

**FRESNO UNIFIED
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2001





FRESNO UNIFIED SCHOOL DISTRICT

OF FRESNO COUNTY

FRESNO, CALIFORNIA

JUNE 30, 2001

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Sara Hedgpeth-Harris	President	2002
Michael E. O'Hare	Clerk	2004
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Gary Duke	Associate Superintendent/Policy, Planning & Legislation
Melinda Homola	Associate Superintendent/Human Resources/Labor Relations
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Paula Cottrell	Assistant Superintendent/Middle School Education
Helen Ramirez	Assistant Superintendent/Elementary Division
Sandra Carsten	Assistant Superintendent/Elementary Division
Terry Simerly	Assistant Superintendent/Elementary Division
Karen Major	Assistant Superintendent/Elementary Division
William F. Hausman	Assistant Superintendent/Operational Services
Jacquie Canfield	Administrator, Fiscal Services
Marge Sittner	Administrator, State and Federal
Malati Gopal	Executive Director, Research, Evaluation and Assessment
Jill Marmolejo	Public Relations Officer

ORGANIZATION

The Fresno Unified School District was organized July 1, 1948, following annexation of the Calwa District to the Fresno City District. The District currently operates sixty-three elementary, thirteen middle and eight high schools as well as five continuation high schools. In addition, adult school classes are conducted throughout the District and an opportunity school and vocational training school are maintained. With over 10,000 full-time and part-time employees and eighty schools, Fresno Unified School District is the fourth largest public school district in the State of California.

FRESNO UNIFIED SCHOOL DISTRICT

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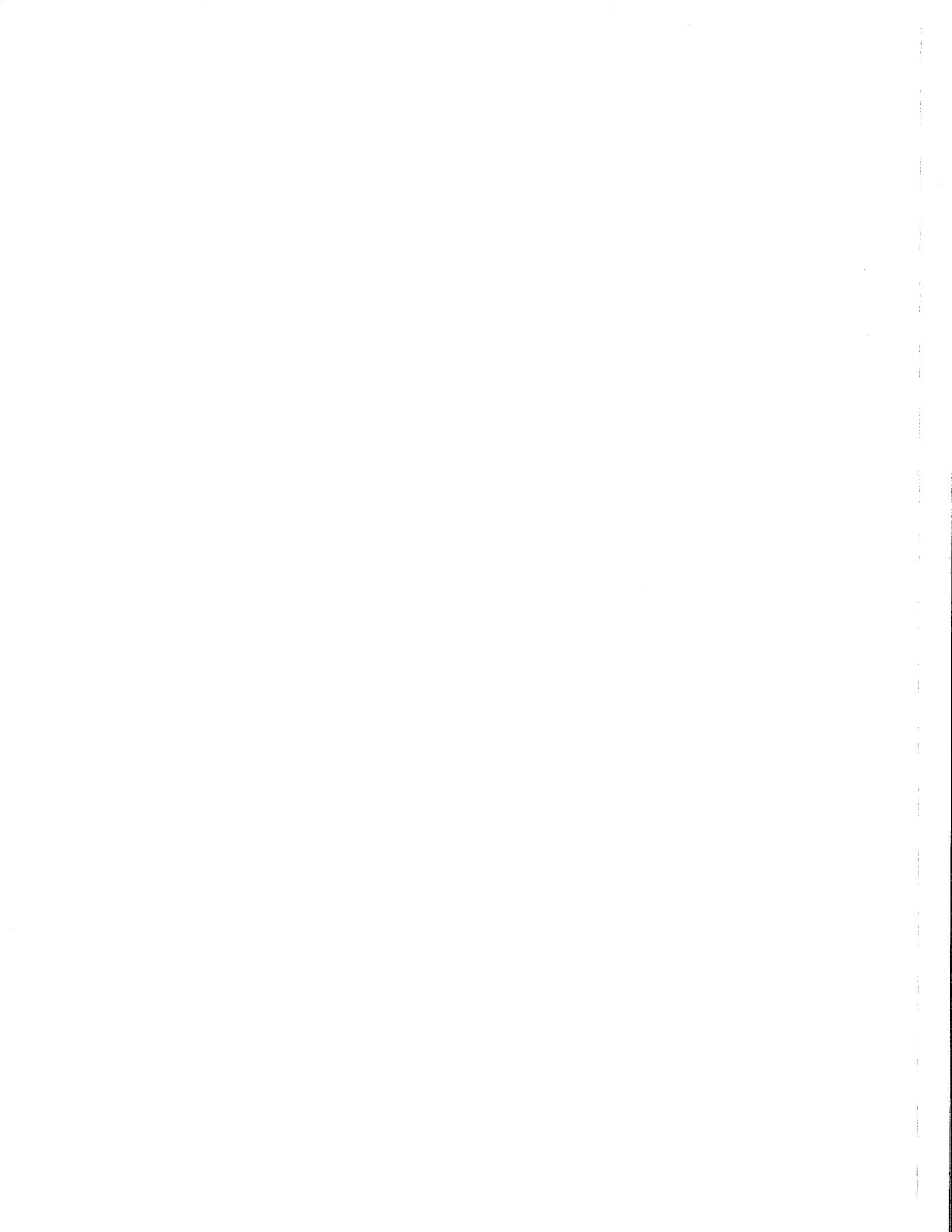
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fresno Unified School District
Fresno, California

We have audited the accompanying general-purpose and combining financial statements of the Fresno Unified 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 common with other school districts, the District has not maintained a complete historical cost record of its general fixed assets and, accordingly, the financial statements do not include the general fixed assets group of accounts required by accounting principles generally accepted in the United States of America. 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 and combining financial statements referred to above present fairly, in all material respects, the financial position of the Fresno Unified School District, at June 30, 2001, and the results of its operations and the cash flows of its proprietary funds 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 October 26, 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.

Jaurinek, Irine, Day & Co., LLP

Fresno, California
October 26, 2001

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FRESNO UNIFIED 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	\$ 526,569	\$ 6,619	6	
Investments	42,852,419	8,199,969	25,201,847	\$ 92,877,036
Accounts receivable	28,562,897	991,244	334,297	1,638,499
Due from other funds	5,180,491	548,322	192,157	9,945,663
Stores inventory	1,946,625	60,479		
Prepaid expenditures	23,545	1,500		
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	<u>\$ 79,092,546</u>	<u>\$ 9,808,133</u>	<u>\$ 25,728,307</u>	<u>\$ 104,461,198</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	44,820,372	1,595,724		9,783,120
Due to other funds	2,152,327	1,002,385		10,763,533
Deferred revenue	7,493,995	265,189		23,416,555
Due to student groups				
General long-term debt				
Total Liabilities	<u>54,466,694</u>	<u>2,863,298</u>		<u>43,963,208</u>
FUND EQUITY				
Retained earnings				
Fund balances				
Reserved	14,759,940	61,979		
Unreserved				
Designated	9,865,912	6,882,856		32,194,681
Undesignated			25,728,307	28,303,309
Total Fund Equity	<u>24,625,852</u>	<u>6,944,835</u>	<u>25,728,307</u>	<u>60,497,990</u>
Total Liabilities and Fund Equity	<u>\$ 79,092,546</u>	<u>\$ 9,808,133</u>	<u>\$ 25,728,307</u>	<u>\$ 104,461,198</u>

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

<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Account</u>	<u>Total</u> (Memorandum Only)
<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Fund Types</u> <u>Trust</u>	<u>Group</u> <u>General</u> <u>Long-Term</u> <u>Debt</u>	
\$ 1,328	\$ 8,137,103	\$ 1,938,843		\$ 10,610,468
17,118,216	14,715,191	1,134,682		202,099,360
3,778,058	246,833	18,654		35,570,482
47,742	3,056,209			18,970,584
1,637,477		27,105		3,671,686
10,000	647,441			682,486
1,033,797				1,033,797
			\$ 25,728,307	25,728,307
			195,793,885	195,793,885
<u>\$ 23,626,618</u>	<u>\$ 26,802,777</u>	<u>\$ 3,119,284</u>	<u>\$ 221,522,192</u>	<u>\$ 494,161,055</u>
918,484	18,460,739	98,232		75,676,671
2,078,917	2,973,422			18,970,584
		717,366		31,175,739
			221,522,192	717,366
			221,522,192	221,522,192
<u>2,997,401</u>	<u>21,434,161</u>	<u>815,598</u>	<u>221,522,192</u>	<u>348,062,552</u>
20,629,217	5,368,616			25,997,833
				14,821,919
		1,150,463		50,093,912
		1,153,223		55,184,839
<u>20,629,217</u>	<u>5,368,616</u>	<u>2,303,686</u>		<u>146,098,503</u>
<u>\$ 23,626,618</u>	<u>\$ 26,802,777</u>	<u>\$ 3,119,284</u>	<u>\$ 221,522,192</u>	<u>\$ 494,161,055</u>

FRESNO UNIFIED 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	\$ 259,521,860	\$ 7,639,949		
Local sources	73,218,002			
Total Revenue Limit Sources	332,739,862	7,639,949		
Federal revenues	52,386,511	1,239,843		
Other state revenues	135,595,637	7,710,820	\$ 451,229	
Other local revenues	13,918,772	1,980,728	14,848,433	\$ 7,706,924
Tuition and transfers	5,003,661			
Total Revenues	539,644,443	18,571,340	15,299,662	7,706,924
EXPENDITURES				
Current Expenditures				
Certificated salaries	283,129,743	6,881,849		
Classified salaries	85,029,941	2,755,249		
Employee benefits	90,545,508	2,079,824		
Books and supplies	27,299,903	1,221,217		155,842
Services and other operating expenditures	37,296,769	8,707,348	89,334	6,619,275
Other outgo	7,481,378	655,771		
Capital outlay	14,434,374	333,441		65,182,121
Debt service	951,401	165,126	67,330,718	
Total Expenditures	546,169,017	22,799,825	67,420,052	71,957,238
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(6,524,574)	(4,228,485)	(52,120,390)	(64,250,314)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	2,037,879	2,052,690	53,391,856	18,205,096
Operating transfers out	(500,000)		(6,260,481)	(66,927,040)
Other sources		59,528		104,419,544
Total Other Financing Sources/(Uses)	1,537,879	2,112,218	47,131,375	55,697,600
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(4,986,695)	(2,116,267)	(4,989,015)	(8,552,714)
FUND BALANCE, BEGINNING OF YEAR	29,612,547	9,061,102	30,717,322	69,050,704
FUND BALANCE, END OF YEAR	\$ 24,625,852	\$ 6,944,835	\$ 25,728,307	\$ 60,497,990

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

<u>Fiduciary Fund Types</u>	<u>Total (Memorandum Only)</u>
	\$ 267,161,809
	<u>73,218,002</u>
	340,379,811
	53,626,354
	143,757,686
\$ 5,532,236	43,987,093
	<u>5,003,661</u>
<u>5,532,236</u>	<u>586,754,605</u>
	290,011,592
	87,785,190
	92,625,332
	28,676,962
8,409,060	61,121,786
	8,137,149
	79,949,936
	<u>68,447,245</u>
<u>8,409,060</u>	<u>716,755,192</u>
<u>(2,876,824)</u>	<u>(130,000,587)</u>
	75,687,521
	(73,687,521)
	<u>104,479,072</u>
	<u>106,479,072</u>
(2,876,824)	(23,521,515)
<u>5,180,510</u>	<u>143,622,185</u>
<u>\$ 2,303,686</u>	<u>\$ 120,100,670</u>

FRESNO UNIFIED 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	\$ 263,102,134	\$ 259,521,860	\$ (3,580,274)
Local sources	73,605,034	73,218,002	(387,032)
Total Revenue Limit Sources	336,707,168	332,739,862	(3,967,306)
Federal revenues	57,728,878	52,386,511	(5,342,367)
Other state revenues	143,942,077	135,595,637	(8,346,440)
Other local revenues	13,916,413	13,918,772	2,359
Tuition and transfers	5,170,814	5,003,661	(167,153)
Total Revenues	557,465,350	539,644,443	(17,820,907)
EXPENDITURES			
Current Expenditures			
Certificated salaries	286,937,674	283,129,743	3,807,931
Classified salaries	85,052,229	85,029,941	22,288
Employee benefits	92,058,331	90,545,508	1,512,823
Books and supplies	42,573,556	27,299,903	15,273,653
Services and operating expenditures	44,595,041	37,296,769	7,298,272
Other outgo	11,057,196	7,481,378	3,575,818
Capital outlay	20,484,509	14,434,374	6,050,135
Debt service	1,117,261	951,401	165,860
Total Expenditures	583,875,797	546,169,017	37,706,780
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(26,410,447)	(6,524,574)	19,885,873
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,036,150	2,037,879	1,729
Operating transfers out	(500,000)	(500,000)	
Other sources			
Total Other Financing Sources/(Uses)	1,536,150	1,537,879	1,729
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(24,874,297)	(4,986,695)	19,887,602
FUND BALANCE, BEGINNING OF YEAR	29,612,547	29,612,547	
FUND BALANCE, END OF YEAR	\$ 4,738,250	\$ 24,625,852	\$ 19,887,602

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)
\$ 8,039,004	\$ 7,639,949	\$ (399,055)			
8,039,004	7,639,949	(399,055)			
1,264,131	1,239,843	(24,288)			
8,202,028	7,710,820	(491,208)	\$ 88,000	\$ 451,229	\$ 363,229
2,137,529	1,980,728	(156,801)	15,830,781	14,848,433	(982,348)
19,642,692	18,571,340	(1,071,352)	15,918,781	15,299,662	(619,119)
7,386,534	6,881,849	504,685			
3,054,311	2,755,249	299,062			
2,320,257	2,079,824	240,433			
1,820,244	1,221,217	599,027			
11,325,900	8,707,348	2,618,552	89,334	89,334	
954,560	655,771	298,789			
1,282,370	333,441	948,929			
716,777	165,126	551,651	68,253,891	67,330,718	923,173
28,860,953	22,799,825	6,061,128	68,343,225	67,420,052	923,173
(9,218,261)	(4,228,485)	4,989,776	(52,424,444)	(52,120,390)	304,054
2,052,690	2,052,690		55,204,965	53,391,856	(1,813,109)
			(6,260,481)	(6,260,481)	
578,000	59,528	(518,472)			
2,630,690	2,112,218	(518,472)	48,944,484	47,131,375	(1,813,109)
(6,587,571)	(2,116,267)	4,471,304	(3,479,960)	(4,989,015)	(1,509,055)
9,061,102	9,061,102		30,717,322	30,717,322	
\$ 2,473,531	\$ 6,944,835	\$ 4,471,304	\$ 27,237,362	\$ 25,728,307	\$ (1,509,055)

FRESNO UNIFIED SCHOOL DISTRICT

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

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenue Limit Sources			
State apportionments			
Local Sources			
Total Revenue Limit			
Federal revenues			
Other state revenues			
Other local revenues	\$ 1,711,571	\$ 7,706,924	\$ 5,995,353
Tuition and transfers			
Total Revenues	<u>1,711,571</u>	<u>7,706,924</u>	<u>5,995,353</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries			
Classified salaries			
Employee benefits			
Books and supplies	162,231	155,842	6,389
Services and operating expenditures	9,415,891	6,619,275	2,796,616
Other outgo			
Capital outlay	124,754,257	65,182,121	59,572,136
Debt service			
Total Expenditures	<u>134,332,379</u>	<u>71,957,238</u>	<u>62,375,141</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(132,620,808)</u>	<u>(64,250,314)</u>	<u>68,370,494</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	18,626,346	18,205,096	(421,250)
Operating transfers out	(67,242,918)	(66,927,040)	315,878
Other sources	<u>117,482,140</u>	<u>104,419,544</u>	<u>(13,062,596)</u>
Total Other Financing Sources/(Uses)	<u>68,865,568</u>	<u>55,697,600</u>	<u>(13,167,968)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(63,755,240)</u>	<u>(8,552,714)</u>	<u>55,202,526</u>
FUND BALANCE, BEGINNING OF YEAR	<u>69,050,704</u>	<u>69,050,704</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,295,464</u>	<u>\$ 60,497,990</u>	<u>\$ 55,202,526</u>

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

<u>Total (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 271,141,138	\$ 267,161,809	\$ (3,979,329)
<u>73,605,034</u>	<u>73,218,002</u>	<u>(387,032)</u>
344,746,172	340,379,811	(4,366,361)
58,993,009	53,626,354	(5,366,655)
152,232,105	143,757,686	(8,474,419)
33,596,294	38,454,857	4,858,563
<u>5,170,814</u>	<u>5,003,661</u>	<u>(167,153)</u>
<u>594,738,394</u>	<u>581,222,369</u>	<u>(13,516,025)</u>
294,324,208	290,011,592	4,312,616
88,106,540	87,785,190	321,350
94,435,586	92,625,332	1,810,254
44,556,031	28,676,962	15,879,069
65,426,166	52,712,726	12,713,440
12,011,756	8,137,149	3,874,607
146,521,136	79,949,936	66,571,200
<u>70,087,929</u>	<u>68,447,245</u>	<u>1,640,684</u>
<u>815,469,352</u>	<u>708,346,132</u>	<u>107,123,220</u>
<u>(220,730,958)</u>	<u>(127,123,763)</u>	<u>93,607,195</u>
77,920,151	75,687,521	(2,232,630)
(74,003,399)	(73,687,521)	315,878
<u>118,060,140</u>	<u>104,479,072</u>	<u>(13,581,068)</u>
<u>121,976,892</u>	<u>106,479,072</u>	<u>(15,497,820)</u>
(98,754,066)	(20,644,691)	78,109,375
<u>138,441,675</u>	<u>138,441,675</u>	
<u>\$ 39,687,609</u>	<u>\$ 117,796,984</u>	<u>\$ 78,109,375</u>

FRESNO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001**

	Cafeteria Enterprise	Internal Service	Total (Memorandum Only)
OPERATING REVENUE			
Federal revenues	\$ 20,192,490		\$ 20,192,490
Other state revenues	1,399,350		1,399,350
Other local revenues	3,131,713	\$ 69,550,815	72,682,528
Total Operating Revenue	<u>24,723,553</u>	<u>69,550,815</u>	<u>94,274,368</u>
OPERATING EXPENSES			
Classified salaries	7,303,874	605,345	7,909,219
Employee benefits	3,037,330	138,013	3,175,343
Books and supplies	11,064,700	88,906	11,153,606
Services and other operating expenses	1,248,917	69,789,013	71,037,930
Other outgo	1,359,282	52,605	1,411,887
Total Operating Expenses	<u>24,014,103</u>	<u>70,673,882</u>	<u>94,687,985</u>
OPERATING INCOME/(LOSS)	<u>709,450</u>	<u>(1,123,067)</u>	<u>(413,617)</u>
NONOPERATING REVENUES/(EXPENSES)			
Interest income	971,464	858,857	1,830,321
Total Nonoperating Revenues	<u>971,464</u>	<u>858,857</u>	<u>1,830,321</u>
NET INCOME/(LOSS) BEFORE OPERATING TRANSFERS			
	1,680,914	(264,210)	1,416,704
Transfers in		2,855,920	2,855,920
Transfers out		<u>(2,855,920)</u>	<u>(2,855,920)</u>
NET INCOME/(LOSS)	<u>1,680,914</u>	<u>(264,210)</u>	<u>1,416,704</u>
RETAINED EARNINGS, BEGINNING OF YEAR	<u>18,948,303</u>	<u>5,632,826</u>	<u>24,581,129</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 20,629,217</u>	<u>\$ 5,368,616</u>	<u>\$ 25,997,833</u>

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

FRESNO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001**

	Cafeteria Enterprise	Internal Service	Total (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income/(loss)	\$ 709,450	\$ (1,123,067)	\$ (413,617)
Prior Period Adjustment	(514,360)		(514,360)
Depreciation	249,339		249,339
Adjustments to reconcile operating income to net cash flows from operating activities			
Changes in assets and liabilities			
(Increase)/decrease in:			
Accounts receivable	(59,880)	(9,334)	(69,214)
Due from other funds	78,713	(2,494,627)	(2,415,914)
Prepaid	1,100	(72,108)	(71,008)
Inventory	124,716		124,716
Increase/(decrease) in:			
Accounts payable	(461,078)	3,553,255	3,092,177
Due to other funds	952,496	(258,020)	694,476
Net Cash Flows From/(used by) Operating Activities	<u>1,080,496</u>	<u>(403,901)</u>	<u>676,595</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets		2,855,920	2,855,920
Equipment Purchase	(43,383)		(43,383)
Loan Repayment		(2,855,920)	(2,855,920)
Net Cash Flows From/ (Used by) Financing Activities	<u>(43,383)</u>		<u>(43,383)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investments	(2,007,867)	6,182,147	4,174,280
Interest income	971,464	858,857	1,830,321
Net Cash Flows From/(Used by) Investing Activities	<u>(1,036,403)</u>	<u>7,041,004</u>	<u>6,004,601</u>
NET DECREASE IN CASH	710	6,637,103	6,637,813
CASH, BEGINNING OF YEAR	618	1,500,000	1,500,618
CASH, END OF YEAR	<u>\$ 1,328</u>	<u>\$ 8,137,103</u>	<u>\$ 8,138,431</u>

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

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fresno Unified 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 Public Accountants, except that a complete historical cost record of fixed assets has not been maintained. The Fresno Unified 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 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. For financial reporting purposes the component unit discussed below is with the District. The component unit, although a legally separate entity, is reported in the financial statements as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Fresno Unified Facilities Corporation's financial activity is presented in the financial statements as the Facilities Corporation Capital Projects Fund and the COP/CFD - Debt Service Fund. Certificates of participation issued by the Corporation are included in the General Long-Term Debt Account Group. Individually-prepared financial statements are not prepared for Fresno Unified Facilities Corporation.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB Codification Section 2100 criteria.

Manifestations of Oversight

- The Corporation's Board of Directors were appointed by the District's Board of Education.
- The Corporation has no employees. The District's superintendent and chief financial officer function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be sole lessee of all facilities owned by the Corporation.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Accountability for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
- Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

Scope of Public Service

- The Corporation was created for the sole purpose of financially assisting the District.
- The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on March 23, 1978. The Corporation was formed to provide financing assistance to the District by financing and constructing public school building and facilities for the District. Upon completion, the District intends to occupy all Corporation facilities under lease-purchase agreements effective through the year 2011. At the end of the lease term, title of all Corporation property will pass to the District for no additional consideration.
- The Corporation's financial activity is presented in the financial statements as the Corporation Building Fund and the Corporation Debt Service Fund. Certificates of Participation issued by the Corporation are included in the General Long-Term Debt 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 or retained earnings, 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:

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Governmental Funds

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

Proprietary Funds

- Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.
- Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District.

Fiduciary Funds

- Expendable Trust Funds are used to account for the District student body funds.

Account Group

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds 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 General Long-Term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

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, 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. 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. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

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.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

F. Stores Inventory

Inventory is valued at the lower-of-cost or market utilizing the weighted average method. Inventory in the applicable Funds 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. Prepaid Expenditures

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

H. 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.

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.

I. 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.

J. Property Tax

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

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

K. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the enterprise and internal service funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

L. 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.

M. 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.

N. 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.

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #2 - CASH

Cash at June 30, 2001, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance - Category *			Total	Carrying Amount
	1	2	3		
Cash in banks	\$ 710,348		\$2,525,353	\$ 3,235,701	\$10,499,040
Cash with fiscal agent	100			100	100
Cash awaiting deposits	7,055,191			7,055,191	1,328
Cash in revolving fund	94,458			94,458	110,000
Total	<u>\$7,860,097</u>		<u>\$2,525,353</u>	<u>\$10,385,450</u>	<u>\$10,610,468</u>

*These categories are as follows:

Category 1: Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name.

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #3 - INVESTMENTS

Investments at June 30, 2001, held on behalf of the Fresno Unified School District are presented below:

Uncategorized:	Reported Amount	Fair Value
U.S. Treasury Notes ¹	\$ 6,576,380	\$ 6,576,380
First American Treasury Obligations ¹	5,525,793	5,525,793
Money Market Investment Accounts	25,010	25,010
Deposits with County Treasurer	189,972,177	189,972,177
	<u>\$ 202,099,360</u>	<u>\$ 202,099,360</u>

¹ U.S. Government securities are not required to be categorized, since they are backed by the full credit of the United States Government.

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

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #4 - ACCOUNTS RECEIVABLE

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Federal Government				
Categorical aid	\$ 8,714,527	\$ 334,012		
State Government				
Apportionment	1,143,522			
Categorical aid	1,300,792	368,467		
Other	4,814,704			
Local Government				
Interest	1,022,685	125,439	\$ 334,297	\$ 1,388,200
Other Local Sources	11,566,667	90,184		250,299
Total	<u>\$ 28,562,897</u>	<u>\$ 918,102</u>	<u>\$ 334,297</u>	<u>\$ 1,638,499</u>
			<u>Fiduciary Fund Type</u>	
	<u>Proprietary Fund Types</u>		<u>Expendable Trusts</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>		
Federal Government				
Categorical aid	\$ 3,228,657			\$12,277,196
State Government				
Apportionment				1,143,522
Categorical aid	301,708			1,970,967
Other				4,814,704
Local Government				
Interest	247,693	\$ 246,149		3,364,463
Other Local Sources		684	\$ 18,654	11,926,488
Total	<u>\$ 3,778,058</u>	<u>\$ 246,833</u>	<u>\$ 18,654</u>	<u>\$35,497,340</u>

FRESNO UNIFIED 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	\$ 5,180,491	\$ 2,152,327
Special Revenue		
Adult	531,938	675,675
Child Development	16,384	275,213
Deferred Maintenance		51,497
Total Special Revenue	<u>548,322</u>	<u>1,002,385</u>
Debt Services		
Tax Override	192,157	
Total Debt Service	<u>192,157</u>	
Capital Projects		
Building	3,190,221	7,327,820
Capital Facilities	193,825	38,795
County School Facility	6,561,617	3,204,761
State School Building		192,157
Total Capital Projects	<u>9,945,663</u>	<u>10,763,533</u>
Cafeteria Enterprise	<u>47,742</u>	<u>2,078,917</u>
Internal Service		
Property and Liability	555	2,150,128
Workers' Compensation	1,308	790,690
Health Benefits	2,894,142	32,604
Defined Benefits	160,204	
Total Internal Service	<u>3,056,209</u>	<u>2,973,422</u>
Total	<u>\$18,970,584</u>	<u>\$18,970,584</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

B. Operating Transfers

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

The General Fund transferred to the County Schools Facility Fund for the District's share of costs	\$ 500,000
The Building Fund transferred to the County Schools Facility Fund for capital expenditures	8,556,897
The Building Fund transferred to the Deferred Maintenance Fund for the District's match	2,052,690
The Building Fund transferred to the Bond Interest and Redemption Fund for debt service payments	119,218
The Building Fund transferred to the Tax Override Fund for debt service payments	192,157
The Building Fund transferred to the BAN Repayment Fund for debt service payments	46,820,000
The Capital Facilities transferred to the General Fund for reimbursement of costs.	37,879
The Capital Facilities Fund transferred to the Building Fund for capital expenditures associated with growth	907,045
The Capital Facilities Fund transferred to the County School Facilities Fund for capital expenditures associated with growth	1,034,321
The State School Building Fund transferred to the Building Fund for capital expenditures	1,504,862
The Tax Override Fund transferred to the COP/CFD-Debt Service Fund for the majority of payments due on the Districts certificates of participation	6,260,481
The County Schools Facility Fund transferred to the Building Fund for repayment of a temporary loan	4,855,516
The County School Facility Fund transferred to the Capital Facilities Fund for repayment of a temporary loan	846,455
Total-Governmental Fund Types	73,687,521
The Property/Liability Fund transferred to the Medical Fund for reimbursement of costs	2,099,474
The Worker's Compensation Fund transferred to the Medical Fund for reimbursement of costs	756,446
The Retiree Benefit Fund transferred to the General Fund for reimbursement of costs	2,000,000
Total-All Fund Types	\$ 78,543,441

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #6 - ACCOUNTS PAYABLE

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

	General	Special Revenue	Capital Projects
Vendor invoices	\$ 19,876,952	\$ 1,108,036	\$ 9,783,094
Accrued payroll	7,091,450	479,528	26
State Categorical	8,202		
Deferred compensation	17,843,768	8,160	
Incurred but not reported (IBNR)			
Total	<u>\$ 44,820,372</u>	<u>\$ 1,595,724</u>	<u>\$ 9,783,120</u>

	Proprietary	Fiduciary	Total
Vendor invoices	\$ 4,914,493	\$ 98,232	\$ 35,780,807
Accrued payroll	378,965		7,949,969
State Categorical			8,202
Deferred compensation	1,075		17,853,003
Incurred but not reported (IBNR)	14,084,690		14,084,690
Total	<u>\$ 19,379,223</u>	<u>\$ 98,232</u>	<u>\$ 75,676,671</u>

NOTE #7 - DEFERRED REVENUE

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

	General	Special Revenue	Capital Projects	Total
Federal financial assistance	\$ 2,234,399			\$ 2,234,399
State categorical aid	5,135,771	\$ 263,377		5,399,148
Other state			\$ 23,416,555	23,416,555
Other local	123,825	1,812		125,637
Total	<u>\$ 7,493,995</u>	<u>\$ 265,189</u>	<u>\$ 23,416,555</u>	<u>\$ 31,175,739</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #8 - FUND BALANCES

A. Components of Fund Balances

Fund balances are composed of the following elements:

	General	Special Revenue	Debt Service	Capital Projects	Fiduciary
Reserved					
Revolving cash	\$ 100,000				
Stores inventory	1,946,625	\$ 60,479			
Prepaid expenditures	23,545	1,500			
Restricted programs	12,689,770				
Total Reserved	14,759,940	61,979			
Unreserved					
Designated					
Economic uncertainties	9,865,912				
Other		6,882,856		\$32,194,681	\$1,150,463
Total Designated	9,865,912	6,882,856		32,194,681	1,150,463
Undesignated					
Total Unreserved	9,865,912	6,882,856	25,728,307	28,303,309	1,153,223
Total	\$24,625,852	\$6,944,835	\$25,728,307	\$60,497,990	\$2,303,686

B. Prior Period Adjustment

The beginning fund balance of the General Fund was restated for revisions to prior year allocations. The beginning fund balance was increased by \$1,106,632 for an adjusted beginning fund balance of \$29,612,547.

The beginning fund balance of the Building Fund was restated for revisions to the prior year allocations. The beginning fund balance was decreased by \$592,272 for an adjusted beginning fund balance of \$37,901,961.

The beginning fund balance of the Cafeteria Fund was restated for revisions to the prior year allocations. The beginning fund balance was decreased by \$514,360 for an adjusted beginning fund balance of \$18,948,303.

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #9 - GENERAL LONG-TERM DEBT

A. Long-term Debt Summary

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

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$ 107,738,742		\$ 2,765,000	\$ 104,973,742
State school building loans	1,844	\$ 59	1,005	898
Educational Facilities Corporation	105,995,000		6,430,000	99,565,000
Accumulated vacation - net	977,555		15,582	961,973
Capital leases	5,450,750	1,089,999	1,716,291	4,824,458
Bond Anticipation Note	45,000,000		45,000,000	
Lease Revenue Bonds - 1998, Series A	3,999,224		307,633	3,691,591
Workers' compensation Liability for claims - Long-term portion (See Note #11)	8,747,249		1,242,719	7,504,530
Totals	<u>\$ 277,910,364</u>	<u>\$ 1,090,058</u>	<u>\$ 57,478,230</u>	<u>221,522,192</u>

Amount currently available and reserved
for retirement of general long-term debt

Bond interest and redemption	\$ 9,288,499
Tax override	4,354,823
Facilities corporation	<u>12,084,985</u>
Amount to be provided for retirement of general long-term debt	<u>\$ 195,793,885</u>

B. Bonded Debt

On May 1, 1996, the District issued \$32,000,000 in general obligation bonds, 1995, Series B. Interest on the \$32,000,000 Series B Bonds issued on May 1, 1996, accrues from February 1, 1996, and is payable semi-annually on February 1 and August 1 of each year commencing February 1, 1997, and have yields ranging from 3.75 percent to 5.9 percent. The Bonds have maturities beginning August 1, 1997, through August 1, 2020. An amount equal to 62.91 percent of the outstanding bonds have been defeased with a portion of the 1998 Series A Bonds. The outstanding portion for which the District has debt service obligations for equals 37.09 percent of the total outstanding bonds.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

On May 15, 1998, the District issued \$45,000,000 in general obligation bonds, 1995, Series D. Interest on the \$45,000,000 Series D Bonds issued May 15, 1998, accrues from May 15, 1998, and is payable semi-annually on February 1 and August 1 of each year commencing February 1, 1999, and have a yield ranging from 4.50 percent to 6.00 percent. The bonds have maturities beginning February 1, 1999, through August 1, 2022. The Bonds were issued for the purpose of financing the construction of new schools and for the alterations and additions to existing schools. These bonds have been defeased with the issuance of the general obligation bonds, 1999, Series C, described below. The proceeds of the bond issuance have been placed in an escrow account for the sole purpose of retiring the 1995, Series D, General Obligation Bonds when they mature.

On February 2, 1998, the District issued \$33,235,000 in general obligation refunding bonds, Series A. The bonds were issued to defease the 1995 Series A and an amount equal to 62.91 percent of the 1995 Series B general obligation bonds. The bond proceeds were placed in an escrow account to retire the 1995 Series A and applicable portion of the 1995 Series B Bonds upon maturity. Interest on the 1998 Series A bonds accrues from February 10, 1998, and is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 1998, and have yields ranging from 4.8 percent to 6.15 percent. The bonds have maturities ranging from August 1, 1998, through August 1, 2013.

On August 1, 1998, the Golden West Schools Financing Authority issued \$47,951,524 in 1998 Revenue Bonds, Series A, of which \$26,998,742 were issued to purchase 1998 general obligation refunding bonds, Series B, on behalf of the Fresno Unified School District. The proceeds from the 1998, general obligation refunding bonds, Series B were placed in an escrow account to retire the 1995 Series C upon maturity. Interest on the \$24,095,000 1998, Series B current interest bonds accrues from August 1, 1998, and is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 1999. The current interest bonds have yields ranging from 5.55 percent to 6.6 percent and have maturities ranging from February 1, 1999, through August 1, 2016. Interest on the \$2,903,742 capital appreciation bonds accretes from August 6, 1998, and is compounded on February 1, 1999, and on each August 1 and February 1 thereafter and is payable at maturity. The capital appreciation bonds have yields ranging from 6.4 percent to 6.95 percent and have maturities ranging from February 1, 2003 through August 1, 2021.

On October 1, 1999, the District issued \$40,640,000 in general obligation refunding bonds, 1999, Series C. Interest on the bonds accrues from October 1, 1999, and is payable semiannually on February 1 and August 1 of each year along with a predetermined amount of principal. The bonds have yields that range from 4.6 percent to 5.8 percent. The bond proceeds were placed in an escrow account which, along with interest earnings, will be used to retire the 1995, Series D, General Obligation Bonds when they mature.

The Board of Supervisors of Fresno County are empowered and obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property with the District subject to taxation by the District, for the payment of interest and principal of the bonds when due.

FRESNO UNIFIED SCHOOL DISTRICT

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

The outstanding general obligation bonded debt is as follows:

Issue Date	Issue	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Defeased/ Redeemed	Bonds Outstanding End of Year
05/01/96	95B	08/01/2020	5.5-7.50%	\$32,000,000	\$ 11,310,000		\$ 285,000	\$ 11,025,000
02/10/98	98A	08/01/2013	4.8-6.15%	33,235,000	31,125,000		800,000	30,325,000
08/06/98	98B	08/01/2022	5.5-6.95%	26,998,742	25,708,742		805,000	24,903,742
10/01/99	99C	10/01/2023	4.5-5.125%	40,640,000	39,595,000		875,000	38,720,000
					<u>\$107,738,742</u>		<u>\$2,765,000</u>	<u>\$104,973,742</u>

Debt Service Requirements to Maturity

1995 Series B Fiscal Year	Principal	Interest to Maturity	Total
2002	\$ 300,000	\$ 617,846	\$ 917,846
2003	320,000	596,046	916,046
2004	335,000	577,871	912,871
2005	365,000	560,621	925,621
2006	380,000	542,246	922,246
Thereafter	9,325,000	4,635,875	13,960,875
Total	<u>\$ 11,025,000</u>	<u>\$ 7,530,505</u>	<u>\$ 18,555,505</u>

1998 Series A Fiscal Year	Principal	Interest to Maturity	Total
2002	\$ 830,000	\$ 1,861,008	\$ 2,691,008
2003	870,000	1,815,678	2,685,678
2004	920,000	1,766,929	2,686,929
2005	980,000	1,714,396	2,694,396
2006	1,045,000	1,657,413	2,702,413
Thereafter	25,680,000	13,863,144	39,543,144
Total	<u>\$30,325,000</u>	<u>\$22,678,568</u>	<u>\$53,003,568</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

1998 Series B Fiscal Year	Principal	Interest to Maturity	Total
2002	\$ 850,000	\$ 1,411,120	\$ 2,261,120
2003	900,000	1,357,928	2,257,928
2004	935,000	1,301,083	2,236,083
2005	990,000	1,241,190	2,231,190
2006	1,050,000	1,177,753	2,227,753
Thereafter	20,178,742	23,077,743	43,256,485
Total	<u>\$24,903,742</u>	<u>\$29,566,817</u>	<u>\$54,470,559</u>

1999 Series C Fiscal Year	Principal	Interest to Maturity	Total
2002	\$ 930,000	\$ 2,212,885	\$ 3,142,885
2003	990,000	2,165,273	3,155,273
2004	1,050,000	2,113,510	3,163,510
2005	1,115,000	2,058,049	3,173,049
2006	1,185,000	1,998,485	3,183,485
Thereafter	33,450,000	19,268,053	52,718,053
Total	<u>\$38,720,000</u>	<u>\$29,816,255</u>	<u>\$68,536,255</u>

C. State and Public School Building Loans

State school building loans outstanding as of June 30, 2001, are as follows:

Year Disbursed	Interest Rate	Outstanding Beginning of Year	Interest Charge	Repayment and State Credit Current Year	Outstanding End of Year
1980-81	4.9%	\$ 1,666	\$ 53	\$ 908	\$ 811
1980-81	5.3%	178	6	97	87
		<u>\$ 1,844</u>	<u>\$ 59</u>	<u>\$ 1,005</u>	<u>\$ 898</u>

The State and Public School Building Loans are secured by all sites purchased and improved, all equipment purchased, and all buildings constructed, reconstructed, altered, or added to through the expenditure of such funds in accordance with Section 16019 of the Education Code.

Annual repayment is determined by the State Controller in accordance with Section 16214 of the Education Code.

FRESNO UNIFIED SCHOOL DISTRICT

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

D. Certificates of Participation

The District has issued Certificates of Participation (COP's) through the Fresno Unified School District Educational Facilities Corporation since 1979 as follows:

<u>Series</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Principal Paid/ Defeased-Current Year</u>	<u>Outstanding End of Year</u>
1992	1991-92	\$35,295,000	4.50 - 7.25%	\$ 1,500,000	\$ 13,890,000
1992A	1991-92	5,680,000	6.50 - 7.00%	65,000	935,000
1993A	1993-94	4,885,000	4.00 - 5.75%	430,000	1,950,000
1993B	1993-94	15,925,000	4.80 - 5.25%	825,000	12,255,000
1995A	1994-95	10,510,000	5.50 - 6.80%	400,000	9,060,000
1997	1997-98	20,840,000	4.00 - 5.00%	1,220,000	17,480,000
1998A	1997-98	51,930,000	4.00 - 4.75%	1,990,000	43,995,000
				<u>\$ 6,430,000</u>	<u>\$ 99,565,000</u>

E. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2001, amounted to \$961,973.

F. Capital Leases

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

Balance, Beginning of year	\$ 5,450,750
Additions and Adjustments	1,089,999
Payments	(1,716,291)
Balance, End of year	<u>\$ 4,824,458</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2002	\$ 2,072,998
2003	2,058,073
2004	375,442
2005	361,128
2006	87,727
Thereafter	<u>296,372</u>
Total	5,251,740
Less: Amount Representing Interest	(427,282)
Present Value of Minimum Lease Payments	<u>\$ 4,824,458</u>

G. Bond Anticipation Notes

The District issued Bond Anticipation Notes (BAN) for \$45,000,000 on January 13, 2000. These notes provide interim financing for capital projects and were redeemed through the issuance of General Obligation Bonds sufficient to cover principal and interest on the \$45,000,000 BAN on February 1, 2001. The notes were issued at a coupon rate of 4.5 percent and a yield of 3.7 percent.

H. 1998 Lease Revenue Bonds, Series A (Qualified Zone Academy Bonds) - Center for Advanced Research and Technology

The District entered into an agreement to issue \$12,000,000 in lease revenue bonds (Qualified Zone Academy Bonds) with Clovis Unified School District to finance the rehabilitation of the Center for Advanced Research and Technology. The bonds do not bear interest. In lieu of periodic interest payments to purchasers of the bonds, the bonds qualify for an annual Federal income tax credit to the purchasers.

Lease payments will be made by both Districts for an equal (50 percent) share of the funds necessary to repay the principal of the bonds. The Fresno Unified School District's share of the principal amounts to \$6,000,000 with annual required lease payments totaling \$307,632.64 due each July 15 commencing July 15, 1999, and ending July 15, 2012. The lease payments are to be placed in a Guaranteed Investment Contract paying interest at 4.785 percent. Principal payments and earned interest are projected to be sufficient to retire the bonds principal balance by October 1, 2012. The lease payments outstanding at June 30, 2001, are \$3,691,591.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #10 - EMPLOYEE RETIREMENT SYSTEMS

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

A. PERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (prior to January 1, 2001, 7.0 percent of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2000-2001 was zero percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2001, 2000, and 1999 were \$0, \$0, and \$3,756,602, respectively, and equal 100 percent of the required contributions for each year.

B. STRS

Plan Description

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

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal 2000-2001 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2001, 2000, and 1999 were \$22,750,160, \$20,170,046, and \$18,330,177, respectively, and equal 100 percent of the required contributions for each year.

C. 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 \$14,612,234 (5.0385 percent of salaries subject to STRS) and \$87,689 (.092 percent of salaries subject to PERS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

D. Defined Benefit 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 Defined Benefit Retirement Plan as its alternative plan. Contributions made by the District and the employee vest immediately. The cost of the plan is split evenly between the employees, who are currently required to pay 1.4 percent of their after tax pay, and the District.

The benefit is available to be paid once an employee reaches age 65 and is equal to 1.5 percent of the Final Average Pay times Credited Service. Final Average Pay is the monthly average of the employees' last three consecutive complete calendar years of pay. If the employee has worked less than three consecutive years with the District, the Final Average Pay is the monthly average of the employees' pay divided by the credited service. Employees who earn a lump sum benefit of \$3,500 or more can elect to receive their benefit in a lump sum payment or receive a monthly benefit.

FRESNO UNIFIED SCHOOL DISTRICT

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

NOTE #11 - RISK MANAGEMENT - CLAIMS

Description

The District's risk management activities are recorded in the Self-Insurance Fund. The purpose of the fund is to administer employee health, property and liability and workers' compensation programs of the Fresno Unified School District on a cost-reimbursement basis. This fund accounts for the risk financing activities of the Fresno Unified School District, but does not constitute a transfer of risk from the Fresno Unified School District.

Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the Fresno Unified School District retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage.

Claims Liabilities

The District records an estimated liability for indemnity health care, workers' compensation, torts, and other claims against the Fresno Unified School District. Claims liabilities are based on estimates of the ultimate cost of reported claims including future claim adjustment expenses and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from June 30, 1999, to June 30, 2001 (in thousands):

	Property and Liability	Workers' Compensation	Health Benefits	Defined Benefits
Liability balance, June 30, 1999	\$ 985	\$ 4,449	\$ 11,975	
Claims and changes in estimates	995	5,230	51,390	\$ 300
Claims payments	1,093	5,892	53,131	300
Liability balance, June 30, 2000	887	3,787	10,234	-
Claims and changes in estimates	997	8,003	59,392	367
Claims payments	975	5,878	57,986	367
Liability balance, June 30, 2001	\$ 909	\$ 5,912	\$ 11,640	\$ -
Assets available to pay claims at June 30, 2001	\$ 5,158	\$ 6,439	\$ 10,968	\$ 4,237

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

Trust Accounts

To facilitate the processing of claims, revolving types of trust bank accounts were established. All claims arising are handled by the District's Independent Administrators, Risk Management Resources and RX Net, who write and issue checks in settlement of claims against the District. The \$1,500,000 trust account is periodically reimbursed by the District.

Liabilities for Claims - Workers' Compensation

The liability of \$13,416,439 is based upon an actuarial study performed in January 2001. The liability for claims represents an estimate of costs of open claims and an estimate for incurred but not reported claims (IBNR). The District has recorded a portion of the liability for claims in the Workers' Compensation Fund in the amount of \$5,911,909. The balance of the liability for claims of \$7,504,530 has been recorded in the General Long-Term Debt group of accounts since funds are not available in the Internal Service Fund and the ultimate liability for the Long-Term portion will be from the General Fund and applicable Special Revenue Funds.

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.

B. Postemployment Medical Benefits

The District provides postemployment medical benefits in accordance with District employment contracts. All District employees with a minimum of 16 years of service receive health benefits for life for the employee and their dependents. Currently, former employees and approximately 1,500 dependents are receiving these benefits. The District contributes 100 percent of the premiums. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis as former employees report claims. During the 2000-2001 fiscal year, expenditures of approximately \$6,000,000 were recognized for postemployment medical benefits.

The District obtained an actuarial study of the future liability of post-retirement plan benefits in January 1991. The results of this study estimated the future liability to be \$214,000,000.

FRESNO UNIFIED SCHOOL DISTRICT

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

C. Construction Commitments

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

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Baird Modernization	\$ 728,095	05/31/02
Bullard Talent Modern	416,040	12/31/01
Carver Modernization	30,661	11/30/01
Computech Modernization	854,635	03/31/02
Computech Playfields	508,800	03/31/02
Cooper Modernization	980,360	02/28/02
Duncan Modernization	961,714	02/28/02
Edison 5B and 6	9,383,650	06/30/02
Ericson Modernization	336,257	11/30/01
FT Miller Modernization	670,344	03/31/02
Gibson Modernization	798,098	05/31/02
Holland Modernization	190,326	12/31/01
Homan Modernization	83,498	11/30/01
Hoover Events Center	681,042	11/30/01
Jefferson Modernization	1,203,580	02/28/02
Kings Canyon Modernization	992,461	12/31/01
Mayfair Modernization	1,235,586	05/31/02
McLane Modernization	3,222,456	12/31/02
Norseman Modernization	1,016,520	05/31/02
Powers Modernization	289,734	11/30/01
Roeding Modernization	409,047	11/30/01
Scan Modernization	269,113	11/30/01
Tenaya Modernization	919,561	02/28/02
Thomas Modernization	516,128	11/30/01
Turner Modernization	282,013	11/30/01
Viking Acoustical	329,872	03/31/02
Viking Modernization	285,812	03/31/02
Vinland Modernization	217,690	12/31/01
Wawona Modernization	479,321	03/31/02
Wilson Library/ Media	40,994	11/30/01
Wilson Modernization	6,815	11/30/01
Wishon Kinder	518,520	11/30/01
Wishon Modernization	149,505	12/31/01
Wolters Modernization	293,240	11/30/01
	<u>\$29,301,488</u>	

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

NOTE #13 - EXPENDITURES (BUDGET VERSUS ACTUAL)

There were no funds whose actual expenditures exceeded the budgeted amounts.

NOTE #14 - GOING CONCERN

The District's available reserves for economic uncertainties is \$9,865,912. The State requires the District to maintain a minimum of \$10,933,380 for available reserves. The District is underfunded by \$1,067,468. In addition, the Health Benefit and Workers Compensation Self Insurance Funds ended the fiscal year with deficit retained earnings of \$703,951 and \$263,329, respectively. Also, the General Fund has a potential liability to the Workers Compensation Self Insurance Fund of \$7,504,530, which is reported in the General Long-term Debt Account Group.

NOTE #15 - DEFERRED COMPENSATION PLAN

The District, through an agreement with Fresno County Schools, provides a funded deferred compensation plan in compliance with Internal Revenue Code 457. Employees of the District can reduce current taxable compensation by investing in the deferred compensation plan. Deferred compensation funds are invested with Great Western Bank through an agreement with Fresno County Schools.

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.*" 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.

FRESNO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2001

- 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, 2002. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

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FRESNO UNIFIED SCHOOL DISTRICT

**GENERAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
ASSETS			
Cash	\$ 526,569		\$ 526,569
Investments	39,235,056	\$ 3,617,363	42,852,419
Accounts receivable	18,696,920	9,865,977	28,562,897
Due from other funds	5,180,491		5,180,491
Stores inventory	1,946,625		1,946,625
Prepaid expenditures	23,545		23,545
Total Assets	<u>\$ 65,609,206</u>	<u>\$ 13,483,340</u>	<u>\$ 79,092,546</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	44,795,994	24,378	44,820,372
Due to other funds	2,152,327		2,152,327
Deferred revenue		7,493,995	7,493,995
Total Liabilities	<u>46,948,321</u>	<u>7,518,373</u>	<u>54,466,694</u>
 FUND EQUITY			
Fund balances			
Reserved	8,794,973	5,964,967	14,759,940
Unreserved			
Designated	<u>9,865,912</u>		<u>9,865,912</u>
Total Fund Equity	<u>18,660,885</u>	<u>5,964,967</u>	<u>24,625,852</u>
Total Liabilities and Fund Equity	<u>\$ 65,609,206</u>	<u>\$ 13,483,340</u>	<u>\$ 79,092,546</u>

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

FRESNO UNIFIED SCHOOL DISTRICT

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

	Unrestricted		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 263,102,134	\$ 259,521,860	\$ (3,580,274)
Local sources	63,551,262	63,109,922	(441,340)
Total Revenue Limit Sources	326,653,396	322,631,782	(4,021,614)
Federal revenues			
Other state revenues	55,595,389	55,381,498	(213,891)
Other local revenues	11,661,218	11,927,736	266,518
Tuition and transfers	3,273,870	3,231,857	(42,013)
Total Revenues	397,183,873	393,172,873	(4,011,000)
EXPENDITURES			
Current Expenditures			
Certificated salaries	222,630,910	220,886,907	1,744,003
Classified salaries	46,927,986	46,905,738	22,248
Employee benefits	67,268,103	66,588,403	679,700
Books and supplies	11,666,855	5,063,278	6,603,577
Services and operating expenditures	25,300,436	23,644,484	1,655,952
Other outgo	2,387,970	(1,523,052)	3,911,022
Capital outlay	8,653,650	5,602,880	3,050,770
Debt service	1,117,261	951,401	165,860
Total Expenditures	385,953,171	368,120,039	17,833,132
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	11,230,702	25,052,834	13,822,132
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,036,150	2,037,879	1,729
Operating transfers out	(500,000)	(500,000)	
Contributions to restricted programs	(32,013,714)	(32,232,760)	(219,046)
Total Other Financing Sources/(Uses)	(30,477,564)	(30,694,881)	(217,317)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(19,246,862)	(5,642,047)	13,604,815
FUND BALANCE, BEGINNING OF YEAR	24,302,932	24,302,932	
FUND BALANCE, END OF YEAR	\$ 5,056,070	\$ 18,660,885	\$ 13,604,815

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

Restricted			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$ 263,102,134	\$ 259,521,860	\$ (3,580,274)
\$ 10,053,772	\$ 10,108,080	\$ 54,308	73,605,034	73,218,002	(387,032)
10,053,772	10,108,080	54,308	336,707,168	332,739,862	(3,967,306)
57,728,878	52,386,511	(5,342,367)	57,728,878	52,386,511	(5,342,367)
88,346,688	80,214,139	(8,132,549)	143,942,077	135,595,637	(8,346,440)
2,255,195	1,991,036	(264,159)	13,916,413	13,918,772	2,359
1,896,944	1,771,804	(125,140)	5,170,814	5,003,661	(167,153)
160,281,477	146,471,570	(13,809,907)	557,465,350	539,644,443	(17,820,907)
64,306,764	62,242,836	2,063,928	286,937,674	283,129,743	3,807,931
38,124,243	38,124,203	40	85,052,229	85,029,941	22,288
24,790,228	23,957,105	833,123	92,058,331	90,545,508	1,512,823
30,906,701	22,236,625	8,670,076	42,573,556	27,299,903	15,273,653
19,294,605	13,652,285	5,642,320	44,595,041	37,296,769	7,298,272
8,669,226	9,004,430	(335,204)	11,057,196	7,481,378	3,575,818
11,830,859	8,831,494	2,999,365	20,484,509	14,434,374	6,050,135
			1,117,261	951,401	165,860
197,922,626	178,048,978	19,873,648	583,875,797	546,169,017	37,706,780
(37,641,149)	(31,577,408)	6,063,741	(26,410,447)	(6,524,574)	19,885,873
			2,036,150	2,037,879	1,729
			(500,000)	(500,000)	
32,013,714	32,232,760	219,046			
32,013,714	32,232,760	219,046	1,536,150	1,537,879	1,729
(5,627,435)	655,352	6,282,787	(24,874,297)	(4,986,695)	19,887,602
5,309,615	5,309,615		29,612,547	29,612,547	
\$ (317,820)	\$ 5,964,967	\$ 6,282,787	\$ 4,738,250	\$ 24,625,852	\$ 19,887,602

FRESNO UNIFIED SCHOOL DISTRICT

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

	Adult Education	Child Development	Deferred Maintenance	Total
ASSETS				
Cash	\$ 6,619			\$ 6,619
Investments	4,325,739	\$ 868,369	\$ 3,005,861	8,199,969
Accounts receivable	623,121	323,764	44,359	991,244
Due from other funds	531,938	16,384		548,322
Stores inventory	60,479			60,479
Prepaid expenditures		1,500		1,500
Total Assets	<u>\$ 5,547,896</u>	<u>\$ 1,210,017</u>	<u>\$ 3,050,220</u>	<u>\$ 9,808,133</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	642,535	261,306	691,883	1,595,724
Due to other funds	675,675	275,213	51,497	1,002,385
Deferred revenue	17,720	247,469		265,189
Total Liabilities	<u>1,335,930</u>	<u>783,988</u>	<u>743,380</u>	<u>2,863,298</u>

FUND EQUITY

Fund balances

Reserved	60,479	1,500		61,979
Unreserved				
Designated	<u>4,151,487</u>	<u>424,529</u>	<u>2,306,840</u>	<u>6,882,856</u>
Total Fund Equity	<u>4,211,966</u>	<u>426,029</u>	<u>2,306,840</u>	<u>6,944,835</u>
Total Liabilities and Fund Equity	<u>\$ 5,547,896</u>	<u>\$ 1,210,017</u>	<u>\$ 3,050,220</u>	<u>\$ 9,808,133</u>

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

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FRESNO UNIFIED 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**

	Adult Education		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 8,039,004	\$ 7,639,949	\$ (399,055)
Federal revenues	676,751	676,751	
Other state revenues	326,458	309,041	(17,417)
Other local revenues	1,855,133	1,578,601	(276,532)
Total Revenues	<u>10,897,346</u>	<u>10,204,342</u>	<u>(693,004)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	4,781,855	4,435,453	346,402
Classified salaries	1,439,336	1,266,435	172,901
Employee benefits	1,346,376	1,163,230	183,146
Books and supplies	899,257	509,835	389,422
Services and operating expenditures	1,504,318	1,199,178	305,140
Other outgo	603,365	511,007	92,358
Capital outlay	514,518	124,354	390,164
Debt service	669,397	117,791	551,606
Total Expenditures	<u>11,758,422</u>	<u>9,327,283</u>	<u>2,431,139</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(861,076)</u>	<u>877,059</u>	<u>1,738,135</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in			
Other sources			
Total Other Financing Sources/(Uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(861,076)</u>	<u>877,059</u>	<u>1,738,135</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,334,907</u>	<u>3,334,907</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,473,831</u>	<u>\$ 4,211,966</u>	<u>\$ 1,738,135</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)
\$ 587,380	\$ 563,092	\$ (24,288)			
5,707,139	5,233,348	(473,791)	\$ 2,168,431	\$ 2,168,431	
182,396	173,110	(9,286)	100,000	229,017	\$ 129,017
6,476,915	5,969,550	(507,365)	2,268,431	2,397,448	129,017
2,604,679	2,446,396	158,283			
1,614,975	1,488,814	126,161			
973,881	916,594	57,287			
881,245	674,818	206,427	39,742	36,564	3,178
347,695	208,928	138,767	9,473,887	7,299,242	2,174,645
351,195	144,764	206,431			
767,852	209,087	558,765			
47,380	47,335	45			
7,588,902	6,136,736	1,452,166	9,513,629	7,335,806	2,177,823
(1,111,987)	(167,186)	944,801	(7,245,198)	(4,938,358)	2,306,840
			2,052,690	2,052,690	
578,000	59,528	(518,472)			
578,000	59,528	(518,472)	2,052,690	2,052,690	
(533,987)	(107,658)	426,329	(5,192,508)	(2,885,668)	2,306,840
533,687	533,687		5,192,508	5,192,508	
\$ (300)	\$ 426,029	\$ 426,329	\$	\$ 2,306,840	\$ 2,306,840

FRESNO UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Total		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 8,039,004	\$ 7,639,949	\$ (399,055)
Federal revenues	1,264,131	1,239,843	(24,288)
Other state revenues	8,202,028	7,710,820	(491,208)
Other local revenues	2,137,529	1,980,728	(156,801)
Total Revenues	<u>19,642,692</u>	<u>18,571,340</u>	<u>(1,071,352)</u>
EXPENDITURES			
Current Expenditures			
Certificated salaries	7,386,534	6,881,849	504,685
Classified salaries	3,054,311	2,755,249	299,062
Employee benefits	2,320,257	2,079,824	240,433
Books and supplies	1,820,244	1,221,217	599,027
Services and operating expenditures	11,325,900	8,707,348	2,618,552
Other outgo	954,560	655,771	298,789
Capital outlay	1,282,370	333,441	948,929
Debt service	716,777	165,126	551,651
Total Expenditures	<u>28,860,953</u>	<u>22,799,825</u>	<u>6,061,128</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(9,218,261)</u>	<u>(4,228,485)</u>	<u>4,989,776</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	2,052,690	2,052,690	
Other sources	578,000	59,528	(518,472)
Total Other Financing Sources/(Uses)	<u>2,630,690</u>	<u>2,112,218</u>	<u>(518,472)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(6,587,571)</u>	<u>(2,116,267)</u>	<u>4,471,304</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,061,102</u>	<u>9,061,102</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,473,531</u>	<u>\$ 6,944,835</u>	<u>\$ 4,471,304</u>

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

FRESNO UNIFIED SCHOOL DISTRICT

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

	Bond Anticipation Note Repayment	Bond Interest and Redemption	Tax Override	COP CFD	Total
ASSETS					
Cash				\$ 6	\$ 6
Investments		\$ 9,073,608	\$ 4,043,260	12,084,979	25,201,847
Accounts receivable		214,891	119,406		334,297
Due from other funds			192,157		192,157
Total Assets		\$ 9,288,499	\$ 4,354,823	\$ 12,084,985	\$ 25,728,307
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Total Liabilities					
FUND EQUITY					
Fund balances					
Undesignated		9,288,499	4,354,823	12,084,985	25,728,307
Total Fund Equity		9,288,499	4,354,823	12,084,985	25,728,307
Total Liabilities and Fund Equity		\$ 9,288,499	\$ 4,354,823	\$ 12,084,985	\$ 25,728,307

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

FRESNO UNIFIED SCHOOL DISTRICT

DEBT SERVICE FUNDS

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

	<u>Bond Anticipation Note Repayment</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Other state revenues			
Other local revenues	\$ 5,266	\$ 5,266	
Total Revenues	<u>5,266</u>	<u>5,266</u>	
EXPENDITURES			
Current Expenditures			
Services and operating expenditures			
Debt service	47,159,955	47,159,955	
Total Expenditures	<u>47,159,955</u>	<u>47,159,955</u>	
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(47,154,689)</u>	<u>(47,154,689)</u>	
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	48,825,266	46,820,000	\$ (2,005,266)
Operating transfers out			
Total Other Financing Sources/(Uses)	<u>48,825,266</u>	<u>46,820,000</u>	<u>(2,005,266)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	1,670,577	(334,689)	(2,005,266)
FUND BALANCE, BEGINNING OF YEAR	334,689	334,689	
FUND BALANCE, END OF YEAR	<u>\$ 2,005,266</u>	<u>\$</u>	<u>\$ (2,005,266)</u>

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

Bond Interest and Redemption			Tax Override		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
	\$ 284,859	\$ 284,859	\$ 88,000	\$ 166,370	\$ 78,370
\$ 9,179,291	8,092,246	(1,087,045)	5,906,087	6,010,784	104,697
9,179,291	8,377,105	(802,186)	5,994,087	6,177,154	183,067
9,025,481	9,025,481		3,146,340	2,223,167	923,173
9,025,481	9,025,481		3,146,340	2,223,167	923,173
153,810	(648,376)	(802,186)	2,847,747	3,953,987	1,106,240
119,218	119,218			192,157	192,157
			(6,260,481)	(6,260,481)	
119,218	119,218		(6,260,481)	(6,068,324)	192,157
273,028	(529,158)	(802,186)	(3,412,734)	(2,114,337)	1,298,397
9,817,657	9,817,657		6,469,160	6,469,160	
\$ 10,090,685	\$ 9,288,499	\$ (802,186)	\$ 3,056,426	\$ 4,354,823	\$ 1,298,397

FRESNO UNIFIED SCHOOL DISTRICT

DEBT SERVICE FUNDS

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

	COP CFD		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other state revenues			
Other local revenues	\$ 740,137	\$ 740,137	
Total Revenues	<u>740,137</u>	<u>740,137</u>	
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	89,334	89,334	
Debt service	8,922,115	8,922,115	
Total Expenditures	<u>9,011,449</u>	<u>9,011,449</u>	
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(8,271,312)</u>	<u>(8,271,312)</u>	
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	6,260,481	6,260,481	
Operating transfers out			
Total Other Financing Sources/(Uses)	<u>6,260,481</u>	<u>6,260,481</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(2,010,831)</u>	<u>(2,010,831)</u>	
FUND BALANCE, BEGINNING OF YEAR	<u>14,095,816</u>	<u>14,095,816</u>	
FUND BALANCE, END OF YEAR	<u>\$ 12,084,985</u>	<u>\$ 12,084,985</u>	

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

<u>Total</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 88,000	\$ 451,229	\$ 363,229
<u>15,830,781</u>	<u>14,848,433</u>	<u>(982,348)</u>
<u>15,918,781</u>	<u>15,299,662</u>	<u>(619,119)</u>
89,334	89,334	
<u>68,253,891</u>	<u>67,330,718</u>	<u>923,173</u>
<u>68,343,225</u>	<u>67,420,052</u>	<u>923,173</u>
<u>(52,424,444)</u>	<u>(52,120,390)</u>	<u>304,054</u>
55,204,965	53,391,856	(1,813,109)
<u>(6,260,481)</u>	<u>(6,260,481)</u>	
<u>48,944,484</u>	<u>47,131,375</u>	<u>(1,813,109)</u>
(3,479,960)	(4,989,015)	(1,509,055)
<u>30,717,322</u>	<u>30,717,322</u>	
<u>\$ 27,237,362</u>	<u>\$ 25,728,307</u>	<u>\$ (1,509,055)</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

	<u>Building</u>	<u>Capital Facilities</u>	<u>Special Reserve</u>	<u>County Schools Facility</u>
ASSETS				
Investments	\$ 15,206,578	\$ 671,063	\$ 6,832,181	\$ 46,516,298
Accounts receivable	461,856	6,875	426,455	743,313
Due from other funds	3,190,221	193,825		6,561,617
Total Assets	<u>\$ 18,858,655</u>	<u>\$ 871,763</u>	<u>\$ 7,258,636</u>	<u>\$ 53,821,228</u>
 LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	2,760,852	14,165		7,008,103
Due to other funds	7,327,820	38,795		3,204,761
Deferred revenue				
Total Liabilities	<u>10,088,672</u>	<u>52,960</u>		<u>10,212,864</u>
 FUND EQUITY				
Fund balances				
Designated	8,769,983	818,803		22,605,895
Undesignated			7,258,636	21,002,469
Total Fund Equity	<u>8,769,983</u>	<u>818,803</u>	<u>7,258,636</u>	<u>43,608,364</u>
Total Liabilities and Fund Equity	<u>\$ 18,858,655</u>	<u>\$ 871,763</u>	<u>\$ 7,258,636</u>	<u>\$ 53,821,228</u>

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

<u>Facilities Corporation</u>	<u>State School Building</u>	<u>Total</u>
\$ 42,204	\$ 23,608,712	\$ 92,877,036
		1,638,499
		<u>9,945,663</u>
<u>\$ 42,204</u>	<u>\$ 23,608,712</u>	<u>\$ 104,461,198</u>

		9,783,120
	192,157	10,763,533
	<u>23,416,555</u>	<u>23,416,555</u>
	<u>23,608,712</u>	<u>43,963,208</u>

		32,194,681
<u>42,204</u>		<u>28,303,309</u>
<u>42,204</u>		<u>60,497,990</u>
<u>\$ 42,204</u>	<u>\$ 23,608,712</u>	<u>\$ 104,461,198</u>

FRESNO UNIFIED 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**

	<u>Building</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 59,383	\$ 1,498,973	\$ 1,439,590
EXPENDITURES			
Current Expenditures			
Books and supplies	162,231	155,842	6,389
Services and operating expenditures	7,754,223	5,618,651	2,135,572
Capital outlay	27,043,472	21,322,137	5,721,335
Total Expenditures	34,959,926	27,096,630	7,863,296
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(34,900,543)</u>	<u>(25,597,657)</u>	<u>9,302,886</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	7,267,437	7,267,423	(14)
Operating transfers out	(57,740,962)	(57,740,962)	
Other sources	46,939,218	46,939,218	
Total Other Financing Sources/(Uses)	<u>(3,534,307)</u>	<u>(3,534,321)</u>	<u>(14)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(38,434,850)	(29,131,978)	9,302,872
FUND BALANCE, BEGINNING OF YEAR	<u>37,901,961</u>	<u>37,901,961</u>	
FUND BALANCE, END OF YEAR	<u>\$ (532,889)</u>	<u>\$ 8,769,983</u>	<u>\$ 9,302,872</u>

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

Capital Facilities			Special Reserve		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,300,000	\$ 1,346,718	\$ 46,718	\$ 350,000	\$ 1,868,307	\$ 1,518,307
72,097	31,436	40,661			
3,206,617	2,476,192	730,425			
3,278,714	2,507,628	771,086			
(1,978,714)	(1,160,910)	817,804	350,000	1,868,307	1,518,307
846,455	846,455				
(1,979,245)	(1,979,245)				
(1,132,790)	(1,132,790)				
(3,111,504)	(2,293,700)	817,804	350,000	1,868,307	1,518,307
3,112,503	3,112,503		5,390,329	5,390,329	
\$ 999	\$ 818,803	\$ 817,804	\$ 5,740,329	\$ 7,258,636	\$ 1,518,307

FRESNO UNIFIED 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**

	<u>County Schools Facility</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Other local revenues		\$ 2,990,738	\$ 2,990,738
EXPENDITURES			
Current Expenditures			
Books and supplies			
Services and operating expenditures	\$ 1,589,571	969,188	620,383
Capital outlay	94,504,168	41,383,792	53,120,376
Total Expenditures	96,093,739	42,352,980	53,740,759
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(96,093,739)	(39,362,242)	56,731,497
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	10,512,454	10,091,218	(421,236)
Operating transfers out	(6,017,849)	(5,701,971)	315,878
Other sources	69,038,060	55,975,464	(13,062,596)
Total Other Financing Sources/(Uses)	73,532,665	60,364,711	(13,167,954)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(22,561,074)	21,002,469	43,563,543
FUND BALANCE, BEGINNING OF YEAR	22,605,895	22,605,895	
FUND BALANCE, END OF YEAR	\$ 44,821	\$ 43,608,364	\$ 43,563,543

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

Facilities Corporation			State School Building		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,188	\$ 2,188				
2,188	2,188				
			\$ (1,504,862)	\$ (1,504,862)	
			1,504,862	1,504,862	
2,188	2,188				
40,016	40,016				
\$ 42,204	\$ 42,204		\$	\$	

FRESNO UNIFIED 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**

	Total		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 1,711,571	\$ 7,706,924	\$ 5,995,353
EXPENDITURES			
Current Expenditures			
Books and supplies	162,231	155,842	6,389
Services and operating expenditures	9,415,891	6,619,275	2,796,616
Capital outlay	<u>124,754,257</u>	<u>65,182,121</u>	<u>59,572,136</u>
Total Expenditures	<u>134,332,379</u>	<u>71,957,238</u>	<u>62,375,141</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(132,620,808)</u>	<u>(64,250,314)</u>	<u>68,370,494</u>
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	18,626,346	18,205,096	(421,250)
Operating transfers out	(67,242,918)	(66,927,040)	315,878
Other sources	<u>117,482,140</u>	<u>104,419,544</u>	<u>(13,062,596)</u>
Total Other Financing Sources/(Uses)	<u>68,865,568</u>	<u>55,697,600</u>	<u>(13,167,968)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	<u>(63,755,240)</u>	<u>(8,552,714)</u>	<u>55,202,526</u>
FUND BALANCE, BEGINNING OF YEAR	<u>69,050,704</u>	<u>69,050,704</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,295,464</u>	<u>\$ 60,497,990</u>	<u>\$ 55,202,526</u>

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

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FRESNO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS - INTERNAL SERVICE
COMBINING BALANCE SHEET
JUNE 30, 2001**

	Property and Liability	Workers' Compensation	Health Benefits
ASSETS			
Cash	\$ 171,232	\$ 827,676	\$ 7,138,195
Investments	4,274,545	5,531,848	889,042
Accounts receivable	64,507	78,438	46,874
Due from other funds	555	1,308	2,894,142
Prepaid expenditures	647,441		
Total Assets	\$ 5,158,280	\$ 6,439,270	\$ 10,968,253
 LIABILITIES AND RETAINED EARNINGS			
LIABILITIES			
Accounts payable	909,230	5,911,909	11,639,600
Due to other funds	2,150,128	790,690	32,604
Total Liabilities	3,059,358	6,702,599	11,672,204
 RETAINED EARNINGS/(DEFICIT)			
Total Liabilities and Retained Earnings/(Deficit)	2,098,922	(263,329)	(703,951)
	\$ 5,158,280	\$ 6,439,270	\$ 10,968,253

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

<u>Defined Benefits</u>	<u>Total</u>
	\$ 8,137,103
\$ 4,019,756	14,715,191
57,014	246,833
160,204	3,056,209
	<u>647,441</u>
<u>\$ 4,236,974</u>	<u>\$ 26,802,777</u>

	18,460,739
	<u>2,973,422</u>
	<u>21,434,161</u>
<u>4,236,974</u>	<u>5,368,616</u>
<u>\$ 4,236,974</u>	<u>\$ 26,802,777</u>

FRESNO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS - INTERNAL SERVICE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001**

	Property and Liability	Workers' Compensation	Health Benefits
OPERATING REVENUE			
Other local revenues	\$ 1,949,158	\$ 9,253,862	\$ 57,599,052
Tuition and transfers			
Total Revenue	<u>1,949,158</u>	<u>9,253,862</u>	<u>57,599,052</u>
OPERATING EXPENSES			
Classified salaries	99,928	279,905	225,512
Employee benefits	18,888	56,998	62,127
Books and supplies	21,627	44,676	22,603
Services and other operating expenses	1,831,719	8,092,539	59,497,977
Other outgo	9,576	28,046	14,983
Total Operating Expenses	<u>1,981,738</u>	<u>8,502,164</u>	<u>59,823,202</u>
OPERATING INCOME/(LOSS)	<u>(32,580)</u>	<u>751,698</u>	<u>(2,224,150)</u>
NONOPERATING REVENUES			
Interest income	278,822	268,208	72,185
Total Nonoperating Revenues	<u>278,822</u>	<u>268,208</u>	<u>72,185</u>
NET INCOME/(LOSS) BEFORE OPERATING TRANSFERS	246,242	1,019,906	(2,151,965)
Operating transfers in			2,855,920
Operating transfers out	(2,099,474)	(756,446)	
NET INCOME/(LOSS)	<u>(1,853,232)</u>	<u>263,460</u>	<u>703,955</u>
RETAINED EARNINGS, BEGINNING OF YEAR	<u>3,952,154</u>	<u>(526,789)</u>	<u>(1,407,906)</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 2,098,922</u>	<u>\$ (263,329)</u>	<u>\$ (703,951)</u>

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

	Defined Benefits	Total
\$	748,743	\$ 69,550,815
	<u>748,743</u>	<u>69,550,815</u>
		605,345
		138,013
		88,906
	366,778	69,789,013
		<u>52,605</u>
	<u>366,778</u>	<u>70,673,882</u>
	<u>381,965</u>	<u>(1,123,067)</u>
	<u>239,642</u>	<u>858,857</u>
	<u>239,642</u>	<u>858,857</u>
	621,607	(264,210)
		2,855,920
		<u>(2,855,920)</u>
	<u>621,607</u>	<u>(264,210)</u>
	<u>3,615,367</u>	<u>5,632,826</u>
\$	<u>4,236,974</u>	<u>\$ 5,368,616</u>

FRESNO UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND TYPES

**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	Property and Liability	Workers' Compen- sation	Health Benefits	Defined Benefits	Total
CASH FLOWS FROM/(USED BY)					
OPERATING ACTIVITIES					
Operating income/(loss)	\$ (32,580)	\$ 751,698	\$(2,224,150)	\$ 381,965	\$(1,123,067)
Changes in assets and liabilities					
(Increase)/decrease in accounts receivable	4,107	(38,853)	67,082	(41,670)	(9,334)
(Increase) in due from other funds	233	420,457	(2,835,900)	(79,417)	(2,494,627)
Increase/(decrease) in prepaid expenditures	(74,758)		2,650		(72,108)
Increase in accounts payable	22,150	2,125,107	1,405,998		3,553,255
Increase/(decrease) in due to other funds	2,137,353	763,383	(3,158,756)		(258,020)
Net Cash Flows From/(Used by) Operating Activities	2,056,505	4,021,792	(6,743,076)	260,878	(403,901)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in			2,855,920		2,855,920
Transfers out	(2,099,474)	(756,446)			(2,855,920)
Net Cash Flows From/(Used by) Financing Activities	(2,099,474)	(756,446)	2,855,920		
CASH FLOWS FROM/(USED BY) INVESTING ACTIVITIES					
(Increase)/decrease in investments	(64,621)	(2,705,878)	9,453,166	(500,520)	6,182,147
Interest income	278,822	268,208	72,185	239,642	858,857
Net Cash Flows From/(Used by) Investing Activities	214,201	(2,437,670)	9,525,351	(260,878)	7,041,004
NET DECREASE IN CASH	171,232	827,676	5,638,195		6,637,103
CASH, BEGINNING OF YEAR			1,500,000		1,500,000
CASH, END OF YEAR	\$ 171,232	\$ 827,676	\$ 7,138,195	\$ -	\$ 8,137,103

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

FRESNO UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPE
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001**

	<u>Student</u> <u>Body Funds</u>	<u>Retirees</u> <u>Benefits</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,938,843		\$ 1,938,843
Investments		\$ 1,134,682	1,134,682
Accounts receivable	2,873	15,781	18,654
Stores inventory	27,105		27,105
Total Assets	<u>\$ 1,968,821</u>	<u>\$ 1,150,463</u>	<u>\$ 3,119,284</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	98,232		98,232
Due to student groups	717,366		717,366
Total Liabilities	<u>815,598</u>		<u>815,598</u>
 FUND EQUITY			
Fund balances			
Unreserved			
Designated		1,150,463	1,150,463
Undesignated	1,153,223		1,153,223
Total Fund Equity	<u>1,153,223</u>	<u>1,150,463</u>	<u>2,303,686</u>
Total Liabilities and Fund Equity	<u>\$ 1,968,821</u>	<u>\$ 1,150,463</u>	<u>\$ 3,119,284</u>

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

FRESNO UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUND TYPE
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Student Body Funds</u>	<u>Retirees Benefits</u>	<u>Total</u>
REVENUES			
Other local revenues	\$ 5,353,800	\$ 178,436	\$ 5,532,236
EXPENDITURES			
Current Expenditures			
Services and other operating expenditures	<u>5,308,918</u>	<u>3,100,142</u>	<u>8,409,060</u>
EXCESS OF EXPENDITURES OVER REVENUES	44,882	(2,921,706)	(2,876,824)
FUND BALANCE, BEGINNING OF YEAR	<u>1,108,341</u>	<u>4,072,169</u>	<u>5,180,510</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,153,223</u>	<u>\$ 1,150,463</u>	<u>\$ 2,303,686</u>

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

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FRESNO UNIFIED SCHOOL DISTRICT

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

	<u>High Schools</u>	<u>Middle Schools</u>	<u>Elementary Schools</u>
ASSETS			
CASH ON HAND AND IN BANKS			
Cash in checking	\$ 376,189	\$ 230,332	\$ 651,313
Cash in savings	623,286	44,066	
Total Cash	<u>999,475</u>	<u>274,398</u>	<u>651,313</u>
ACCOUNTS RECEIVABLE	2,873		
INVENTORY - at cost	14,518	12,587	
Total Assets	<u><u>\$1,016,866</u></u>	<u><u>\$ 286,985</u></u>	<u><u>\$ 651,313</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	<u>98,232</u>		
TRUST FUNDS			
Balance, Beginning of Year	528,033	52,449	
Receipts	1,389,475	206,769	
Transfers-in	56,882	23,604	
Disbursements	(1,288,008)	(203,883)	
Transfers-out	<u>(25,357)</u>	<u>(22,598)</u>	
Balance, End of Year	<u>661,025</u>	<u>56,341</u>	
FUND BALANCE	<u>257,609</u>	<u>230,644</u>	<u>651,313</u>
Total Liabilities and Fund Balance	<u><u>\$1,016,866</u></u>	<u><u>\$ 286,985</u></u>	<u><u>\$ 651,313</u></u>

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

<u>Career and Vocational Education</u>	<u>Special Education</u>	<u>Adult School ASB</u>	<u>Student Body Concession Account</u>	<u>Total</u>
\$ 1,778	\$ 5,893	\$ 5,986		\$ 1,271,491
				667,352
<u>1,778</u>	<u>5,893</u>	<u>5,986</u>		<u>1,938,843</u>
				2,873
				27,105
<u>\$ 1,778</u>	<u>\$ 5,893</u>	<u>\$ 5,986</u>		<u>\$ 1,968,821</u>
				98,232
				580,482
				1,596,244
				80,486
				(1,491,891)
				(47,955)
				717,366
<u>1,778</u>	<u>5,893</u>	<u>5,986</u>		<u>1,153,223</u>
<u>\$ 1,778</u>	<u>\$ 5,893</u>	<u>\$ 5,986</u>		<u>\$ 1,968,821</u>

FRESNO UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPE

STUDENT BODY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2001

	High Schools	Middle Schools	Elementary Schools
REVENUES			
ASB general	\$ 456,418	\$ 317,578	\$2,646,163
Athletics	724,029	24,950	
Fundraisers	6,380	52,800	
Interest	10,782	668	
PE clothes	27,955	65,452	
Special events	1,871	48,698	
Student activities	41,464		
Student store	167,694	132,796	
Vending machines	58,610	79,809	
Yearbooks	224,582	38,772	
Transfers-in	117,300	91,065	
Total Revenues	<u>1,837,085</u>	<u>852,588</u>	<u>2,646,163</u>
EXPENDITURES			
ASB general	538,008	340,407	2,585,418
Athletics	719,566	37,733	
Fundraisers	10,879	48,724	
PE clothes	7,057	61,250	
Special events	1,938	50,899	
Student activities	39,925		
Student store	123,453	116,759	
Vending machines	25,352	59,975	
Yearbooks	226,085	41,016	
Transfers-out	148,824	82,472	
Total Expenditures	<u>1,841,087</u>	<u>839,235</u>	<u>2,585,418</u>
INCREASE/(DECREASE)			
IN FUND BALANCE	(4,002)	13,353	60,745
FUND BALANCE, BEGINNING OF YEAR	261,611	217,291	590,568
FUND BALANCE, END OF YEAR	<u>\$ 257,609</u>	<u>\$ 230,644</u>	<u>\$ 651,313</u>

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

<u>Career and Vocational Education</u>	<u>Special Education</u>	<u>Adult School ASB</u>	<u>Student Body Concession Account</u>	<u>Total</u>
\$ 753	\$ 5,181	\$ 12,030		\$3,438,123
				748,979
				59,180
				11,450
				93,407
				50,569
				41,464
				300,490
				138,419
				263,354
				208,365
<u>753</u>	<u>5,181</u>	<u>12,030</u>	<u>-</u>	<u>5,353,800</u>
1,942	6,618	29,128	\$ 5,490	3,507,011
				757,299
				59,603
				68,307
				52,837
				39,925
				240,212
				85,327
				267,101
				231,296
<u>1,942</u>	<u>6,618</u>	<u>29,128</u>	<u>5,490</u>	<u>5,308,918</u>
(1,189)	(1,437)	(17,098)	(5,490)	44,882
2,967	7,330	23,084	5,490	1,108,341
<u>\$ 1,778</u>	<u>\$ 5,893</u>	<u>\$ 5,986</u>	<u>\$ -</u>	<u>\$1,153,223</u>

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SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT

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

PROGRAM	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Entitlements		
			Current Year	Prior Year	Total Entitlement
FEDERAL					
U.S. DEPARTMENT OF EDUCATION					
Passed through the California					
Department of Education:					
Adult Basic Education-321 Grant	84.002	03802	\$ 355,050		\$ 355,050
Adult Education Special Program	84.002	03802		\$ 12,798	12,798
Ag Challenge Grant	NA	NA	20,000		20,000
AP Fees	NA	NA	26,384	22,683	49,067
Drug-Free Schools	84.184	03453	327,679	28,774	356,453
Eisenhower Math and Science	84.281	03207	593,064	129,793	722,857
Mathematics Prof Development Elementary and Secondary Education Act	NA	NA	35,625		35,625
Title I - Basic [2]	84.010	03797	24,700,626	1,618,435	26,319,061
Title I - Capital Expenditures [2]	84.010	03797	372,660	224,214	596,874
Title I - Homeless Children	84.303	03797	150,000	55,983	205,983
Title VI - Innovative	84.298	03073	738,833	169,859	908,692
Title VI - Class Size Reduction [2]	84.340	03340	3,129,250	3,378	3,132,628
Bilingual Education					
Comprehensive School	84.290U	10008	632,874	155,533	788,407
Student Success	84.290U	10008	167,200	21,591	188,791
Child Care					
Children Center	84.335	03285	140,000		140,000
SAPID	84.335	03285	41,388		41,388
Emergency Immigrant Education	84.162	03159	356,843	173	357,016
Environmental Technologies	84.318	03285	125,000		125,000
Evenstart	84.213	03285	240,610		240,610
Indian Education	84.014	10011	133,628		133,628
Migrant Education [2]					
Regular	84.011	03174	3,153,810	1,055,624	4,209,434
Special Education - State Grants [2]					
Idea Preschool	84.027	03379	842,006	27,100	869,106
Local Assistance	84.027	03379	6,106,017		6,106,017
21 st Century	84.287	10042	757,633		757,633
Smaller Learning	NA	NA	389,545		389,545
Magnet School Assistance	84.156A	04052	2,938,942		2,938,942
Lit Tech Ch.	84.303	03285	1,169,716	202,886	1,372,602
Vocational Educational Grants					
C.Perkins	84.048	03569	841,916	173,893	1,015,809
C.Perkins - Adult	84.048	03569	308,902		308,902
Subtotal					

¹ Negative revenues reflected for reallocation from grant closeout.

[1] Entitlement column not applicable. Maximum revenues based upon level of service, ADA or other criteria.

[2] Major program.

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 167,010	\$ 188,040		\$ 355,050	\$ 355,050
12,798			12,798	12,798
	10,204		10,204	10,204
49,067		\$ 15,560	33,507	33,507
159,846	143,050		302,896	302,896
722,857		44,630	678,227	678,227
26,718			26,718	26,718
26,335,586		1,723,821	24,611,765	24,611,765
372,727		135,552	237,175	237,175
130,983	49,987		180,970	180,970
907,306		143,793	763,513	763,513
27,556	2,579,995		2,607,551	2,607,551
644,865	54,778		699,643	699,643
147,070	28,228		175,298	175,298
114,535	25,393		139,928	139,928
35,668	5,651		41,319	41,319
357,016		1,493	355,523	355,523
112,500		106,103	6,397	6,397
217,305		63,447	153,858	153,858
113,130	17,363		130,493	130,493
2,239,400	1,300,684		3,540,084	3,540,084
288,418	542,056		830,474	830,474
4,671,509	1,434,511		6,106,020	6,106,020
387,241	93,704		480,945	480,945
195,339	69,150		264,489	264,489
1,203,357	650,927		1,854,284	1,854,284
1,027,004	121,990		1,148,994	1,148,994
834,425	122,691		957,116	957,116
231,677	77,226		308,903	308,903
<u>41,732,913</u>	<u>7,515,628</u>	<u>2,234,399</u>	<u>47,014,142</u>	<u>47,014,142</u>

FRESNO UNIFIED SCHOOL DISTRICT

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

PROGRAM	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Entitlements		
			Current Year	Prior Year	Total Entitlement
NATIONAL SCIENCE FOUNDATION					
Teacher Education for Student Success	47.076	NA	\$ 1,085,988	\$ 91,656	\$ 1,177,644
Foundation Award	47.076	NA	1,274,733	469,860	1,744,593
National Science Foundation Facilities	47.076	NA	900,000		900,000
Subtotal					
U.S. DEPARTMENT OF AGRICULTURE					
Passed through the California Department of Education:					
Children's Center Food Program					
Child Development Center	10.558	03755			[1]
Food Distribution Program [2]	10.550	03755			[1]
National School Lunch Program [2]	10.555	03755			[1]
Subtotal					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through the California Department of Education:					
Medi-Cal Option Billing	93.767	10013			[1]
Family Preservation and Support Services	93.556	10039	479,827	88,146	567,973
Subtotal					
U.S. DEPARTMENT OF LABOR					
Passed through the California Department of Education:					
WIA-Youth College	17.250	03770	873,631		873,631
WIA-CIE	17.250	03770	94,706		94,706
Subtotal					

Total Federal amounts per schedule

Immaterial difference between financial statements and schedule due to inclusion of
Food Distribution (Commodities) fair market value on schedule and not on financials.

Total Federal revenues per financial statements including Cafeteria Enterprise Fund

[1] Entitlement column not applicable. Maximum revenues based upon level of service, ADA or other criteria.
[2] Major program.

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 464,328	\$ 232,909		\$ 697,237	\$ 697,237
890,564	528,941		1,419,505	1,419,505
	505,346		505,346	505,346
<u>1,354,892</u>	<u>1,267,196</u>		<u>2,622,088</u>	<u>2,622,088</u>
344,142	37,702		381,844	381,844
2,161,113			2,161,113	2,161,113
16,963,833	3,228,657		20,192,490	20,192,490
<u>19,469,088</u>	<u>3,266,359</u>		<u>22,735,447</u>	<u>22,735,447</u>
2,410,582			2,410,582	2,410,582
331,013	126,974		457,987	457,987
<u>2,741,595</u>	<u>126,974</u>		<u>2,868,569</u>	<u>2,868,569</u>
592,941	101,039		693,980	693,980
45,731			45,731	45,731
<u>638,672</u>	<u>101,039</u>		<u>739,711</u>	<u>739,711</u>
<u>\$ 65,937,160</u>	<u>\$ 12,277,196</u>	<u>\$ 2,234,399</u>	75,979,957	<u>\$ 75,979,957</u>
			2,161,113	
			<u>\$ 73,818,844</u>	

FRESNO UNIFIED SCHOOL DISTRICT

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

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	5,738	5,785
First through third	18,207	18,270
Fourth through sixth	17,445	17,453
Seventh and eighth	10,501	10,456
Opportunity schools	67	73
Home and hospital	16	17
Special education	1,641	1,645
Total Elementary	53,615	53,699
SECONDARY		
Regular classes	16,587	16,372
Continuation education	740	746
Opportunity schools	54	54
Home and hospital	16	17
Special education	858	854
Students 21 and over and 19 or older not continuously enrolled since their 18th birthday, enrolled in K-12 through independent study	246	254
Total Secondary	18,501	18,297
Total K-12	72,116	71,996
REGIONAL OCCUPATIONAL PROGRAM CLASSES FOR ADULTS		
Concurrently enrolled	140	153
Not concurrently enrolled	3,227	3,327
Total Classes for Adults	3,367	3,480
Grand Total	75,483	75,476
	Hours of Attendance	
SUMMER SCHOOL		
Elementary	515,658	612,881
High School	818,248	869,726
Optional Programs for Students at Risk of Retention	329,676	324,982
Total Hours	1,663,582	1,807,589

See accompanying note to supplementary information.

FRESNO UNIFIED 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	31,680	36,000	Complied
Grades 1 - 3	50,400	43,095	50,400	Complied
Grades 4 - 6	54,000	54,000	54,018	Complied
Grades 7 - 8	54,000	54,000	54,126	Complied
Grades 9 - 12	64,800	54,560	64,800	Complied

See accompanying note to supplementary information.

FRESNO UNIFIED 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 Unaudited Actuals and the audited financial statements.

	<u>General Long- Term Debt Account Group</u>
June 30, 2001, Unaudited Actuals	
Total Liabilities	\$ 215,568,150
Adjustments and Reclassifications	
Increase/(Decrease) in Total Liabilities	
General obligation bond understated	6,247,859
Certificates of participation overstated	(440,000)
Capital leases understated	146,183
Net Adjustment and Reclassifications	<u>5,954,042</u>
June 30, 2001, Audited Financial Statement,	
General Long-Term Debt Total Liabilities	<u>\$ 221,522,192</u>

See accompanying note to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

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

	(Budget) 2002 ¹	2001	2000	1999
GENERAL FUND				
Revenues	\$ 538,280,877	\$ 539,644,443	\$ 481,392,578	\$ 447,400,980
Other sources	8,474,122	2,037,879	1,997,286	523,760
Total Revenues and Other Sources	546,754,999	541,682,322	483,389,864	447,924,740
Expenditures	(546,410,362)	(546,169,017)	(488,208,113)	(442,621,453)
Other uses and transfers out	(3,719,552)	(500,000)	(7,341,954)	(1,542,435)
Total Expenditures and Other Uses	(550,129,914)	(546,669,017)	(495,550,067)	(444,163,888)
INCREASE/(DECREASE) IN FUND BALANCE	\$ (3,374,915)	\$ (4,986,695)	\$ (12,160,203)	\$ 3,760,852
ENDING FUND BALANCE	\$ 21,250,937	\$ 24,625,852	\$ 28,505,915	\$ 40,666,118
AVAILABLE RESERVES ²	\$ 11,002,598	\$ 9,865,912	\$ 18,800,354	\$ 22,234,926
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	2.00%	1.80%	3.79%	5.01%
LONG-TERM DEBT	Not available	\$ 221,522,192	\$ 277,910,364	\$ 228,186,485
AVERAGE DAILY ATTENDANCE AT P-2 ³	71,942	71,870	72,241	72,588

The General Fund balance has decreased by \$16,040,266 over the past two years. The fiscal year 2001-2002 budget projects a decrease of \$3,374,915 (13.7 percent). For a district this size, the State recommends available reserves of at least two percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2001-2002 fiscal year. Total long-term debt has decreased by \$6,664,293 over the past two years.

Average daily attendance has decreased by 371 over the past year.

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.

3 Excludes Adult Education ADA.

See accompanying note to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

**EARLY RETIREMENT INCENTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2001**

The District has not adopted an early retirement incentive program, pursuant to Education Code Section 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

See accompanying note to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

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

(Amounts in thousands)

	Actual Results for the Years					
	2000-01		1999-00		1998-99	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$52,386	9.7	\$50,334	10.5	\$45,268	10.1
State and local revenue included in revenue limit	332,740	61.7	302,362	62.8	286,533	64.0
Other state revenue	135,596	25.1	115,113	23.9	102,711	23.0
Other local revenue	18,922	3.5	13,584	2.8	12,889	2.9
Total Revenues	<u>539,644</u>	<u>100.0</u>	<u>481,393</u>	<u>100.0</u>	<u>447,401</u>	<u>100.0</u>
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	283,130	52.5	251,618	52.3	228,312	51.0
Classified salaries	85,030	15.8	74,559	15.5	68,603	15.3
Employee benefits	90,546	16.8	79,305	16.5	73,885	16.5
Total Salaries and Benefits	458,706	85.0	405,482	84.2	370,800	82.9
Books and supplies	27,300	5.1	27,566	5.7	20,891	4.7
Contracts and operating expenses	37,297	6.9	33,836	7.0	32,543	7.3
Capital outlay	14,434	2.7	13,516	2.8	11,016	2.5
Debt service	951	0.2	308	0.1	249	0.1
Other	7,481	1.4	7,500	1.6	7,122	1.6
Total Expenditures	<u>546,169</u>	<u>101.2</u>	<u>488,208</u>	<u>101.4</u>	<u>442,621</u>	<u>98.9</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(6,525)</u>	<u>(1.2)</u>	<u>(6,815)</u>	<u>(1.4)</u>	<u>4,780</u>	<u>1.1</u>
OTHER FINANCING SOURCES/(USES)						
Operating transfers in	2,038	0.4	1,997	0.4	123	0.0
Operating transfers out	(500)	(0.1)	(7,342)	(1.5)	(1,542)	(0.3)
Other sources					400	0.1
Total Other Financing Sources/(Uses)	<u>1,538</u>	<u>0.3</u>	<u>(5,345)</u>	<u>(1.1)</u>	<u>(1,019)</u>	<u>(0.2)</u>
INCREASE/DECREASE IN FUND BALANCE	<u>(4,987)</u>	<u>(0.9)</u>	<u>(12,160)</u>	<u>(2.5)</u>	<u>3,761</u>	<u>0.8</u>
FUND BALANCE, BEGINNING	<u>29,613</u>		<u>40,666</u>		<u>36,905</u>	
FUND BALANCE, ENDING	<u>\$24,626</u>		<u>\$28,506</u>		<u>\$40,666</u>	

See accompanying note to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

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

(Amounts in thousands)

	Actual Results for the Years					
	2000-01		1999-00		1998-99	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal - NSLP	\$ 20,192	78.6	\$ 20,028	79.4	\$ 19,436	80.6
State meal program	1,399	5.4	1,379	5.5	1,355	5.6
Food sales	2,845	11.1	3,024	12.0	2,513	10.4
Other	1,259	4.9	792	3.1	819	3.4
Total Revenues	<u>25,695</u>	<u>100.0</u>	<u>25,223</u>	<u>100.0</u>	<u>24,124</u>	<u>100.0</u>
EXPENDITURES						
Salaries and employee benefits	10,341	41.0	9,880	39.2	9,308	38.6
Food	10,991	43.6	10,758	42.7	10,520	43.6
Supplies	75	0.3	57	0.2	51	0.2
Other	2,607	10.3	1,364	5.4	1,441	6.0
Total Expenditures	<u>24,014</u>	<u>95.2</u>	<u>22,059</u>	<u>87.5</u>	<u>21,320</u>	<u>88.4</u>
INCREASE IN FUND BALANCE	<u>1,681</u>	<u>4.8</u>	<u>3,164</u>	<u>12.5</u>	<u>2,804</u>	<u>11.6</u>
FUND BALANCE, BEGINNING	<u>18,948</u>		<u>16,299</u>		<u>13,496</u>	
FUND BALANCE, ENDING	<u>\$ 20,629</u>		<u>\$ 19,463</u>		<u>\$ 16,299</u>	

* * * * *

TYPE 'A' LUNCH/BREAKFAST PARTICIPATION

	2000-01		1999-00		1998-99	
	Amount	Percent	Amount	Percent	Amount	Percent
TYPE 'A' LUNCHES						
Paid	993,117	11.5	965,895	11.2	948,178	11.0
Reduced price	6,806,034	78.9	770,871	8.9	722,424	8.4
Free	830,216	9.6	6,901,604	79.9	6,946,657	80.6
Total Lunches	<u>8,629,367</u>	<u>100.0</u>	<u>8,638,370</u>	<u>100.0</u>	<u>8,617,259</u>	<u>100.0</u>
BREAKFAST						
Paid	11,783	6.0	3,297	7.8		
Reduced price	174,122	88.4	4,403	10.5		
Free	11,101	5.6	34,336	81.7		
Total Breakfast	<u>197,006</u>	<u>100.0</u>	<u>42,036</u>	<u>100.0</u>		
NEEDY BREAKFAST						
Paid	237,924	6.9	237,539	6.4	236,890	6.3
Reduced price	2,912,861	84.0	289,049	7.8	272,588	7.2
Free	315,701	9.1	3,180,125	85.8	3,265,480	86.5
Total Breakfast	<u>3,466,486</u>	<u>100.0</u>	<u>3,706,713</u>	<u>100.0</u>	<u>3,774,958</u>	<u>100.0</u>
MEAL SUPPLEMENT						
Free	<u>357,066</u>	<u>100.0</u>	<u>186,835</u>	<u>100.0</u>		

See accompanying note to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2001

NOTE #1 - PURPOSE OF SCHEDULES

A. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 46201 through 46206.

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals to the audited financial statements.

E. Schedule of Financial Trends and Analysis

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

FRESNO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2001

F. Early Retirement Incentive Program

This schedule provides information required by the State Controller's Audit Guide for Local Educational Agencies K-12 for those agencies adopting an early retirement incentive program pursuant to Education Code Sections 22714 and 44929.

G. General Fund Selected Financial Information

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the general fund for the past three years.

H. Cafeteria Account Selected Financial Information

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the cafeteria account for the past three years.





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
Fresno Unified School District
Fresno, California

We have audited the financial statements of Fresno Unified School District as of and for the year ended June 30, 2001, and have issued our report thereon dated October 26, 2001. 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 Fresno Unified 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 Fresno Unified 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. 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 Fresno Unified 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 items 2001-1 and 2001-2.

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. 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 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.

Vautrinek, Irvine, Day & Co., LLP

Fresno, California
October 26, 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
Fresno Unified School District
Fresno, California

Compliance

We have audited the compliance of Fresno Unified 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. Fresno Unified 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 Fresno Unified School District's management. Our responsibility is to express an opinion on Fresno Unified 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 Fresno Unified 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 Fresno Unified School District's compliance with those requirements.

In our opinion, Fresno Unified 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 Fresno Unified 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 Fresno Unified 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.

Waurineck, Irvine, Day & Co., LLP

Fresno, California
October 26, 2001



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 Fresno Unified School District
 Fresno, California

We have audited the financial statements of the Fresno Unified School District as of and for the year ended June 30, 2001, and have issued our report thereon dated October 26, 2001. In our report, our opinion was qualified because the Fresno Unified 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 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 Fresno Unified 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 Fresno Unified School District's compliance with the laws and regulations of the following items:

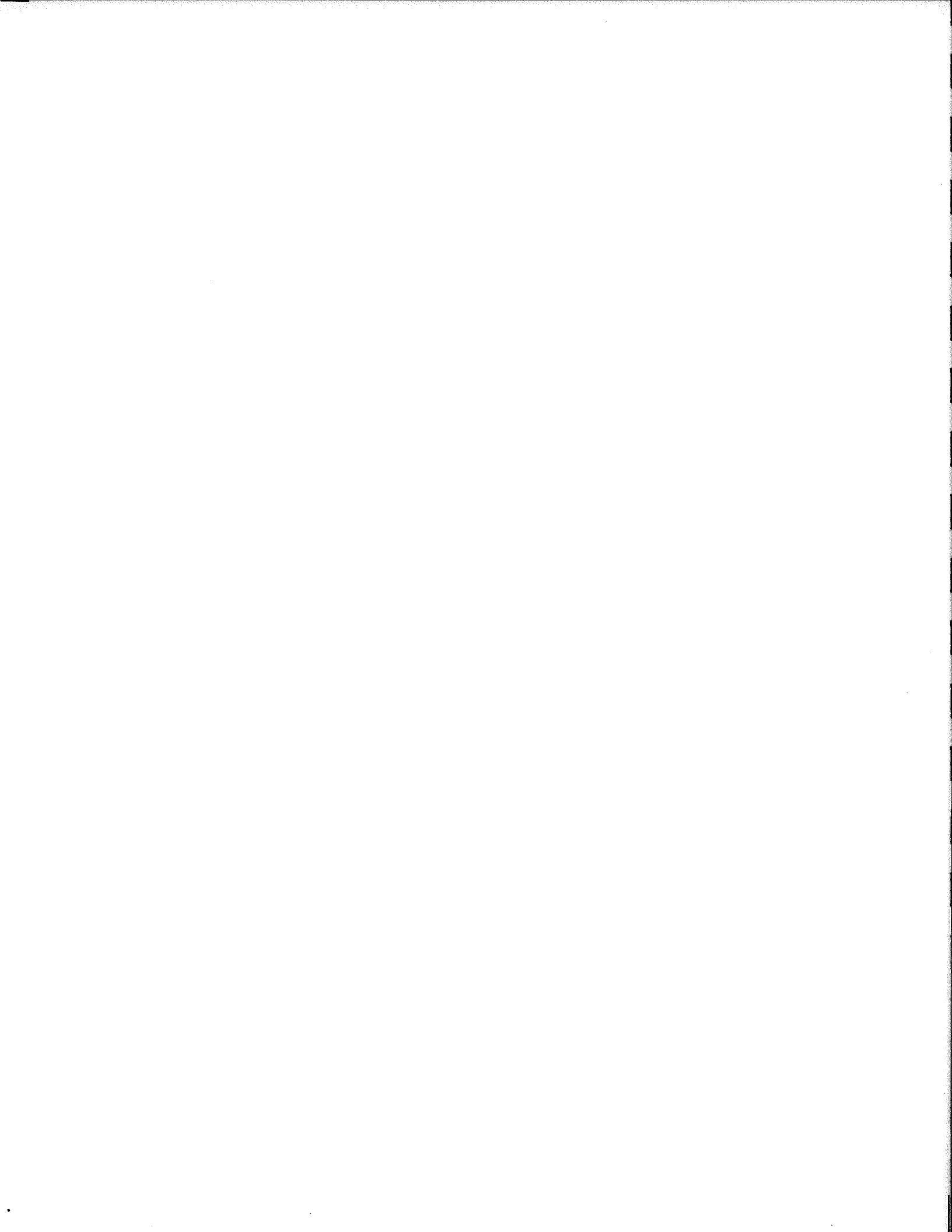
	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting		
Attendance reporting	3	Yes
Staff development days	3	Yes
Kindergarten enrollment	4	Yes
Independent study	13	Yes
Continuation education	12	Yes
Adult education	8	Yes
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

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

Based on our audit, we found that, for the items tested, the Fresno Unified 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 Fresno Unified School District had not complied with the laws and regulations.

Uaurinek, Irine, Day & Co., LLP

Fresno, California
October 26, 2001



FRESNO UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Qualified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I - Cluster</u>
<u>10.550, 10.555</u>	<u>National School Lunch Program - Cluster</u>
<u>84.011</u>	<u>Migrant Education</u>
<u>84.027</u>	<u>Special Education-Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,279,399</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

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

FRESNO UNIFIED 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>
30000	Internal Control
60000	Miscellaneous

GOING CONCERN

2001-1 Finding (60000)

The District did not maintain the State's required available reserves for economic uncertainties of 2 percent or \$10,933,380. The District ended the Fiscal year June 30, 2001 with available reserves for economic uncertainties of \$9,865,912 or 1.8 percent. The District was under funded by \$1,067,468. In addition, the Health Benefit Self Insurance Fund had a deficit retained earning of \$703,951 and the Workers Compensation Self Insurance Fund had a deficit retained earnings of \$263,329. Also the General Fund has a potential liability to the Workers Compensation Self Insurance Fund of \$7,504,530 which is reported in the General Long-term Debt Account Group.

Recommendation

The District should develop a specific plan to address the above listed serious financial conditions and develop monitoring procedures to ensure that the financial plan is being implemented and achieving the projected results.

District Response

The District concurs with the auditor's findings. The District reduced \$25 million in expenses during the development of the 2001/02 budget to rebuild the required reserves. Also, the 2001/02 fiscal year is the last year of a ten-year agreement with the Fresno County Office of Education to bring the Health Fund and Workers' Compensation Fund balances of (\$703,951) and (\$263,329) respectively into a positive status.

ASSOCIATED STUDENT BODY

Internal Control and Financial Reporting

2001-2 Finding (30000)

All findings and recommendations for these accounts are presented in the Fresno Unified Student Body Funds Annual Financial Report for the year ended June 30, 2001.

FRESNO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

Site Discretionary Accounts

2001-3 Finding (30000)

As noted in prior years, numerous expenditures were found to have been made from the Principals' Discretionary Accounts that went against established and updated District policy.

Recommendation

The District should continue to inservice the appropriate personnel on the proper use of these funds.

District Response

The District will continue to reinforce the established guidelines to all Principals who administer discretionary accounts. In addition, the District will follow up with the individual school sites to ensure the procedures are understood and followed.

FRESNO UNIFIED SCHOOL DISTRICT

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

There were no findings representing reportable conditions, material weaknesses, nor instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

FRESNO UNIFIED SCHOOL DISTRICT

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

There were no findings representing instances of noncompliance nor questioned costs relating to state program laws and regulations.

FRESNO UNIFIED 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

Internal Control and Financial Reporting

2000-1 Finding (30000)

All findings and recommendations for these accounts are presented in the Fresno Unified Student Body Funds Annual Financial Report for the year ended June 30, 2000.

Current Status

Partially implemented.
See current year findings and recommendations.

Site Discretionary Accounts

2000-2 Finding (30000)

As noted in prior years, numerous expenditures were found to have been made from the Principals Discretionary Accounts that went against established and updated District policy. Examples of unallowable expenditures that were made included numerous donations to other entities, clothing purchased for students, and raffle prizes. In addition to unallowable purchases, general control issues were noted such as bank reconciliation's being performed incorrectly (such as the reconciliation section being used to recap the bank statement), numerous checks issued without evidence of supporting receipt/invoice, and overdraft problems causing deposits to be made.

Recommendation

District administration should reassert the intended use and documented restrictions on the discretionary accounts to site personnel and principals and obtain written certification from all responsible parties at the sites as to their understanding and agreement of this information. Periodic reviews should be made of these accounts due to their continued improper usage.

Current Status

Partially implemented.
See current year findings and recommendations.

FRESNO UNIFIED SCHOOL DISTRICT

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

2000-3 Finding (40000)

The Form J-9MH-A report for the Program to Reduce Class Size in Two Courses in Grade 9 included some classes whose average enrollment exceeded 22.4 students making those classes ineligible for funding. Based on our review ten classes (seven Math/Algebra and three English) were found to be ineligible, which represented a total of 92.68 FYEE (Full Year Enrollment Equivalents). The funding impact was \$15,292 that was claimed in excess of that allowable under the rules for reporting based on the enrollment information provided at the time of our initial audit.

Recommendation

The District should review the report and its supporting documentation and remove classes whose current average enrollment is in excess of 22.4. A revised report should be sent to the state and a liability for the forfeited funds should be accrued.

Current Status

Implemented.

