



**MENIFEE UNION ELEMENTARY
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2001

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT
OF RIVERSIDE COUNTY
MENIFEE, CALIFORNIA
JUNE 30, 2001

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<i>TERM EXPIRES</i>
Victor Giardinelli	President	2003
Rita J. Peters	Clerk	2001
Chester W. Morrison	Member	2001
Patricia Hanson	Member	2003
Robert O'Donnell	Member	2003

ADMINISTRATION

Gary Cringan, Ed.D.	Superintendent
Daniel Wood	Assistant Superintendent, Business
Linda Callaway, Ed.D.	Assistant Superintendent, Personnel Services
Laraine Hair	Assistant Superintendent, Curriculum and Instruction
Barbara Miller	Director of Pupil Personnel Services
Pam Gillette	Director of Fiscal Services

ORGANIZATION

The Meniffee Union Elementary School District was established on December 7, 1951, by combining the Meniffee and Antelope School Districts; and is comprised of an area of approximately 60 square miles located in Riverside County. There were no changes in the boundaries of the District during the current year. The District is currently operating four elementary schools and one intermediate school.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Menifee Union Elementary School District
Menifee, California

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

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

In our opinion, the general-purpose and combining financial statements referred to above present fairly, in all material respects, the financial position of the Menifee Union Elementary School District at June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America..

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2001, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Vavinek, Tine, Day + Co. LLP

Rancho Cucamonga, California
November 7, 2001

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MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 3,363	\$ -	\$ -	\$ -
Investments	2,540,178	757,426	1,111,907	16,380,326
Accounts receivable	1,919,787	134,684	-	198,821
Due from other funds	138,086	6,269	-	452,007
Stores inventory	-	11,347	-	-
General fixed assets	-	-	-	-
Amount available for the retirement of general long-term debt	-	-	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-	-
Total Assets	\$ 4,601,414	\$ 909,726	\$ 1,111,907	\$ 17,031,154
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	576,967	56,831	-	1,174,853
Due to other funds	442,058	152,355	-	1,949
Deferred revenue	94,478	-	-	-
General long-term debt	-	-	-	-
Total Liabilities	1,113,503	209,186	-	1,176,802
FUND EQUITY				
Investment in general fixed assets	-	-	-	-
Fund balances				
Reserved	666,586	11,347	-	-
Unreserved				
Designated	2,821,325	689,193	-	13,688,144
Undesignated	-	-	1,111,907	2,166,208
Total Fund Equity	3,487,911	700,540	1,111,907	15,854,352
Total Liabilities and Fund Equity	\$ 4,601,414	\$ 909,726	\$ 1,111,907	\$ 17,031,154

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

Fiduciary Fund Type Expendable Trust	Account Groups		Total (Memorandum Only)
	General Long-Term Debt	General Fixed Assets	
\$ 48,294	\$ -	\$ -	\$ 51,657
-	-	-	20,789,837
-	-	-	2,253,292
-	-	-	596,362
-	-	-	11,347
-	-	47,947,006	47,947,006
-	1,111,907	-	1,111,907
-	9,536,869	-	9,536,869
<u>\$ 48,294</u>	<u>\$ 10,648,776</u>	<u>\$ 47,947,006</u>	<u>\$ 82,298,277</u>
-	-	-	1,808,651
-	-	-	596,362
-	-	-	94,478
-	10,648,776	-	10,648,776
-	10,648,776	-	13,148,267
-	-	47,947,006	47,947,006
-	-	-	677,933
-	-	-	17,198,662
48,294	-	-	3,326,409
<u>48,294</u>	<u>-</u>	<u>47,947,006</u>	<u>69,150,010</u>
<u>\$ 48,294</u>	<u>\$ 10,648,776</u>	<u>\$ 47,947,006</u>	<u>\$ 82,298,277</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Revenue Limit Sources				
State apportionments	\$16,147,452	\$ -	\$ -	\$ -
Local sources	3,560,814	-	-	-
Total Revenue Limit Sources	19,708,266	-	-	-
Federal revenues	664,014	461,940	-	-
Other state revenues	6,566,850	458,386	-	10,037,044
Other local revenues	553,476	561,858	423,913	2,626,996
Tuition and transfers	1,541,930	-	-	-
Total Revenues	29,034,536	1,482,184	423,913	12,664,040
EXPENDITURES				
Current Expenditures				
Certificated salaries	14,521,867	74,209	-	-
Classified salaries	3,881,192	490,391	-	-
Employee benefits	4,081,718	127,148	-	-
Books and supplies	1,983,288	626,139	-	2,571
Services and operating expenditures	1,854,131	179,074	181,908	699,055
Other outgo	(75,270)	76,450	-	56,836
Capital outlay	76,847	84,446	-	8,055,498
Debt service - principal	-	-	145,000	-
Debt service - interest and other	241,679	-	540,005	-
Total Expenditures	26,565,452	1,657,857	866,913	8,813,960
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	2,469,084	(175,673)	(443,000)	3,850,080
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	4,646	105,000	568,993	678,208
Operating transfers out	(1,323,591)	-	(23,061)	(10,195)
Other sources	-	-	387,524	2,169,926
Total Other Financing Sources/(Uses)	(1,318,945)	105,000	933,456	2,837,939
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	1,150,139	(70,673)	490,456	6,688,019
FUND BALANCE, BEGINNING OF YEAR	2,337,772	771,213	621,451	9,166,333
FUND BALANCE, END OF YEAR	\$ 3,487,911	\$ 700,540	\$ 1,111,907	\$15,854,352

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

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ 16,147,452
-	3,560,814
-	<u>19,708,266</u>
-	1,125,954
-	17,062,280
118,996	4,285,239
-	1,541,930
<u>118,996</u>	<u>43,723,669</u>
-	14,596,076
-	4,371,583
-	4,208,866
-	2,611,998
121,045	3,035,213
-	58,016
-	8,216,791
-	145,000
-	781,684
<u>121,045</u>	<u>38,025,227</u>
<u>(2,049)</u>	<u>5,698,442</u>
-	1,356,847
-	(1,356,847)
-	2,557,450
-	<u>2,557,450</u>
(2,049)	8,255,892
50,343	12,947,112
<u>\$ 48,294</u>	<u>\$ 21,203,004</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 16,469,687	\$ 16,147,452	\$ (322,235)
Local sources	3,170,420	3,560,814	390,394
Total Revenue Limit Sources	19,640,107	19,708,266	68,159
Federal revenues	842,485	664,014	(178,471)
Other state revenues	5,979,428	6,566,850	587,422
Other local revenues	414,000	553,476	139,476
Tuition and transfers	1,363,549	1,541,930	178,381
Total Revenues	28,239,569	29,034,536	794,967
EXPENDITURES			
Current Expenditures			
Certificated salaries	14,524,348	14,521,867	2,481
Classified salaries	3,957,206	3,881,192	76,014
Employee benefits	4,140,334	4,081,718	58,616
Books and supplies	2,249,591	1,983,288	266,303
Services and operating expenditures	1,944,784	1,854,131	90,653
Other outgo	(75,270)	(75,270)	-
Capital outlay	80,000	76,847	3,153
Debt service - principal	-	-	-
Debt service - interest and other	814,863	241,679	573,184
Total Expenditures	27,635,856	26,565,452	1,070,404
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	603,713	2,469,084	1,865,371
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	58,372	4,646	(53,726)
Operating transfers out	(756,314)	(1,323,591)	(567,277)
Other sources	-	-	-
Total Other Financing Sources/(Uses)	(697,942)	(1,318,945)	(621,003)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(94,229)	1,150,139	1,244,368
FUND BALANCE, BEGINNING OF YEAR	2,337,772	2,337,772	-
FUND BALANCE, END OF YEAR	\$ 2,243,543	\$ 3,487,911	\$ 1,244,368

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

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
430,348	461,940	31,592	-	-	-
456,201	458,386	2,185	-	-	-
499,693	561,858	62,165	-	423,913	423,913
-	-	-	-	-	-
<u>1,386,242</u>	<u>1,482,184</u>	<u>95,942</u>	<u>-</u>	<u>423,913</u>	<u>423,913</u>
74,302	74,209	93	-	-	-
491,286	490,391	895	-	-	-
127,294	127,148	146	-	-	-
634,344	626,139	8,205	-	-	-
191,825	179,074	12,751	-	181,908	(181,908)
76,450	76,450	-	-	-	-
85,600	84,446	1,154	-	-	-
-	-	-	-	145,000	(145,000)
-	-	-	-	540,005	(540,005)
<u>1,681,101</u>	<u>1,657,857</u>	<u>23,244</u>	<u>-</u>	<u>866,913</u>	<u>(866,913)</u>
<u>(294,859)</u>	<u>(175,673)</u>	<u>119,186</u>	<u>-</u>	<u>(443,000)</u>	<u>(443,000)</u>
105,000	105,000	-	-	568,993	568,993
-	-	-	-	(23,061)	(23,061)
-	-	-	-	387,524	387,524
<u>105,000</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>933,456</u>	<u>933,456</u>
(189,859)	(70,673)	119,186	-	490,456	490,456
771,213	771,213	-	621,451	621,451	-
<u>\$ 581,354</u>	<u>\$ 700,540</u>	<u>\$ 119,186</u>	<u>\$ 621,451</u>	<u>\$ 1,111,907</u>	<u>\$ 490,456</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ -	\$ -	\$ -
Local sources	-	-	-
Total Revenue Limit Sources	-	-	-
Federal revenues	-	-	-
Other state revenues	10,037,044	10,037,044	-
Other local revenues	740,000	2,626,996	1,886,996
Tuition and transfers	-	-	-
Total Revenues	<u>10,777,044</u>	<u>12,664,040</u>	<u>1,886,996</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	2,600	2,571	29
Services and operating expenditures	666,705	699,055	(32,350)
Other outgo	57,000	56,836	164
Capital outlay	15,584,044	8,055,498	7,528,546
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	<u>16,310,349</u>	<u>8,813,960</u>	<u>7,496,389</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(5,533,305)</u>	<u>3,850,080</u>	<u>9,383,385</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	604,863	678,208	73,345
Operating transfers out	(10,195)	(10,195)	-
Other sources	50,000	2,169,926	2,119,926
Total Other Financing Sources/(Uses)	<u>644,668</u>	<u>2,837,939</u>	<u>2,193,271</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(4,888,637)</u>	<u>6,688,019</u>	<u>11,576,656</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,166,333</u>	<u>9,166,333</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,277,696</u>	<u>\$ 15,854,352</u>	<u>\$ 11,576,656</u>

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

Total (Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 16,469,687	\$ 16,147,452	\$ (322,235)
3,170,420	3,560,814	390,394
<u>19,640,107</u>	<u>19,708,266</u>	<u>68,159</u>
1,272,833	1,125,954	(146,879)
16,472,673	17,062,280	589,607
1,653,693	4,166,243	2,512,550
1,363,549	1,541,930	178,381
<u>40,402,855</u>	<u>43,604,673</u>	<u>3,201,818</u>
14,598,650	14,596,076	2,574
4,448,492	4,371,583	76,909
4,267,628	4,208,866	58,762
2,886,535	2,611,998	274,537
2,803,314	2,914,168	(110,854)
58,180	58,016	164
15,749,644	8,216,791	7,532,853
-	145,000	(145,000)
814,863	781,684	33,179
<u>45,627,306</u>	<u>37,904,182</u>	<u>7,723,124</u>
<u>(5,224,451)</u>	<u>5,700,491</u>	<u>10,924,942</u>
768,235	1,356,847	588,612
(766,509)	(1,356,847)	(590,338)
50,000	2,557,450	2,507,450
<u>51,726</u>	<u>2,557,450</u>	<u>2,505,724</u>
(5,172,725)	8,257,941	13,430,666
12,896,769	12,896,769	-
<u>\$ 7,724,044</u>	<u>\$ 21,154,710</u>	<u>\$ 13,430,666</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity (Component Units)

The District includes all funds, account groups, and other entities 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 Menifee Union District and the Riverside County Financing Corporation have a financial and operational relationship that meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the corporation as a component unit of the District. Accordingly, the financial activities of the corporation have been included in the financial statements of the District.

For financial presentation purposes, the proportionate interest of the Menifee Union Elementary School District in the Riverside County Schools Financing Corporation's financial activity has been blended, or combined, with the financial data of the Districts. The financial statements present the Corporation's financial activity within the Corporation's Building Fund and the Corporation's Debt Service Fund. The 1988 and 1996 Certificates of Participation issued by the Corporation are included in the General Long-Term Debt Account Group. Fixed assets acquired or constructed by the Corporation are included in the General Fixed Assets Account Group.

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 (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 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.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

- Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.
- Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets.

Fiduciary Funds

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

Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds 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 fixed assets and long-term liabilities associated with governmental funds and expendable trust funds are accounted for in the account groups of the District.

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

C. Basis of Accounting

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

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

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except for those funds associated with the District's component unit. 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 of Trustees revises this budget during the year to give consideration to unanticipated revenues 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.

E. Encumbrances

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

F. Stores Inventory

Inventory is valued at lower of cost or market utilizing the weighted average cost method. Inventory in the cafeteria fund consists 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, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

G. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is not significant and therefore has not been recorded in the funds.

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

H. Fund Balance Reserves and Designations

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

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

I. Property, Plant and Equipment

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

Property, plant and equipment is stated at cost. Where cost could not be determined from available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Depreciation is not required for governmental fund type acquisitions.

J. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes for the District. The District recognizes tax revenues when received.

K. Deferred Revenue

Deferred revenue arises when a 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 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.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

NOTE #2 - CASH

Cash at June 30, 2001, consisted of the following:

	<u>Carrying Amount</u>
Cash on hand and in banks	\$ 49,157
Cash in revolving fund	<u>2,500</u>
Total	<u>\$ 51,657</u>

The Federal Depository Insurance Corporation insures cash balances held in banks and in revolving funds up to \$100,000. June 30, 2001, the carrying amount of the District's deposits was \$51,657, and the bank balance was \$102,955. All cash held by financial institutions is fully insured.

NOTE #3 - INVESTMENTS

Investments at June 30, 2001, held on behalf of the Meniffee Union Elementary School District and the Riverside County School Financing Corporation are presented below, categorized separately to give an indication of the level of risk associated with each investment:

*These categories are as follows:

	<u>Category *</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Bayerische Landesbank 6.85% due 9/1/25	<u>\$ -</u>	<u>\$ -</u>	<u>\$632,202</u>	\$ 632,202	\$ 632,202
Uncategorized:					
Federated Treasury Obligations				2,645,862	2,645,862
Federated Auto Government Cash Reserves				51	51
Deposits with county treasurer				<u>17,511,722</u>	<u>17,531,743</u>
Total Investments				<u>\$20,789,837</u>	<u>\$ 20,809,858</u>

Category 1: Insured or registered, or securities held by the District/Corporation or its agent in the Corporation's name.

Category 2: Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's/Corporation's name.

Category 3: Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's/Corporation's name.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

A. Authorized Investments

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

B. Deposits with County Treasurer

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

NOTE #4 – ACCOUNTS RECEIVABLE

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Federal Government				
Categorical aid	\$ 153,759	\$ 78,843	\$ -	\$ 232,602
State Government				
Categorical aid	95,466	8,390	-	103,856
Other state				
Lottery	251,997	-	-	251,997
Special Education Mandates	199,598	-	-	199,598
Operational Grant	442,058	-	-	442,058
Local Government				
Interest	257,172	10,823	197,926	465,921
Other Local Sources	519,737	36,628	895	557,260
Total	<u>\$1,919,787</u>	<u>\$134,684</u>	<u>\$ 198,821</u>	<u>\$ 2,253,292</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

NOTE #5 – INTERFUND TRANSACTIONS

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

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Funds:		
General	\$ 138,086	\$ 442,058
Cafeteria	6,269	87,240
Child Development	-	65,115
Capital Facilities	8,000	-
Special Reserve (Capital)	444,007	-
State School Building	-	1,949
Total	<u>\$ 596,362</u>	<u>\$ 596,362</u>

B. Operating Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2001, are as follows:

The General fund transferred to Deferred Maintenance fund for district match	\$ 105,000
The General fund transferred to Special Reserve (Capital) for Operational Grant	609,598
The CFD 99-1 Debt Service fund transferred to CFD 99-1 Capital Project fund for debt service payments	23,061
The State School Building fund transferred to Special Reserve (Capital) fund for interest and principal of a temporary loan	5,549
The State School Building fund transferred to the General fund for interest and principal of a temporary loan	4,646
The General fund transferred to Special Reserve (Capital) for Federal Class Size Reduction Facilities	40,000
The General fund transferred to the COP fund for debt service payments	568,993
Total	<u>\$ 1,356,847</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

NOTE #6 – ACCOUNTS PAYABLE

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Apportionment	\$ 128,746	\$ -	\$ -	\$ 128,746
Construction	-	22,630	1,169,822	1,192,452
Insurance	-	23,600	-	23,600
Other payables	448,221	10,601	5,031	463,853
Total	<u>\$ 576,967</u>	<u>\$ 56,831</u>	<u>\$ 1,174,853</u>	<u>\$ 1,808,651</u>

NOTE #7 – DEFERRED REVENUE

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

	<u>General</u>
Federal financial assistance	<u>\$ 79,377</u>
State categorical aid	<u>15,101</u>
Total	<u>\$ 94,478</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

NOTE #8 – FUND BALANCES

Fund balances is are composed of the following elements:

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trusts
Reserved					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ -
Stores Inventory	-	11,347	-	-	-
Legally Restricted	664,086	-	-	-	-
Total Reserved	<u>666,586</u>	<u>11,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved					
Designated					
Economic uncertainties	1,323,480	-	-	-	-
Other	350,000	584,940	-	-	-
Technology	105,765	-	-	20,647	-
Special Ed Mandates	199,598	-	-	-	-
Site Carryover	442,482	-	-	-	-
Staffing Increases	400,000	-	-	-	-
Capital Projects	-	-	-	13,607,537	-
Textbooks	-	60,000	-	-	-
Library Replacement	-	44,253	-	-	-
Bus Replacement	-	-	-	59,960	-
Total Designated	<u>2,821,325</u>	<u>689,193</u>	<u>-</u>	<u>13,688,144</u>	<u>-</u>
Undesignated			1,111,907	2,166,207	48,294
Total Unreserved	<u>2,821,325</u>	<u>689,193</u>	<u>1,111,907</u>	<u>15,854,351</u>	<u>48,294</u>
Total	<u>\$3,487,911</u>	<u>\$700,540</u>	<u>\$1,111,907</u>	<u>\$15,854,351</u>	<u>\$ 48,294</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #9 - GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

A schedule of changes in long-term debt for the year ended June 30, 2001, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
Certificates of participation	\$ 8,095,000	\$ -	\$ (145,000)	\$ 7,950,000
Accumulated vacation - net	109,502	4,274		113,776
Capital leases	1,013,585	-	(1,013,585)	-
Community Facilities District 99-1	-	2,585,000	-	2,585,000
	<u>\$ 9,218,087</u>	<u>\$ 2,589,274</u>	<u>\$ (1,158,585)</u>	<u>10,648,776</u>
Amount currently available for retirement of general long-term debt				
COP 1996			632,253	
CFD 99-1 Debt Service fund			<u>479,654</u>	<u>1,111,907</u>
Amount to be provided for retirement of general long-term debt				<u>\$ 9,536,869</u>

B. Certificates of Participation

On October 1, 1996, the Meniffee Union Elementary School District, through the Riverside County Schools Financing Corporation, issued certificates of participation in the amount of \$8,235,000 with interest rates ranging from 5 percent to 6.125 percent. June 30, 2001, the principal balance outstanding was \$7,950,000.

The certificates mature through 2025 as follows:

Year Ending June 30,	Principal	Interest	Total
2002	\$ 155,000	\$ 462,829	\$ 617,829
2003	165,000	454,404	619,404
2004	175,000	445,479	620,479
2005	180,000	435,998	615,998
2006	190,000	426,100	616,100
Thereafter	7,085,000	5,040,359	12,125,359
Total	<u>\$ 7,950,000</u>	<u>\$ 7,265,169</u>	<u>\$ 15,215,169</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

C. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2001, amounted to \$113,776.

D. Community Facilities District 99-1

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 30,000	\$ 158,850	\$ 188,850
2003	35,000	169,835	204,835
2004	35,000	168,155	203,155
2005	40,000	166,405	206,405
2006	40,000	164,325	204,325
Thereafter	2,405,000	2,675,991	5,080,991
Total	<u>\$ 2,585,000</u>	<u>\$ 3,503,561</u>	<u>\$ 6,088,561</u>

NOTE #10 – GENERAL FIXED ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Sites and improvements	\$ 3,418,630	\$ 1,673,244	\$ -	\$ 5,091,874
Building and improvements	26,224,556	12,050,985	-	38,275,541
Equipment	4,597,652	77,768	(95,829)	4,579,591
Total	<u>\$ 34,240,838</u>	<u>\$ 13,801,997</u>	<u>\$ (95,829)</u>	<u>\$ 47,947,006</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #11 – EMPLOYEE RETIREMENT SYSTEMS

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

A. STRS

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal 2000-01 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal year ending June 30, 2001, 2000, and 1999 were \$1,146,275, \$1,007,011 and \$914,197, respectively, and equal 100 percent of the required contributions for each year.

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.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 percent of monthly salary over \$133.33 if the member participates in Social Security, prior to January 1, 2001) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2000-01 was zero percent of annual payroll (decreasing to zero percent of pay under a special funding situation effective with the January 2000 payroll period due to the State's direct reimbursement to CalPERS of the cost for certain legislated benefit increases in the plan). The contribution requirements of the plan members are established by State statute. The 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 percent of the required contributions for each year.

C. Social Security

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

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 the TDA as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.75 percent of an employee's gross earnings. An employee is required to contribute 6.75 percent of his or her gross earnings to the pension plan.

D. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$735,423 (5.0385 percent of salaries subject to STRS) and \$4022 (.092 percent of salaries subject to PERS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report (J-200). These amounts also have not been recorded in these financial statements.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

NOTE #12 - RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in the Western Riverside County Self-Insurance Program for Employees public entity risk pools for the workers' compensation programs and purchases excess liability coverage through the JPA. Refer to Note #15 for additional information regarding the JPAs. The Property and Liability Program, for which the District retains risk of loss, is covered through the District's participation in the Riverside Schools Insurance Authority.

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

NOTE #13 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

As of June 30, 2001, the District had the following commitments with respect to the unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
CAPITAL PROJECT		
Bell Mountain Middle School	<u>\$ 4,962,909</u>	<u>04/30/02</u>

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

The District is a member of the Western Riverside County Self-Insurance Program for Employees (WRCSIPE), the Self-Insured Schools of California III (SISC III) and the Riverside Schools Insurance Authority (RSIA) public entity risk pool. The District pays an annual premium to the entities for its workers' compensation coverage, health and welfare benefits, and property and liability coverage. The relationships between the District, the pools, and the JPA are such that they is not a component unit of the District for financial reporting purposes.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

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 entity and the District are included in these statements. Audited financial statements are available from the respective entities.

A. <u>Entity</u>	WRCSIPE	SISC III	RSIA
B. <u>Purpose</u>	To provide a self-insurance program for workers' compensation	To provide health and welfare benefits for employees	To provide property and liability coverage.
C. <u>Participants</u>	Various school districts with Riverside County	Various districts in California	Various school districts with Riverside County
D. <u>Governing Board</u>	Elected by participating districts	Elected by participating districts	Elected by participating districts
E. <u>Condensed Audited Financial Information Follows</u>			
	June 30, 2001	September 30, 2000*	June 30, 2000*
Assets	\$ 3,639,008	\$ 31,615,037	\$ 9,683,736
Liabilities	1,974,917	48,543,013	3,260,568
Fund Equity	\$ 1,664,091	\$ (16,927,976)	\$ 6,423,168
Revenues	268,835	281,447,921	2,956,473
Expenses	488,220	304,030,259	3,131,212
Equity Distribution	4,141,680	-	-
Net Increase/(Decrease) in Fund Equity	\$ (4,361,065)	\$ (22,582,338)	\$ (174,739)
F. <u>Payments for the Current Year</u>	\$ 255,293	\$ 1,949,865	\$ 111,512

None of the JPA's had long-term debts outstanding at September 30, 2000, June 30, 2000, and June 30, 2001. The District's share of year-end assets, liabilities or fund equity has not been calculated.

*Most recent information available.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #15 – EXPENDITURES (BUDGET VERSUS ACTUAL)

Annual Budgets are not prepared for the Debt Service Funds or the Community Facilities District 99-1 Capital Projects Fund. The project is approved at the adoption of the project and budgeted to the scheduled term in total rather than annually.

NOTE #16 – TAX AND REVENUE ANTICIPATION NOTES

On July 20, 2000, the District issued \$3,090,000 Tax and Revenue Anticipation Notes bearing interest at 4.25 percent. Interest and principal were due and payable on October 19, 2001. By June 30, 2000, 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 \$3,090,000 and related accrued interest and cash held in trust are not included in these financial statements.

NOTE #17 – SUBSEQUENT EVENTS

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

Repayment requirements are that only draws are to be deposited with the Fiscal Agent, and then a schedule of repayment is determined by the fiscal agent.

NOTE #18 – 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*". 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.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

- Fund financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting.
 - Required supplementary information.
- C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 1999, with earlier application encouraged. These phases are as follows:
- Phase I: Districts with total revenue of \$100 million or more are required to implement for the year ending June 30, 2002.
- Phase II: Districts with total revenue of at least \$10 million but less than \$100 million are required to implement for the year ending June 30, 2003.
- Phase III: Districts with total revenue of less than \$10 million are required to implement for the year ending June 30, 2004.

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

	<u>Cafeteria</u>	<u>Child Development</u>	<u>Deferred Maintenance</u>	<u>Special Reserve</u>	<u>Total</u>
ASSETS					
Investments	\$ 85,212	\$ 67,946	\$ 501,326	\$ 102,942	\$ 757,426
Accounts receivable	105,058	9,323	18,992	1,311	134,684
Due from other funds	6,269	-	-	-	6,269
Stores inventory	11,347	-	-	-	11,347
Total Assets	<u>\$ 207,886</u>	<u>\$ 77,269</u>	<u>\$ 520,318</u>	<u>\$ 104,253</u>	<u>\$ 909,726</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	29,927	12,154	14,750	-	56,831
Due to other funds	87,240	65,115	-	-	152,355
Total Liabilities	<u>117,167</u>	<u>77,269</u>	<u>14,750</u>	<u>-</u>	<u>209,186</u>
FUND EQUITY					
Fund balances					
Reserved	11,347	-	-	-	11,347
Unreserved					
Designated	79,372	-	505,568	104,253	689,193
Total Fund Equity	<u>90,719</u>	<u>-</u>	<u>505,568</u>	<u>104,253</u>	<u>700,540</u>
Total Liabilities and Fund Equity	<u>\$ 207,886</u>	<u>\$ 77,269</u>	<u>\$ 520,318</u>	<u>\$ 104,253</u>	<u>\$ 909,726</u>

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	Cafeteria	Child Development	Deferred Maintenance
REVENUES			
Federal revenues	\$ 461,940	\$ -	\$ -
Other state revenues	28,514	286,461	143,411
Other local revenues	524,675	3,888	27,430
Total Revenues	<u>1,015,129</u>	<u>290,349</u>	<u>170,841</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	74,209	-
Classified salaries	401,044	89,347	-
Employee benefits	93,853	33,295	-
Books and supplies	575,495	24,343	26,301
Services and operating expenditures	31,733	53,720	93,621
Other outgo	61,015	15,435	-
Capital outlay	1,554	-	82,892
Total Expenditures	<u>1,164,694</u>	<u>290,349</u>	<u>202,814</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(149,565)</u>	<u>-</u>	<u>(31,973)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	105,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>105,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(149,565)</u>	<u>-</u>	<u>73,027</u>
FUND BALANCE, BEGINNING OF YEAR	240,284	-	432,541
FUND BALANCE, END OF YEAR	<u>\$ 90,719</u>	<u>\$ -</u>	<u>\$ 505,568</u>

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

<u>Special Reserve</u>	<u>Total</u>
\$ -	\$ 461,940
-	458,386
5,865	561,858
<u>5,865</u>	<u>1,482,184</u>
-	74,209
-	490,391
-	127,148
-	626,139
-	179,074
-	76,450
-	84,446
-	<u>1,657,857</u>
<u>5,865</u>	<u>(175,673)</u>
-	105,000
-	<u>105,000</u>
5,865	(70,673)
98,388	771,213
<u>\$ 104,253</u>	<u>\$ 700,540</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Cafeteria		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ 430,348	\$ 461,940	\$ 31,592
Other state revenues	26,329	28,514	2,185
Other local revenues	484,493	524,675	40,182
Total Revenues	<u>941,170</u>	<u>1,015,129</u>	<u>73,959</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	401,579	401,044	535
Employee benefits	93,947	93,853	94
Books and supplies	582,188	575,495	6,693
Services and operating expenditures	32,000	31,733	267
Other outgo	61,015	61,015	-
Capital outlay	1,600	1,554	46
Total Expenditures	<u>1,172,329</u>	<u>1,164,694</u>	<u>7,635</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(231,159)</u>	<u>(149,565)</u>	<u>81,594</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(231,159)</u>	<u>(149,565)</u>	<u>81,594</u>
FUND BALANCE, BEGINNING OF YEAR	<u>240,284</u>	<u>240,284</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,125</u>	<u>\$ 90,719</u>	<u>\$ 81,594</u>

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

Child Development			Deferred Maintenance		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
286,461	286,461	-	143,411	143,411	-
1,000	3,888	2,888	12,000	27,430	15,430
<u>287,461</u>	<u>290,349</u>	<u>2,888</u>	<u>155,411</u>	<u>170,841</u>	<u>15,430</u>
74,302	74,209	93	-	-	-
89,707	89,347	360	-	-	-
33,347	33,295	52	-	-	-
25,656	24,343	1,313	26,500	26,301	199
53,914	53,720	194	105,911	93,621	12,290
15,435	15,435	-	-	-	-
-	-	-	84,000	82,892	1,108
<u>292,361</u>	<u>290,349</u>	<u>2,012</u>	<u>216,411</u>	<u>202,814</u>	<u>13,597</u>
(4,900)	-	4,900	(61,000)	(31,973)	29,027
-	-	-	105,000	105,000	-
-	-	-	105,000	105,000	-
(4,900)	-	4,900	44,000	73,027	29,027
-	-	-	432,541	432,541	-
<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 4,900</u>	<u>\$ 476,541</u>	<u>\$ 505,568</u>	<u>\$ 29,027</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

	Special Reserve		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Federal revenues	\$ -	\$ -	\$ -
Other state revenues	-	-	-
Other local revenues	2,200	5,865	3,665
Total Revenues	<u>2,200</u>	<u>5,865</u>	<u>3,665</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and operating expenditures	-	-	-
Other outgo	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>2,200</u>	<u>5,865</u>	<u>3,665</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	2,200	5,865	3,665
FUND BALANCE, BEGINNING OF YEAR	98,388	98,388	-
FUND BALANCE, END OF YEAR	<u>\$ 100,588</u>	<u>\$ 104,253</u>	<u>\$ 3,665</u>

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

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 430,348	\$ 461,940	\$ 31,592
456,201	458,386	2,185
499,693	561,858	62,165
<u>1,386,242</u>	<u>1,482,184</u>	<u>95,942</u>
74,302	74,209	93
491,286	490,391	895
127,294	127,148	146
634,344	626,139	8,205
191,825	179,074	12,751
76,450	76,450	-
85,600	84,446	1,154
<u>1,681,101</u>	<u>1,657,857</u>	<u>23,244</u>
<u>(294,859)</u>	<u>(175,673)</u>	<u>119,186</u>
105,000	105,000	-
<u>105,000</u>	<u>105,000</u>	<u>-</u>
(189,859)	(70,673)	119,186
771,213	771,213	-
<u>\$ 581,354</u>	<u>\$ 700,540</u>	<u>\$ 119,186</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001**

	<u>Certificate of Participation</u>	<u>Community Facilities District 99-1</u>	<u>Total</u>
ASSETS			
Investments	<u>\$ 632,253</u>	<u>\$ 479,654</u>	<u>\$1,111,907</u>
Total Assets	<u><u>\$ 632,253</u></u>	<u><u>\$ 479,654</u></u>	<u><u>\$1,111,907</u></u>
 FUND EQUITY			
Fund balances			
Unreserved			
Undesignated	<u>632,253</u>	<u>479,654</u>	<u>1,111,907</u>
Total Fund Equity	<u><u>\$ 632,253</u></u>	<u><u>\$ 479,654</u></u>	<u><u>\$1,111,907</u></u>

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	Certificate of Participation	Community Facilities District 99-1	Total
REVENUES			
Other local revenues	\$ 53,572	\$ 370,341	\$ 423,913
Total Revenues	<u>53,572</u>	<u>370,341</u>	<u>423,913</u>
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	-	181,908	181,908
Debt service- principal	145,000	-	145,000
Debt service- interest	466,763	73,242	540,005
Total Expenditures	<u>611,763</u>	<u>255,150</u>	<u>866,913</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(558,191)</u>	<u>115,191</u>	<u>(443,000)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	568,993	-	568,993
Operating transfers out	-	(23,061)	(23,061)
Other sources	-	387,524	387,524
Total other Financing Sources/(Uses)	<u>568,993</u>	<u>364,463</u>	<u>933,456</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	10,802	479,654	490,456
FUND BALANCE, BEGINNING OF YEAR	<u>621,451</u>	-	<u>621,451</u>
FUND BALANCE, END OF YEAR	<u>\$ 632,253</u>	<u>\$ 479,654</u>	<u>\$ 1,111,907</u>

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001**

	<u>Capital Facilities</u>	<u>State School Building</u>	<u>Special Reserve</u>	<u>County School Facilities</u>
ASSETS				
Investments	\$ 4,401,016	\$ 1,949	\$ 3,723,630	\$ 6,087,523
Accounts receivable	48,801	-	52,549	97,471
Due from other funds	8,000	-	444,007	-
Total Assets	<u>\$ 4,457,817</u>	<u>\$ 1,949</u>	<u>\$ 4,220,186</u>	<u>\$ 6,184,994</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	6,973	-	93,976	1,073,904
Due to other funds	-	1,949	-	-
Total Liabilities	<u>6,973</u>	<u>1,949</u>	<u>93,976</u>	<u>1,073,904</u>
FUND EQUITY				
Fund balances				
Unreserved				
Designated	4,450,844	-	4,126,210	5,111,090
Undesignated	-	-	-	-
Total Fund Equity	<u>4,450,844</u>	<u>-</u>	<u>4,126,210</u>	<u>5,111,090</u>
Total Liabilities and Fund Equity	<u>\$ 4,457,817</u>	<u>\$ 1,949</u>	<u>\$ 4,220,186</u>	<u>\$ 6,184,994</u>

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

Community Facilities District 99-1	Total
\$2,166,208	\$16,380,326
-	198,821
-	452,007
<u>\$2,166,208</u>	<u>\$17,031,154</u>

-	1,174,853
-	1,949
<u>-</u>	<u>1,176,802</u>

-	13,688,144
<u>2,166,208</u>	<u>2,166,208</u>
<u>2,166,208</u>	<u>15,854,352</u>
<u>\$2,166,208</u>	<u>\$17,031,154</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Capital Facilities</u>	<u>State School Building</u>	<u>Special Reserve</u>
REVENUES			
Other state revenues	\$ -	\$ -	\$ -
Other local revenues	2,159,492	(324,403)	542,010
Total Revenues	<u>2,159,492</u>	<u>(324,403)</u>	<u>542,010</u>
EXPENDITURES			
Current Expenditures			
Books and supplies	2,571	-	-
Services and operating expenditures	71,442	593,806	704
Other outgo	-	56,836	-
Capital outlay	53,246	-	2,882,725
Total Expenditures	<u>127,259</u>	<u>650,642</u>	<u>2,883,429</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>2,032,233</u>	<u>(975,045)</u>	<u>(2,341,419)</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	655,147
Operating transfers out	-	(10,195)	-
Other sources	50,000	-	-
Total Other Financing Sources/(Uses)	<u>50,000</u>	<u>(10,195)</u>	<u>655,147</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>2,082,233</u>	<u>(985,240)</u>	<u>(1,686,272)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,368,611</u>	<u>985,240</u>	<u>5,812,482</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,450,844</u>	<u>\$ -</u>	<u>\$ 4,126,210</u>

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

<u>County School Facilities</u>	<u>Community Facilities District 99-1</u>	<u>Total</u>
\$ 10,037,044	\$ -	\$ 10,037,044
148,181	101,716	2,626,996
<u>10,185,225</u>	<u>101,716</u>	<u>12,664,040</u>
-	-	2,571
-	33,103	699,055
-	-	56,836
<u>5,074,135</u>	<u>45,392</u>	<u>8,055,498</u>
<u>5,074,135</u>	<u>78,495</u>	<u>8,813,960</u>
<u>5,111,090</u>	<u>23,221</u>	<u>3,850,080</u>
-	23,061	678,208
-	-	(10,195)
-	2,119,926	2,169,926
<u>-</u>	<u>2,142,987</u>	<u>2,837,939</u>
5,111,090	2,166,208	6,688,019
-	-	9,166,333
<u>\$ 5,111,090</u>	<u>\$ 2,166,208</u>	<u>\$ 15,854,352</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001**

	Capital Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other state revenues	\$ -	\$ -	\$ -
Other local revenues	840,000	2,159,492	1,319,492
Total Revenues	<u>840,000</u>	<u>2,159,492</u>	<u>1,319,492</u>
EXPENDITURES			
Current Expenditures			
Books and supplies	2,600	2,571	29
Services and operating expenditures	72,000	71,442	558
Other outgo	-	-	-
Capital outlay	53,000	53,246	(246)
Total Expenditures	<u>127,600</u>	<u>127,259</u>	<u>341</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>712,400</u>	<u>2,032,233</u>	<u>1,319,833</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	50,000	50,000	-
Total Other Financing Sources/(Uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	762,400	2,082,233	1,319,833
FUND BALANCE, BEGINNING OF YEAR	2,368,611	2,368,611	-
FUND BALANCE, END OF YEAR	<u><u>\$ 3,131,011</u></u>	<u><u>\$ 4,450,844</u></u>	<u><u>\$ 1,319,833</u></u>

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

State School Building			Special Reserve		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(325,000)	(324,403)	597	225,000	542,010	317,010
<u>(325,000)</u>	<u>(324,403)</u>	<u>597</u>	<u>225,000</u>	<u>542,010</u>	<u>317,010</u>
-	-	-	-	-	-
594,000	593,806	194	705	704	1
57,000	56,836	164	-	-	-
-	-	-	5,494,000	2,882,725	2,611,275
<u>651,000</u>	<u>650,642</u>	<u>358</u>	<u>5,494,705</u>	<u>2,883,429</u>	<u>2,611,276</u>
(976,000)	(975,045)	955	(5,269,705)	(2,341,419)	2,928,286
-	-	-	604,863	655,147	50,284
(10,195)	(10,195)	-	-	-	-
-	-	-	-	-	-
<u>(10,195)</u>	<u>(10,195)</u>	<u>-</u>	<u>604,863</u>	<u>655,147</u>	<u>50,284</u>
(986,195)	(985,240)	955	(4,664,842)	(1,686,272)	2,978,570
985,240	985,240	-	5,812,482	5,812,482	-
<u>\$ (955)</u>	<u>\$ -</u>	<u>\$ 955</u>	<u>\$ 1,147,640</u>	<u>\$ 4,126,210</u>	<u>\$ 2,978,570</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2001**

	County School Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other state revenues	\$ 10,037,044	\$ 10,037,044	\$ -
Other local revenues	-	148,181	148,181
Total Revenues	<u>10,037,044</u>	<u>10,185,225</u>	<u>148,181</u>
EXPENDITURES			
Current Expenditures			
Books and supplies	-	-	-
Services and operating expenditures	-	-	-
Other outgo	-	-	-
Capital outlay	10,037,044	5,074,135	4,962,909
Total Expenditures	<u>10,037,044</u>	<u>5,074,135</u>	<u>4,962,909</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>-</u>	<u>5,111,090</u>	<u>5,111,090</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>5,111,090</u>	<u>5,111,090</u>
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 5,111,090</u>	<u>\$ 5,111,090</u>

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

Community Facilites District 99-1			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 10,037,044	\$ 10,037,044	\$ -
-	101,716	101,716	740,000	2,626,996	1,886,996
-	101,716	101,716	10,777,044	12,664,040	1,886,996
-	-	-	2,600	2,571	29
-	33,103	(33,103)	666,705	699,055	(32,350)
-	-	-	57,000	56,836	164
-	45,392	(45,392)	15,584,044	8,055,498	7,528,546
-	78,495	(78,495)	16,310,349	8,813,960	7,496,360
-	23,221	23,221	(5,533,305)	3,850,080	9,383,356
-	23,061	23,061	604,863	678,208	73,345
-	-	-	(10,195)	(10,195)	-
-	2,119,926	2,119,926	50,000	2,169,926	2,119,926
-	2,142,987	2,142,987	644,668	2,837,939	2,193,271
-	2,166,208	2,166,208	(4,888,637)	6,688,019	11,576,627
-	-	-	9,166,333	9,166,333	-
\$ -	\$ 2,166,208	\$ 2,166,208	\$ 4,277,696	\$ 15,854,352	\$ 11,576,627

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SUPPLEMENTARY INFORMATION

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Entitlements		
			Current Year	Prior Year	Total Entitlement
U.S. DEPARTMENT OF EDUCATION					
Drug-Free Schools	84.184	03340	\$18,890	\$ -	\$ 18,890
Eisenhower Math and Science	84.164	03699	14,245	9,483	23,728
Title I	84.010	03797	208,317	11,684	220,001
Title VI Innovative Strategies	84.298	04135	19,880	7,768	27,648
Title VI Federal Class Size Reduction			41,169	30,110	71,279
Special Education [2]					
Preschool IDEA	84.027	03430	46,888	-	46,888
Preschool Local Assistance	84.027	03682	24,069	-	24,069
Local Assistance	84.027	03379	293,187	-	293,187
Low Incidence	84.027	03459	16,639	-	16,639
Personnel Staff Development	84.027	03613	1,305	-	1,305
Subtotal			-	-	-
U.S. DEPARTMENT OF AGRICULTURE					
Especially Needy Breakfast	10.553	03526			[1]
National School Lunch Program	10.555	03391			[1]
Food Distribution	10.550	*			[1]
Subtotal					
Total					
Immaterial Difference Between J-200 and Summary					
Total Federal Programs					

[1] Entitlement column not applicable

[2] Major Program

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 18,890	\$ -	\$ -	\$ 18,890	\$ 18,890
23,728	-	9,615	14,113	14,113
220,001	-	37,192	182,809	182,809
27,648	-	13,932	13,716	13,716
71,036	-	18,637	52,399	52,399
7,589	39,299	-	46,888	54,038
5,227	18,842	-	24,069	24,069
215,187	78,000	-	293,187	492,474
-	16,639	-	16,639	16,639
326	979	-	1,305	1,305
<u>589,632</u>	<u>153,759</u>	<u>79,376</u>	<u>664,015</u>	<u>870,452</u>
49,916	10,253	-	60,169	60,169
319,123	68,590	-	387,713	387,713
14,058	-	-	14,058	14,058
<u>383,097</u>	<u>78,843</u>	<u>-</u>	<u>461,940</u>	<u>461,940</u>
972,729	232,602	79,376	1,125,955	1,332,392
		1	(1)	-
<u>\$ 972,729</u>	<u>\$ 232,602</u>	<u>\$ 79,377</u>	<u>\$ 1,125,954</u>	<u>\$ 1,332,392</u>

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY		
Kindergarten	427	426
First through third	1,529	1,534
Fourth through sixth	1,613	1,616
Seventh and eighth	899	898
Opportunity schools	10	10
Home and hospital	2	2
Special education	74	76
Total Elementary	<u>4,554</u>	<u>4,562</u>
		<u>Hours of Attendance</u>
SUMMER SCHOOL		
Elementary		<u>57,584</u>

See accompanying note to supplementary information.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2000-01 Actual Minutes</u>	<u>Status</u>
Kindergarten	36,000	31,500	38,055	Complied
Grades 1 - 3	50,400	50,750	52,659	Complied
Grades 4 - 6	54,000	50,750	54,411	Complied
Grades 7 - 8	54,000	50,750	63,297	Complied

See accompanying note to supplementary information.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

	<u>General</u>
FUND BALANCE	
Balance, June 30, 2001, (Form J-200)	\$ 3,659,260
Decrease in receivables	<u>(171,349)</u>
Balance, June 30, 2001, Audited Financial Statement	<u>\$ 3,487,911</u>
	<u>General Long- Term Debt Account Group</u>
GENERAL LONG-TERM LIABILITIES	
Total Liabilities, June 30, 2001, (Form J-249)	\$ 8,063,776
Adjustments	
Increase in:	
New CFD 99-1	2,585,000
Total Liabilities, June 30, 2001, Audited Financial Statement	<u>\$ 10,648,776</u>

See accompanying note to supplementary information.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

	(Budget) 2002 ¹	2001	2000	1999
GENERAL FUND				
Revenues	\$ 29,418,890	\$ 29,034,536	\$ 24,469,712	\$ 23,369,732
Total Revenues and Other Sources	29,418,890	29,034,536	24,469,712	23,369,732
Expenditures	28,152,535	26,565,452	23,217,323	21,472,271
Other uses and transfers out	664,314	1,318,945	2,150,015	1,319,351
Total Expenditures and Other Uses	28,816,849	27,884,397	25,367,338	22,791,622
INCREASE/(DECREASE) IN FUND BALANCE	\$ 602,041	\$ 1,150,139	\$ (897,626)	\$ 578,110
ENDING FUND BALANCE	\$ 4,089,952	\$ 3,487,911	\$ 2,337,772	\$ 3,235,398
AVAILABLE RESERVES²	\$ 1,435,962	\$ 1,323,480	\$ 1,492,701	\$ 2,198,832
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	5.0%	4.7%	5.9%	9.6%
LONG-TERM DEBT	N/A	\$ 10,648,776	\$ 9,218,087	\$ 9,511,985
AVERAGE DAILY ATTENDANCE AT P-2	4,802	4,554	4,410	4,261

The general fund balance has increased by \$423,862 over the past two years. The fiscal year 2001-02 budget projects a further increase of \$602,041. For a district this size, the State recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating surplus during the 2001-02 fiscal year. Total long-term debt has increased by \$1,136,791 over the past two years.

Average daily attendance has increased by 293 over the past two years. Additional growth in ADA of 248 is anticipated during fiscal year 2001-02.

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

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

See accompanying note to supplementary information.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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 accrued 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 the 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 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.

C. Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement; whichever is greater, as required by Education Code Section 4620

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.



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

Board of Trustees
Menifee Union Elementary School District
Menifee, California

We have audited the financial statements of Menifee Union Elementary School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Menifee Union Elementary School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Menifee Union Elementary School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Vavinek, Trine, Day & Co. LLP
Rancho Cucamonga, California
November 7, 2001



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

Board of Trustees
Menifee Union Elementary School District
Menifee, California

Compliance

We have audited the compliance of Menifee Union Elementary School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Menifee Union Elementary School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Menifee Union Elementary School District's management. Our responsibility is to express an opinion on Menifee Union Elementary School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Menifee Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Menifee Union Elementary School District's compliance with those requirements.

In our opinion, Menifee Union Elementary School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Vavinek, Trine, Day & Co. LLP

Rancho Cucamonga, California

November 7, 2001



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 Menifee Union Elementary School District
 Menifee, California

We have audited the financial statements of the Menifee Union Elementary School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

	<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	Not Applicable
Continuation education	12	Not Applicable
Adult education	8	Not Applicable
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Community day schools	8	N/A
Class size reduction program:		
Option one classes	11	Yes
Option two classes	10	N/A
Both options one and two classes	16	N/A
Reduce class size in two courses in grade 9	8	N/A
State instructional materials fund (K-8)	8	Yes
Schiff-Bustamante standards-based instructional materials	4	Yes
Digital High School Education Technology Grant Program	5	N/A
California Public School Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	N/A

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

Vavinek, Trine, Day & Co. LLP
 Rancho Cucamonga, California
 November 7, 2001

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

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
30000	Internal Control
60000	Miscellaneous

DISTRICT OFFICE

Revolving Cash

2001-1 Finding (30000)

It was noted during testing of the revolving cash account that request forms are being completed without all required signatures. Revolving checks are being issued for request that do not contain all required elements.

Recommendation

The district needs to ensure there is a policy in place to ensure revolving cash requests forms are not being paid until all required signatures needed have been obtained. This will help to ensure the budget to be used for reimbursement to the revolving fund had adequate funds, and that expenditures are authorized.

District Response

Policy is in place, but is not being followed in all cases. District personnel will pay closer attention to obtaining required signatures prior to processing checks.

ASSOCIATED STUDENT BODIES

Menifee Valley Middle School

2001-2 Finding (30000)

We noted the following items during our testing of the student body account:

- Three of eight receipts had no backup.
- Five of twenty-eight disbursements had blanket purchase orders for events that paid multiple vendors.
- Faxed copies of invoices are being used to generate payments.
- Purchase orders remaining for prior fiscal year are not being re-approved at the beginning of next fiscal year.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

Recommendation

The district needs to more closely monitor internal controls at the sites to ensure adequate internal controls are being implemented and followed. This will allow the district to more easily monitor site activity and set new district policies that should be applied uniformly at all sites.

District Response

We have sent out an advisory memo to all staff that have accounts within the ASB, which addresses the issues noted in the finding. Staff has been advised to no longer submit faxed copies of invoices for payment, only request one vendor per purchase requisition, and to have any remaining purchase requisitions from the previous school year re-approved by the new student body.

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

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

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

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

ASSOCIATED STUDENT BODY (ASB)

Timely Deposits - Menifee Valley Middle School

2000-1 Finding (30000)

Deposits are not being made timely to the site bookkeeper. This results in large cash balances being maintained at the site, which severely decreases the safeguarding of the asset. During our test month, over \$1,000 was collected, but was not turned in to the bookkeeper to deposit the funds. The cash was kept by the teachers rather than put in a safe or deposited to the bank by the bookkeeper.

Recommendation

At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish guidelines for this procedure, including the maximum cash on hand that should be maintained at the site. The ultimate responsibility, however, will reside with the site bookkeeper to make the deposits timely.

Current Status

Implemented.

2000-2 Finding (30000)

The student body disbursements were not always adequately supported by proper documentation. Out of eleven disbursements tested, three were missing receiving documentation for goods received. Receiving documentation ensures that the club/ASB received all of the items ordered. By initialing or signing an invoice, the bookkeeper knows that all the merchandise was received prior to paying for the order

MENIFEE UNION ELEMENTARY SCHOOL DISTRICT

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

Recommendation

Current Status

All invoices should be accompanied by a purchase order, where applicable, and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending and inventory.

Implemented.

CAFETERIA

2000-3 Finding (30000)

The various sites throughout the District do not record over/shorts in the computer, which would detail the accuracy of the reports. If any sites have overs or shorts, they will punch in another meal or ala carte item to balance to the cash rather than report the difference.

Recommendation

Current Status

In order for both control purposes, as well as accuracy of records, any overs or shorts should be recorded in the records of cash collections to identify any trends. If any significant overs or shorts occur, these should be investigated as to possible causes and resolved. The District should hold in-service training with the site personnel to avoid the appearance of impropriety.

Implemented.