,165</u>	<u>\$ 3,393,249</u>

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Community Facilities		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Other local revenues	\$ -	\$ 902	\$ 902
Total Revenues	-	902	902
EXPENDITURES			
Current Expenditures			
Books and supplies	-	-	-
Services and operating expenditures	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	-	902	902
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Financing Sources/(Uses)	-	-	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	-	902	902
FUND BALANCE, BEGINNING OF YEAR	13,022	13,022	-
FUND BALANCE, END OF YEAR	\$ 13,022	\$ 13,924	\$ 902

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

Capital Facilities			State School Building		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,844,364	\$ 1,844,364	\$ -	\$ -	\$ (1,342)	\$ (1,342)
1,844,364	1,844,364	-	-	(1,342)	(1,342)
3,789	3,789	-	-	-	-
262,970	262,965	5	-	-	-
1,839,318	1,836,864	2,454	-	-	-
2,106,077	2,103,618	2,459	-	-	-
(261,713)	(259,254)	2,459	-	(1,342)	(1,342)
-	-	-	-	-	-
(299,387)	(299,387)	-	-	-	-
(299,387)	(299,387)	-	-	-	-
(561,100)	(558,641)	2,459	-	(1,342)	(1,342)
3,124,110	3,124,110	-	11,120	11,120	-
\$ 2,563,010	\$ 2,565,469	\$ 2,459	\$ 11,120	\$ 9,778	\$ (1,342)

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Special Reserve		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 5,442	\$ 5,442	\$ -
Total Revenues	5,442	5,442	-
EXPENDITURES			
Current Expenditures			
Books and supplies	1,146	1,145	1
Services and operating expenditures	103,787	103,786	1
Capital outlay	20,644	20,643	1
Total Expenditures	125,577	125,574	3
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(120,135)	(120,132)	3
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	40,000	40,000	-
Operating transfers out	-	-	-
Total Other Financing Sources/(Uses)	40,000	40,000	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(80,135)	(80,132)	3
FUND BALANCE, BEGINNING OF YEAR	280,045	280,045	-
FUND BALANCE, END OF YEAR	\$ 199,910	\$ 199,913	\$ 3

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

County Schools Facilities			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 206,404	\$ 206,404	\$ -	\$ 2,056,210	\$ 2,055,770	\$ (440)
206,404	206,404	-	2,056,210	2,055,770	(440)
-	-	-	4,935	4,934	1
-	-	-	366,757	366,751	6
9,779,414	9,775,098	4,316	11,639,376	11,632,605	6,771
9,779,414	9,775,098	4,316	12,011,068	12,004,290	6,778
(9,573,010)	(9,568,694)	4,316	(9,954,858)	(9,948,520)	6,338
299,387	299,387	-	339,387	339,387	-
-	-	-	(299,387)	(299,387)	-
299,387	299,387	-	40,000	40,000	-
(9,273,623)	(9,269,307)	4,316	(9,914,858)	(9,908,520)	6,338
9,873,472	9,873,472	-	13,301,769	13,301,769	-
\$ 599,849	\$ 604,165	\$ 4,316	\$ 3,386,911	\$ 3,393,249	\$ 6,338

JEFFERSON ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2002**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
STUDENT BODY FUNDS				
ASSETS				
Cash	\$ 40,750	\$ 178,328	\$ 187,957	\$ 31,121
Total Assets	<u>\$ 40,750</u>	<u>\$ 178,328</u>	<u>\$ 187,957</u>	<u>\$ 31,121</u>
LIABILITIES				
Due to student groups	<u>40,750</u>	<u>178,328</u>	<u>187,957</u>	<u>31,121</u>
Total Liabilities	<u>\$ 40,750</u>	<u>\$ 178,328</u>	<u>\$ 187,957</u>	<u>\$ 31,121</u>

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

SUPPLEMENTARY INFORMATION

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I - Basic	84.010	03797	\$ 36,404
Special Education			
Local Assistance	84.027	03379	67,787
Inservice Training	84.027	03613	250
Title VI - Innovative Education Strategies	84.151	03710	5,198
Title II - Eisenhower Professional Development	84.164	03699	4,070
Title IV - Safe and Drug Free Schools	84.184	03453	7,286
Federal Class Size Reduction	84.34	03073	8,331
Total U.S. Department of Education			<u>129,326</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
National School Lunch	10.555	03755	60,743
Basic School Breakfast	10.553	03157	10,974
Fair Market Value of Commodities ⁽¹⁾	10.550	03755	14,415
Total U.S. Department of Agriculture			<u>86,132</u>
Total Expenditures of Federal Awards			<u>\$ 215,458</u>

[1] Amount is not included in the accompanying financial statements.

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	Annual Report	Second Period Report Revised 2001/2002
ELEMENTARY		
Kindergarten	155	154
First through third	469	466
Fourth through sixth	436	433
Seventh and eighth	269	267
Total Elementary	1,329	1,320
SUMMER SCHOOL/INTERSESSION - ANNUAL PUPIL HOURS OF ATTENDANCE		
Core academic programs	6,653	5,903
Students not meeting proficiency standards	12,247	11,727
Total Hours	18,900	17,630

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

Grade Level	1986-87	1982-83	2001-02	Number of Days		Status
	Minutes Requirement	Actual Minutes	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,670	37,125	180	-	In Compliance
Grades 1 - 3	50,400	45,490	50,400	180	-	In Compliance
Grades 4 - 8	54,000	60,030	61,725	180	-	In Compliance

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

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

	<u>General Long- Term Debt Account Group</u>
GENERAL LONG-TERM LIABILITIES	
Total Liabilities, June 30, 2002, (Unaudited Actuals)	\$ 251,493
Adjustments	
Increase in Capital Leases Payable	<u>41,975</u>
Total Liabilities, June 30, 2002, Audited Financial Statement	<u><u>\$ 293,468</u></u>

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

	(Budget) 2003 ¹	2002	2001	2000
GENERAL FUND				
Revenues	\$ 8,658,735	\$ 8,235,938	\$ 7,163,892	\$ 5,462,597
Other sources	-	217,686	125,785	356,664
Total Revenues and Other Sources	8,658,735	8,453,624	7,289,677	5,819,261
Expenditures	8,697,861	8,321,854	6,650,479	5,099,496
Other uses and transfers out	77,000	110,000	402,196	224,000
Total Expenditures and Other Uses	8,774,861	8,431,854	7,052,675	5,323,496
INCREASE/(DECREASE) IN FUND BALANCE	\$ (116,126)	\$ 21,770	\$ 237,002	\$ 495,765
EQUITY FUND TRANSFER	\$ -	\$ -	\$ -	\$ (50,000)
ENDING FUND BALANCE	\$ 1,464,318	\$ 1,580,444	\$ 1,558,673	\$ 1,321,671
AVAILABLE RESERVES ²	\$ 621,855	\$ 779,373	\$ 629,153	\$ 275,655
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	7.09%	9.24%	8.92%	5.18%
LONG-TERM DEBT	\$ 193,500	\$ 293,468	\$ 182,812	\$ 177,964
AVERAGE DAILY ATTENDANCE AT P-2	1,430	1,320	1,142	986

The general fund balance has increased by \$258,773 over the past two years. The fiscal year 2002-03 budget projects a decrease of \$116,126. For a district this size, the State recommends available reserves of at least three percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2002-03 fiscal year. Total long-term debt has increased by \$115,504 over the past two years.

Average daily attendance has increased by 334 over the past two years. An increased growth of 110 is anticipated during fiscal year 2002-03.

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

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the general fund and special reserve fund.

See accompanying note to supplementary information.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2002

NOTE #1 - PURPOSE OF SCHEDULES

A. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

B. Schedule of Average Daily Attendance (ADA)

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

C. Schedule of Instructional Time

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

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form J-200 to the audited financial statements.

E. Schedule of Financial Trends and Analysis

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

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

Governing Board
Jefferson Elementary School District
Tracy, California

We have audited the general-purpose financial statements of Jefferson Elementary School District as of and for the year ended June 30, 2002, and have issued our report thereon dated September 27, 2002. In our report, our opinion was qualified because the District did not maintain a general fixed asset group of accounts. 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 Jefferson 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Vavrinek, Irine, Day & Co., LLP

Pleasanton, California
September 27, 2002



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Jefferson Elementary School District
Tracy, California

We have audited the general-purpose financial statements of the Jefferson Elementary School District as of and for the year ended June 30, 2002, and have issued our report thereon dated September 27, 2002. In our report, our opinion was qualified because the Jefferson Elementary School District did not maintain a general fixed asset group of accounts. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *State Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting		
Attendance reporting	4	Yes
Kindergarten continuation	3	Yes
Independent study	13	Not Applicable
Continuation education	11	Not Applicable
Adult education	8	Not Applicable
Regional occupational centers/programs	4	Not Applicable
Staff development days	3	Yes
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

	Procedures in Controller's Audit Guide	Procedures Performed
Community day schools	8	Not Applicable
Class size reduction program:		
Option one classes	11	Yes
Option two classes	10	Not Applicable
Options one and two classes	16	Not Applicable
Reduce class size in two courses in grade 9	8	Not Applicable
State Instructional Materials		
K-8	10	Yes
9-12	7	Not Applicable
Schiff-Bustamante standards-based instructional materials	9	Yes
Digital High School Education Technology Grant Program	5	Not Applicable
California Public School Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	Not Applicable

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

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

Vaurink, Irine, Day TCA, LLP

Pleasanton, California
September 29, 2002

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditors' report issued:

Qualified

Internal control over financial reporting:

Material weaknesses identified?

No

Reporting conditions identified not considered to be material weaknesses?

Yes

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified?

N/A

Reporting conditions identified not considered to be material weaknesses?

N/A

Type of auditors' report issued on compliance for major programs:

N/A

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

N/A

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
Not Applicable	Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:

N/A

Auditee qualified as low-risk auditee?

N/A

STATE AWARDS

Internal control over state programs:

Material weaknesses identified?

No

Reporting conditions identified not considered to be material weaknesses?

None reported

Type of auditors' report issued on compliance for state programs:

Unqualified

JEFFERSON ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment

EQUIPMENT

1. Finding (20000)

During our examination, it came to our attention that the District does not maintain a complete and current equipment inventory. In order to adequately safeguard assets and to comply with Federal and State requirements, the District's fixed assets accounting system should provide for the following:

- Maintain detail records indicating asset description, acquisition date and costs, funding source, location and serial/identification.
- Such detailed property records should be periodically checked by physical inventory with differences reconciled and records adjusted to reflect shortages.
- Procedures in place governing the disposition of property and equipment including monitoring the disposition of property acquired with grant funds.
- All equipment items should be marked so as identify them as property of the District and equipment items purchased with grant funds specifically marked as such.

Recommendation

We recommend that the District's management review its procedures relating to the fixed assets accounting system and implement appropriate modifications to ensure safeguarding of assets and compliance with Federal and State requirements.

District Response

The District is aware of the problem and will address it as part of their GASB 34 preparations.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

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

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

There were no findings representing instances of noncompliance or questioned costs relating to state program laws and regulations.

JEFFERSON ELEMENTARY SCHOOL DISTRICT

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

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

CASH RECEIPTS

1. Finding (20000)

Individual prenumbered receipts are not used at the school site to record receipt of money from fundraising activities. Instead, cash and checks received are often placed in envelopes with the teacher's name or just placed in a bag and delivered to the district office. If time does not permit counting at time of delivery, the envelopes and/or bag are placed in the safe upon delivery from the school site. The cash and checks will then be counted and the deposit prepared when time permits. The current procedure does not allow for documentation of the collections made at the school site to be verified at the district office.

Recommendation

We recommend that teachers or other individuals turning money into the school site secretary provide an accounting of the checks and cash collections. The school site secretary then should verify the amount given to them and provide a receipt to the teacher or person giving them the money. Ideally, this verification should be performed while both parties are present. Once the collections have been verified the school site secretary should prepare the deposit and place into a sealed deposit bag. The sealed deposit bag should be delivered to the District office where District office personnel will provide a receipt to the school site secretary for the amount indicated on the Deposit. District office personnel will then make the deposit at the bank.

Current Status

Implemented

