FRESNO UNIFIED SCHOOL DISTRICT
Fresno, California

FINANCIAL STATEMENTS
June 30, 2011

FRESNO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Education
Fresno Unified School District
Fresno, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Fresno Unified School District, as of and for the year ended June 30, 2011, which collectively comprise Fresno Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Fresno Unified School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011 on our consideration of Fresno Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT
(Continued)

Management's Discussion and Analysis and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and the Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Fresno Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure 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 basic financial statements of Fresno Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 17, 2011

Fresno Unified
School District
Preparing Career Ready Graduates

November 17, 2011

Board of Trustees
Fresno Unified School District
Fresno, California 93721

Dear Trustees.

I am pleased to present the financial statements for the Fresno Unified School District (the District) for the fiscal year ended June 30, 2011, with the Independent Auditors' Reports on those financial statements and the Federal and State Compliance audits. These financial statements have been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), and confirm that the District is fiscally sound as defined by the State Controller's Office, with a General Fund balance of $64,832,594

The California Education Code requires the governing board provide for an annual audit made by certified public accountants licensed by the State Board of Accountancy The licensed firm of Crowe Horwath, LLP rendered the attached auditors' reports. I believe that the data, as presented, is accurate in all material respects, that it is a fair presentation of the financial position and the results of the District's operations, and that the audit satisfies the requirements of the Education Code.

The District has prepared its financial statements since 2001 using the financial reporting requirements as prescribed by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB No. 34). GASB No 34 requires that Management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The financial statements for the year ended June 30, 2011 present the District's sound financial condition and, along with the MD&A as well as the included note disclosures, provide the reader with an understanding of the District's financial affairs.

Respectfully,

Ruth F. Quinto
Deputy Superintendent/Chief Financial Officer

Fresno Unified School District
Education Center • 2309 Tulare Street
Fresno, California 93721-2287 • (559) 457-3000

We, the management of the Fresno Unified School District (the District), offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section, and the additional information that we have furnished in our letter of transmittal at the front of this report. This discussion and analysis provides comparison between fiscal year 2010/11 and fiscal year 2009/10.

FINANCIAL HIGHLIGHTS

- The primary government has net assets in governmental activities totaling $175 million at June 30, 2011.
- Business-type activities have a net asset surplus of $17 million.
- The total net assets of the District decreased by $94 million during fiscal year 2010/11. This is mainly due to increased post retirement benefits, supplementary retirement benefit incentive, and a reduction in state revenues due to the re-appropriation of state deferrals, offset with continued construction of new capital assets as a result of Measure K bond funding.
- The total assets for the District's business-type activity for Food Services decreased by 9% mainly due to increased food costs in 2010/11.
- Fund balance of the District's governmental funds decreased by $33 million resulting in an ending fund balance of $126 million. The majority of the decrease is due to utilization of Economic Stimulus funds and continued construction of new capital assets.
- At the end of the 2010/11 fiscal year, the fund surplus in the District's Unrestricted General Fund increased by $14 million. This was mainly due to the final state adopted budget which restored the 3.85% cost of living increase (COLA).
- Governmental Accounting Standards Board (GASB) Code Section P50 108-109 (previously "GASB 45") requires an actuarial valuation of the District's retiree health benefits plan. The District is required to recognize the Annual Retirement Contribution ("ARC") on an annual basis for 30 years. The ARC of $79 million and interest cost of $6 million for 2010/11 is offset with the 2010/11 actual healthcare costs of $29 million for District retirees and covered dependents. The change of $56 million is included as an increased liability. This is the fourth year the District has recognized the liability of $172 million.
- The District's long-term obligations increased by $72 million to $494 million mainly as a result of the GASB 45 Retiree Health offset and supplementary retirement benefits with continued payments to the general obligation bond debt. In addition, the District has leveraged $29 million of Measure K bond funding to receive $41 million from the State Qualified School Construction Bonds.
- The District maintained a positive financial position for 2010/11 as reflected by Moody's credit rating of Aa3 issued in November 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis presents an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the *Statement of Net Assets* and the S*tatement of Activities.*

- The *Statement of Net Assets* presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

- The *Statement of Activities* presents information showing how the net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The *Government-wide Financial Statements* consolidate governmental and internal service activities that are supported from taxes and intergovernmental revenues and business-type activities that are intended to recover all or most of their costs from user fees and charges. The District's Government-wide Statements include the following funds:

Governmental and Internal Service Activities	Business-Type Activities
General Fund	Cafeteria Fund
Special Revenue Funds	
Capital Project Funds	
Debt Service Funds	
Internal Service Funds	

The *Government-wide Financial Statements* also include information on component units that are legally separate from the District (known as the primary government). The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate *Statement of Fiduciary Net Assets* and a *Statement of Changes in Fiduciary Net Assets*. We exclude these activities from the District's *Government-wide Financial Statements* because the District cannot use these assets to finance its operations.

Fund Financial Statements

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. *Fund Financial Statements* for the District include governmental funds and proprietary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the *Government-wide Financial Statements*. However, unlike the government-wide statements, the *Governmental Fund Financial Statements* focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains 12 different governmental funds. The major fund is the General Fund. It is presented separately in the *Fund Financial Statements* with the remaining governmental funds combined into a single aggregated presentation labeled *All Non-Major Funds*. Individual fund information for the non-major funds is presented in the Supplementary Information section.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the *Required Supplementary Information* to demonstrate compliance with the adopted budget.

The District maintains two types of proprietary funds. Enterprise funds are used to present the same functions as the business-type activities presented in the *Government-wide Financial Statements*.

The *Fund Financial Statements* of the enterprise fund provide the same information as the *Government-wide Financial Statements* only in more detail. The internal service fund is used to accumulate and allocate costs internally among the governmental functions.

The enterprise fund is the Cafeteria Fund. Individual internal service fund information is presented in the *Fund Financial Statements* as the Statement of Fund Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and Statement of Cash Flows – Proprietary Fund. These statements consolidate the District's internal service funds including the Property and Liability Fund, Workers' Compensation Fund, Health Fund, and the Defined Benefits Fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

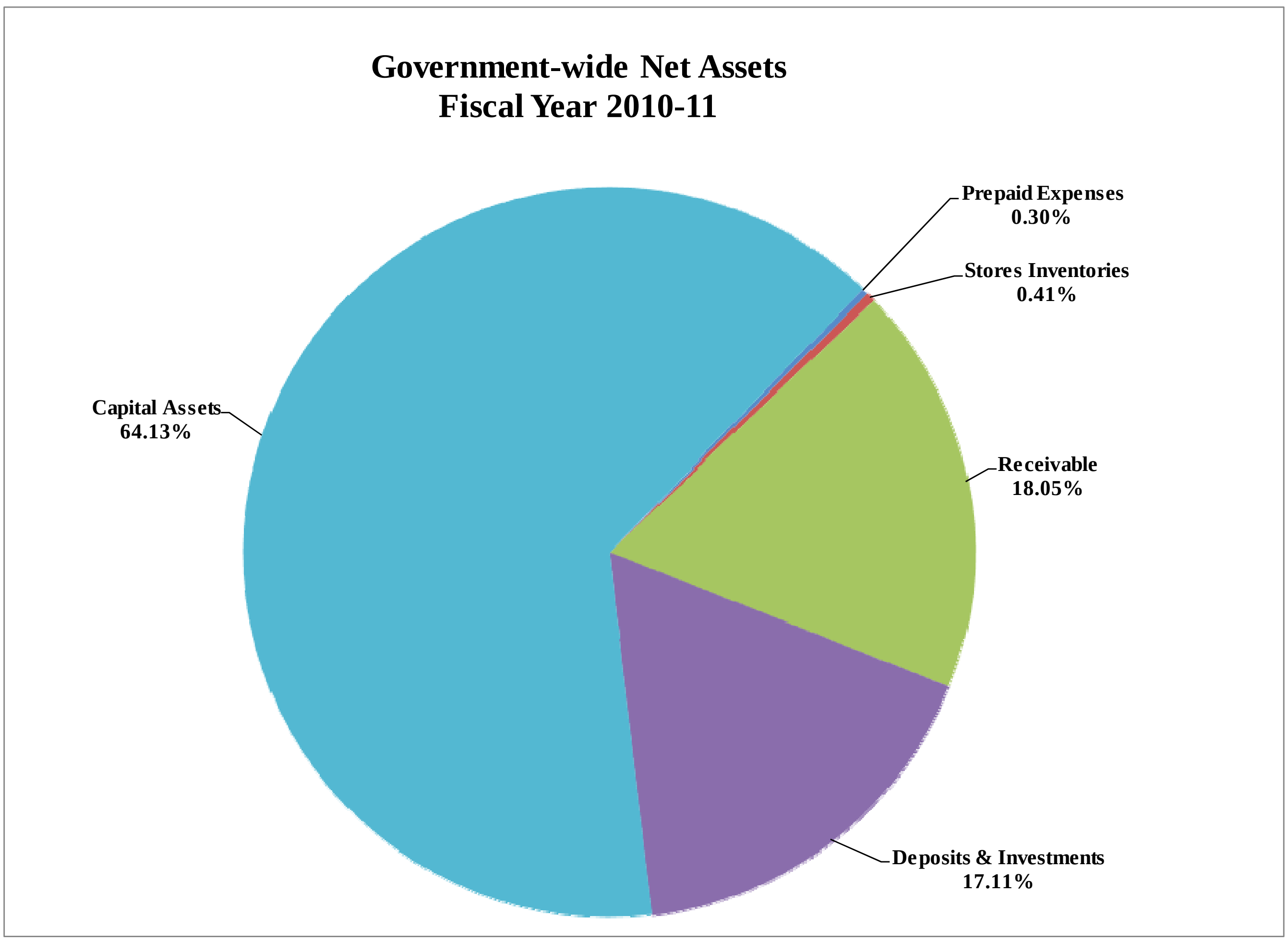
Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		
	2011	2010	2011	2010	2011	2010	Change
Current and other assets	$282,700,662	$347,632,822	$14,322,350	$15,941,428	$297,023,012	$363,574,250	-18.30%
Capital assets	528,332,556	489,628,014	2,703,135	2,734,010	531,035,691	492,362,024	7.85%
Total Assets	811,033,218	837,260,836	17,025,485	18,675,438	828,058,703	855,936,274	-3.26%
Current liabilities	141,955,981	147,785,965	405,823	787,397	142,361,804	148,573,362	-4.18%
Long-term liabilities	493,729,834	421,465,019			493,729,834	421,465,019	17.15%
Total Liabilities	635,685,815	569,250,984	405,823	787,397	636,091,638	570,038,381	11.59%
Net assets invested in capital assets, net of related debt	256,235,950	196,264,019	2,703,135	2,734,010	258,939,085	198,998,029	30.12%
Restricted	89,271,734	161,958,240	13,916,527	15,154,031	103,188,261	177,112,271	-41.74%
Unrestricted	(170,160,281)	(90,212,407)	-	-	(170,160,281)	(90,212,407)	88.62%
Total Net Assets	$175,347,403	$268,009,852	$16,619,662	$17,888,041	$191,967,065	$285,897,893	-32.85%



Government-wide Net Assets

The assets of the District are classified as follows: cash, receivables, due from (to) other funds, prepaid expenses, stores inventory, and non-depreciable and depreciable capital assets. Current and other assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of state revenue limit and property tax resources.

Capital assets are used in the operations of the District. These assets include land, land improvements, buildings, equipment and work-in-process.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, deferred revenue and self-insurance claims liabilities. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that became available during the 2010/11 fiscal year. Long-term liabilities such as general obligation bonds, Certificates of Participation (COPs), capitalized lease obligations, Quality Zone Academy Bonds (QZAB), Public Agency Retirement System (PARS) and compensated absences will be liquidated from resources that will become available after the 2010/11 fiscal year.

The assets of the primary government activities exceed liabilities by $175 million. Total net assets of the primary government do not include internal balances. Internal balances are interfund payables and receivables within the governmental activities. The amounts reported in the accounts are eliminated to avoid the "gross up" effect on the assets and liabilities.

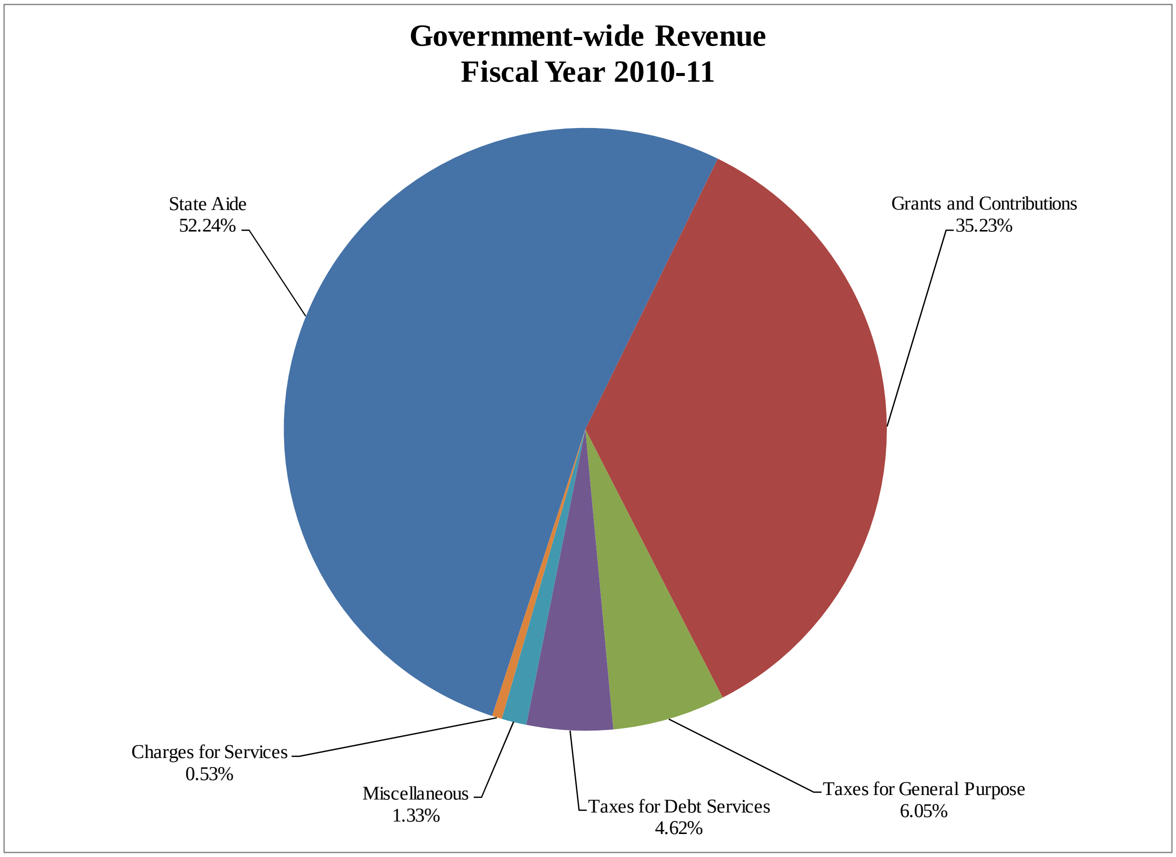
A net investment of $528 million in land, land improvements, buildings, equipment and work-in-process to provide the services to the District's 72,001 public school students represents 65% of the District's total assets. The table and chart above summarizes the District's government-wide net assets.

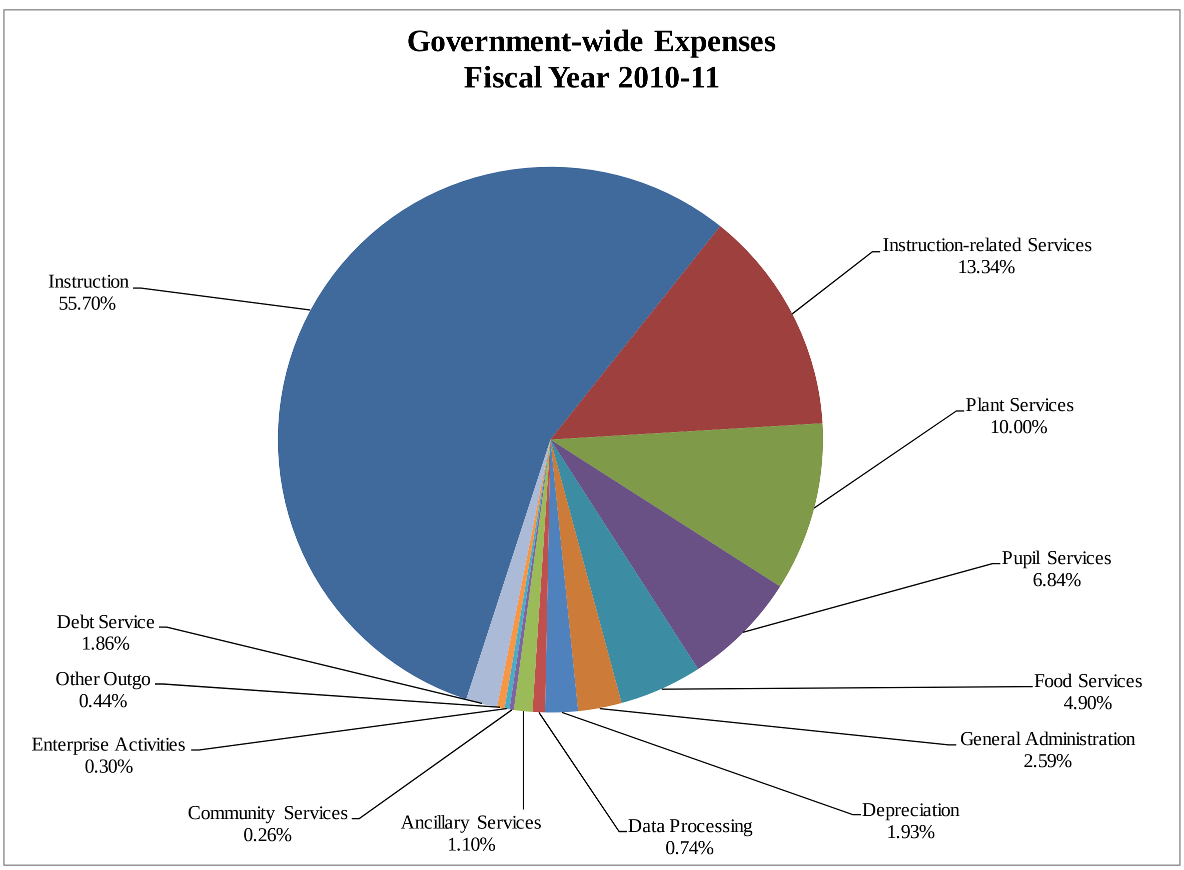
The District's Business-type activity increased net assets by $1.3 million. The Business-type activity accounts for 9% of the District's net assets. Key elements that highlight the activities in 2010/11 fiscal year are as follows:

- The Cafeteria Fund provided over 22,000 breakfasts and 55,000 lunches and 7,500 snacks a day during the fiscal year and 15.3 million meals annually which is the same number of meals annually as the prior year.
- Fresno Unified had an 82% student population qualify for free or reduced price meals. Meals are served at 105 locations, utilizing 420 full and part-time employees. The meals served have remained constant enabling the program to operate on the federal and state reimbursement.
- 84 of the District's schools qualify for Provision 2 status due to the poverty level at these schools (no change from the prior year). This allows Food Services to provide meals to all enrolled students free of charge at these sites.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total School District		
	2011	2010	2011	2010	2011	2010	Change
Program Revenues							
Charges for Services	$2,889,652	$2,949,602	$1,039,701	$1,192,259	$3,929,353	$4,141,861	-5.13%
Operating Grants & Contributions	212,372,068	223,113,926	34,438,812	34,346,267	246,810,880	257,460,193	-4.14%
Capital Grants and Contributions	15,358,622	6,918,131			15,358,622	6,918,131	122.01%
General Revenues							
Taxes and Subventions	79,382,815	78,356,303			79,382,815	78,356,303	1.31%
Federal and State Aid, Unrestricted	388,770,151	368,734,013			388,770,151	368,734,013	5.43%
Interagency Revenues		(75,491)		75,491			100.00%
Interest and Investment Earnings	2,259,555	3,038,762			2,259,555	3,038,762	-25.64%
Other General Revenues	7,646,452	21,284,172			7,646,452	21,284,172	-64.07%
Total Revenues	708,679,315	704,319,418	35,478,513	35,614,017	744,157,828	739,933,435	0.57%
Expenses							
Instructional Related	578,677,520	549,721,607			578,677,520	549,721,607	5.27%
Student Support Services	63,744,178	58,344,785			63,744,178	58,344,785	9.25%
General Administrative	26,469,562	31,607,842			26,469,562	31,607,842	-16.26%
Maintenance and Operations	83,510,626	78,205,669			83,510,626	78,205,669	6.78%
Depreciation	16,165,741	16,331,184			16,165,741	16,331,184	-1.01%
Other	32,774,137	24,962,819			32,774,137	24,962,819	31.29%
Enterprise Activities			36,746,892	34,991,264	36,746,892	34,991,264	5.02%
Total Expenses	801,341,764	759,173,906	36,746,892	34,991,264	838,088,656	794,165,170	5.53%
Change in Net Assets	$(92,662,449)	$(54,854,488)	$(1,268,379)	$622,753	$(93,930,828)	$(54,231,735)	73.2%


Government-wide Revenue
Fiscal Year 2010-11
State Aide
52.24%
Grants and Contributions
35.23%
Charges for Services
0.53%
Miscellaneous
1.33%
Taxes for Debt Services
4.62%
Taxes for General Purpose
6.05%


Government-wide Expenses
Fiscal Year 2010-11
Instruction
55.70%
Instruction-related Services
13.34%
Plant Services
10.00%
Pupil Services
6.84%
Food Services
4.90%
General Administration
2.59%
Depreciation
1.93%
Data Processing
0.74%
Ancillary Services
1.10%
Community Services
0.26%
Enterprise Activities
0.30%
Other Outgo
0.44%
Debt Service
1.86%

Governmental activities – Capital Project Funds for the District provide the same type of information presented in the government-wide financial statements, but in greater detail. The following highlights significant activity in the District's capital project funds for fiscal year 2010/11.

- The Capital Project Funds spent $45.5 million on projects (Measure K - $30.1 million, Measure A - $10.6 million, Measure Q - $4.6 million and Developer Fees - $0.2 million).

- The Building Fund's major projects and activities included the following:
  - Modernization Projects included the following sites totaling $27.3 million
    - Eaton $2.8 million
    - Rowell $2.7 million
    - Bullard High $2.5 million
    - Tehipite $2.3 million
    - Forkner $2.3 million
    - McCardle $1.4 million
    - Slater $1.2 million
    - Kratt $1.1 million
    - Tioga $1.1 million
    - Malloch $0.9 million
    - Robinson $0.9 million
    - Starr $0.8 million
    - 50 other sites totaling $7.3 million

  - Construction and Maintenance major projects and activities included the following totaling $ 18.0 million
    New elementary school, Bullard High pool and track, Site M, new construction, library media centers, and portables at sites across the District.

  - Developer Fees projects support portable buildings totaling $ 0.2 million

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The General Fund is the chief operating fund of the District. Student enrollment decreased by 854 students during the fiscal year. The average daily funded attendance for fiscal year 2010/11 decreased 340 from the 2009/10 fiscal year. This decrease amounts to approximately $1.8 million.

The Bond Interest and Redemption Fund has adequate resources accumulated to make the principal and interest payments.

General Fund Budgetary Highlights

The General Fund budget is composed of the unrestricted and restricted fund budgets. Restricted funds are grants or entitlements that have specified rules on how the funds can be spent. Unrestricted funds may be used as determined by the Board. Education Code 41011 requires unified districts to spend at least 55% towards classroom compensation. In 2010/11, Fresno Unified spent 58.99% towards classroom compensation.

Over the course of the year, the District revised the annual operating budget six times. These budget amendments are authorized per Education Code 42601 and fall into the following categories:

- Changes made to recognize revenue anticipated/received from sources outside the District
- Changes made to recognize expenses

The District was required to presented year-end projections at two different intervals (December and March).

The District as a general rule requires restricted budgets to stay within their State and/or Federal allocation. The major exceptions include Community Day, Restricted Routine Maintenance, Special Education and Transportation; for these programs, in addition to the State and/or Federal allocation, the District contributes Unrestricted General Fund resources.

The adopted unrestricted ending balance at year end for the 2010/11 budget was $18.1 million. The actual ending balance was $57.4 million. The difference of $39.3 million is mainly due to the following:

- Revenue limit increases from adopted budget due to the final state adopted budget restored the 3.85% Cost of Living Increase (COLA) proposed Revenue Limit cut reduction of offsetting - $18.4 million
- State Revenue recognized one time mandated cost revenue, revenue limit offsets, and other state revenue due to COLA adjustments- $5.2 million
- The Beginning Fund balance for 2010/11 was higher than estimated in the budget. This was mainly due to contributions savings and maximization of Stabilization Funds -$4.3 million
- Utilization of Economic Stimulus Funds to support deferred maintenance projects, school library allocations, and expenses from the School Library Grant - $3.2 million.
- Expenditures were higher than anticipated due to utilities, non capital projects and recognition of indirect costs - $3.0 million
- Contributions to Special Education and Transportation decreased due reduced expenditures - $2.4 million
- Bargaining Agreement approved an additional furlough day for the Fresno Teachers Association savings in teacher expenditures - $1.5 million
- Class Size Reduction recognized additional revenue - $1.3 million.

Capital Assets and Long-Term Liabilities

Governmental Activities, Capital Assets	**2011**	**2010**	**$ Change**	**% Change**
Land	$ 46,092,417	$ 46,092,417		0.00%
Work-in-process	81,537,719	63,297,695	$ 18,240,024	28.82%
Land improvements	47,101,118	43,749,711	3,351,407	7.66%
Buildings	581,632,188	553,640,551	27,991,637	5.06%
Equipment	33,216,844	27,929,629	5,287,215	18.93%
Capital Assets, cost	789,580,286	734,710,003	54,870,283	7.47%
Accumulated Depreciation	(261,247,730)	(245,081,989)	(16,165,741)	6.60%
Governmental Activities Capital Assets, net	$ 528,332,556	$ 489,628,014	$ 38,704,542	7.90%
Business-Type Activities, Capital Assets				
Equipment	$ 7,033,219	$ 6,679,829	$ 353,390	5.29%
Accumulated Depreciation	(4,330,084)	(3,945,819)	(384,265)	9.74%
Business-Type Activities Capital Assets, net	$ 2,703,135	$ 2,734,010	$ (30,875)	(1.13%)

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2011 was $528 million (net of accumulated depreciation).

Capital assets include land, land improvements, buildings, equipment, and work-in- progress. Capital assets experienced relatively no change in the business-type activities. Capital assets continued to grow in the governmental activities as District-wide construction continued as a result of Measure "K" bond funding and Quality School Construction Bonds.

Summary of Long-Term Liabilities

	2011	2010	$ Change	% Change
General Obligation Bonds	$ 264,322,124	$ 275,217,764	$ (10,895,640)	-3.96%
Accreted Interest	3,884,923	3,438,967	445,956	12.97%
Certificates of Participation	8,525,000	21,185,000	(12,660,000)	-59.76%
Capitalized Lease Obligations	-	114,906	(114,906)	-100.00%
Quality Zone Academy Bonds	2,063,283	2,909,793	(846,510)	-29.09%
Unamortized Premium	749,902	-	749,902	N/A
Other Postemployment Benefits	172,467,081	116,374,627	56,092,454	48.20%
PARS	38,883,962	-	38,883,962	N/A
Compensated Absences	2,833,559	2,223,962	609,597	27.41%
Total Long-Term Liabilities	$ 493,729,834	$ 421,465,019	$ 72,264,815	17.15%

At June 30, 2011, the District had total bonded debt outstanding of $264 million backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for certificates of participation and Quality Zone Academy Bonds in the amount of $10.6 million still outstanding at the end of the 2010/11 fiscal year.

- Total long-term debt for the District increased $72.3 million during the 2010/11 fiscal year due mainly to the recognition of GASB 45 Retiree Health of $56.1 million and the offering of the Supplemental Retirement Incentive (PARS) for 629 employees of $38.9 million. In addition, the District continues to reduce its long-term debt on General Obligation Bonds and Certificates of Participation. In 2010/11, the district completed payments to the capital leases and refinanced Measure K Series D.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was $165 million less than the maximum amount.

Economic Factors and Budgets and Rates for 2011/12

The annual process to develop the District's budget begins in January, following the Governor's proposed State budget. Since most of the District's revenue comes from the State, the District carefully derives assumptions from the Governor's priorities and calculates funding levels based upon enrollment projections. The 2011/12 Proposed Budget includes recommendations that continue to balance the Board of Education's investment in educational programs for students, employee compensation, and fiscal responsibility through a healthy financial reserve.

On June 1, 2011, the Board approved an Adopted Budget for fiscal year 2011/12. The Adopted Budget included a 4.9% unrestricted reserve.

- The major Federal assumptions are the Educational Jobs Funds and the Economic Stimulus Funds.
    - The Educational Jobs Funds awarded $13.1 million and will be used to support the first two year's payments for the retirement incentive. There are five annual payments.

- The major State assumption are:
    - Statutory cost-of-living adjustment of 2.24% and continued funding deficit of 19.754% and assuming an ongoing loss of $675 per ADA. Although the state suggests districts recognize flat funding, this depended on tax extensions which were not approved
    - An ongoing reduction of 3.85% to the Revenue Limit (replaces one-time reduction from 2009/10)
    - Elimination of the Special Education Special Disability Adjustment funds
    - Continuation of the Tier III flexibility through 2014/15
    - Continuation of K-3 class size reduction flexibility through 2013/14

- The Local assumptions are as follows:
- The District is projected to be funded on current year ADA.
- Targeted improvement actions at school site level is supported by categorical funds of $28.8 million
    - The Elementary School Aligned Instructional System: Instructional coaches, noontime assistant support, support for magnet programs, administrative support
    - The Middle School Aligned Instructional System: Transition teachers, categorical learning coordinators, instructional coaches, ELA/Math intervention teachers, support for magnet programs, campus culture personnel, counselors
    - The High School Aligned Instructional System: Teachers for 9th grade class size reduction English and Math, counselors, instructional coaches, corrective reading/intervention, ELA/Math intervention teachers, activity and athletic directors, administrative support, support for magnet programs, sophomore online learning, police officers
- Reduction in K-3 Class Size revenue due to change in class sizes in grades K-1 to 26 and grades 2-3 to 30
- Reductions in the central office total $8 million with the majority taken from Plant Maintenance and Operations, Technology Services, Special Education, Secondary Education, Research, Evaluation and Assessment, Transportation, Prevention and Intervention
- Reductions in administration including Vice Principals, Guidance Learning Advisors
- Reduction in teachers on special assignment
- Projected savings of $5.8 from the retirement incentive
- Ongoing support of instructional and teacher supplies increased allocation provided in 2007/08 of $1.1 million through prioritization of categorical funds

- Benefit Rates
  - Maintain the Health rate in accordance with the current employee bargaining agreements
  - Workers' Compensation decreased from the 2007/08 levels and the Liability Insurance rates at 67% in 2010/11 and continues in 2011/12
  - The Unemployment rate for all school districts and the local unemployment experience charge rate is project to increase 162%. However, there is no impact to the ending balance since the increased is covered by a corresponding increase in the revenue limit.
  - The Liability rate will remain at the same level as in 2010/11, which has remained the same since fiscal year 2007/08.
- Subsequent Events to the Adopted 2011/12 Budget
  - The state approved a budget that included guidance for a temporary flat funding model. This resulted in an increase to the revenue limit of $45 million with a possible mid-year reduction equating up to $22 million.

Post Employment Medical Benefits

The District provides post employment medical benefits to all District employees (employed before July 1, 2005) and their dependents with a minimum of 16 years of service and employees at least 57½ years old. For employees hired on or after July 1, 2005, the District provides five years of post employment medical benefits to District employees and their dependents with a minimum of 25 years of service and employees at least 60 years old. Governmental Accounting Standards Board statement 43 and Governmental Accounting Standards Board statement 45 are new governmental accounting standards that direct how state and local governments will account for these benefits.

The District's most recent actuarial study calculated the total gross liability for post employment benefits to be $981 million in November 2010. The last actuarial completed in September 2007 totaled $758 million. The District is pursuing the establishment of an irrevocable trust imminently. The benefits of pre-funding into an irrevocable retiree trust are numerous including a reduced actuarial liability most likely in the range of $790 million.

Ending Fund Balance Classification

Governmental Accounting Standards Board statement 54 (GASB 54) was implemented with the 2010/11 year end financial statements. GASB 54 reclassifies the categories that describe the components of the ending fund balance. These changes are intended to enhance how fund balance information is reported. This does not change the amount of the fund balance.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the District's Office of Administrative Services at (559) 457-6226.

BASIC FINANCIAL STATEMENTS

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 131,050,199	$ 10,589,513	$ 141,639,712
Receivables	144,252,064	5,234,697	149,486,761
Due from (to) other funds (Note 3)	2,576,373	(2,576,373)	
Prepaid expenses	2,468,511		2,468,511
Stores inventory	2,353,515	1,074,513	3,428,028
Non-depreciable capital assets (Note 4)	127,630,136		127,630,136
Depreciable capital assets, net of accumulated depreciation (Note 4)	400,702,420	2,703,135	403,405,555
Total assets	811,033,218	17,025,485	828,058,703
LIABILITIES			
Accounts payable and other current liabilities	73,853,080	405,823	74,258,903
Deferred revenue	20,352,446		20,352,446
Self-insurance claims liability (Note 5)	47,750,455		47,750,455
Long-term liabilities (Note 6):			
Due within one year	33,048,950		33,048,950
Due after one year	460,680,884		460,680,884
Total liabilities	635,685,815	405,823	636,091,638
NET ASSETS			
Invested in capital assets, net of related debt	256,235,950	2,703,135	258,939,085
Restricted (Note 7)	89,271,734	13,916,527	103,188,261
Unrestricted	(170,160,281)		(170,160,281)
Total net assets	$ 175,347,403	$ 16,619,662	$ 191,967,065

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	$ 466,849,485	$ 1,109,774	$ 115,391,651	$ 15,358,622	$ (334,989,438)		$ (334,989,438)
Instruction-related services:							
Supervision of instruction	55,285,815	167,520	41,056,195		(14,062,100)		(14,062,100)
Instructional library, media and technology	13,340,076		6,422,213		(6,917,863)		(6,917,863)
School site administration	43,202,144	64,440	1,169,605		(41,968,099)		(41,968,099)
Pupil services:							
Home-to-school transportation	14,843,730	621,354	11,550,934		(2,671,442)		(2,671,442)
Food services	6,379,954	7	980,071		(5,399,876)		(5,399,876)
All other pupil services	42,520,494	467,806	21,369,453		(20,683,235)		(20,683,235)
General administration:							
Data processing	6,233,203	2,555	3,148		(6,227,500)		(6,227,500)
All other general administration	20,236,359	63,920	7,589,460		(12,582,979)		(12,582,979)
Plant services	83,510,626	389,225	766,066		(82,355,335)		(82,355,335)
Ancillary services	9,188,691		4,350,614		(4,838,077)		(4,838,077)
Community services	2,145,656	2,709	659,887		(1,483,060)		(1,483,060)
Enterprise activities	2,165,836		5,465		(2,160,371)		(2,160,371)
Interest on long-term liabilities	15,552,817				(15,552,817)		(15,552,817)
Other outgo	3,721,137	342	1,057,306		(2,663,489)		(2,663,489)
Depreciation (unallocated) (Note 4)	16,165,741				(16,165,741)		(16,165,741)
Business-type activities (Note 4):							
Food services	34,311,988	981,692	32,517,313			$ (812,983)	(812,983)
All other general administration	1,479,045	41,847	1,386,145			(51,053)	(51,053)
Plant services	258,624	7,317	242,380			(8,927)	(8,927)
Enterprise services	312,610	8,845	292,974			(10,791)	(10,791)
Depreciation	384,625					(384,625)	(384,625)
Total governmental and business-type activities	$ 838,088,656	$ 3,929,353	$ 246,810,880	$ 15,358,622	(570,721,422)	(1,268,379)	(571,989,801)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					45,014,470		45,014,470
Taxes levied for debt service					34,368,345		34,368,345
Taxes levied for other specific purpose					1,041,843		1,041,843
Federal and state aid not restricted to specific purposes					388,770,151		388,770,151
Interest and investment earnings					2,259,555		2,259,555
Miscellaneous					6,604,609		6,604,609
Total general revenues					478,058,973		478,058,973
Change in net assets					(92,662,449)	(1,268,379)	(93,930,828)
Net assets, July 1, 2010					268,009,852	17,888,041	285,897,893
Net assets, June 30, 2011					$ 175,347,403	$ 16,619,662	$ 191,967,065

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

FRESNO UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	All Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and investments:			
Cash in County Treasury	$ 11,309,476	$ 46,365,258	$ 57,674,734
Cash awaiting deposit		5,266	5,266
Cash in revolving fund	85,403		85,403
Cash on hand and in banks	277,892	5,000	282,892
Cash with Fiscal Agent		7,448,626	7,448,626
Receivables	142,309,627	1,707,575	144,017,202
Prepaid expenditures	48,589		48,589
Due from other funds	10,032,276	34,670,048	44,702,324
Stores inventory	2,264,417	89,098	2,353,515
Total assets	$ 166,327,680	$ 90,290,871	$ 256,618,551
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 49,146,082	$ 6,298,762	$ 55,444,844
Deferred revenue	19,745,070	607,376	20,352,446
Due to other funds	32,603,934	22,430,061	55,033,995
Total liabilities	101,495,086	29,336,199	130,831,285
Fund balances:			
Nonspendable	2,398,409	89,098	2,487,507
Restricted	7,459,706	60,865,574	68,325,280
Assigned	1,000,599		1,000,599
Unassigned	53,973,880		53,973,880
Total fund balances	64,832,594	60,954,672	125,787,266
Total liabilities and fund balances	$ 166,327,680	$ 90,290,871	$ 256,618,551

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

FRESNO UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances - Governmental Funds		$ 125,787,266
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $789,580,286 and the accumulated depreciation is $261,247,730 (Note 4).		528,332,556
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2011 consisted of (Note 6):		
General Obligation Bonds	$ (264,322,124)	
Unamortized premiums	(749,902)	
Accreted interest	(3,884,923)	
Certificates of Participation	(8,525,000)	
Qualified Zone Academy Bonds (QZAB's)	(2,063,283)	
Public Agency Retirement System (PARS)	(38,883,962)	
Other postemployment benefits (Note 9)	(172,467,081)	
Compensated absences	(2,833,559)	
		(493,729,834)
Internal service funds are included in the government-wide financial statements.		24,647,507
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt.		1,260,066
Unmatured interest on long-term liabilities is recognized in the period incurred.		(10,950,158)
Total net assets - governmental activities		$ 175,347,403

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	General Fund	All Non-Major Funds	Total Governmental Funds
Revenues:			
Revenue limit sources:			
State apportionment	$ 316,672,788		$ 316,672,788
Local sources	42,848,666		42,848,666
Total revenue limit	359,521,454		359,521,454
Federal sources	106,755,833	$ 1,897,295	108,653,128
Other state sources	160,603,401	24,078,533	184,681,934
Other local sources	17,811,633	38,011,164	55,822,797
Total revenues	644,692,321	63,986,992	708,679,313
Expenditures:			
Certificated salaries	313,371,514	6,868,653	320,240,167
Classified salaries	92,537,731	3,735,101	96,272,832
Employee benefits	139,827,454	3,595,227	143,422,681
Books and supplies	29,212,678	1,774,997	30,987,675
Contract services and operating expenditures	52,884,014	11,430,873	64,314,887
Capital outlay	5,385,398	39,340,123	44,725,521
Other outgo	2,461,231		2,461,231
Debt service:			
Principal retirement	871,511	35,685,545	36,557,056
Interest		15,536,293	15,536,293
Total expenditures	636,551,531	117,966,812	754,518,343
Excess (deficiency) of revenues over (under) expenditures	8,140,790	(53,979,820)	(45,839,030)
Other financing sources (uses):			
Operating transfers in	5,243,713	55,861,389	61,105,102
Operating transfers out	(10,463,522)	(49,162,535)	(59,626,057)
Proceeds from sale of bonds		12,040,000	12,040,000
Other financing sources		789,371	789,371
Other financing uses		(1,235,405)	(1,235,405)
Total other financing sources (uses)	(5,219,809)	18,292,820	13,073,011
Net change in fund balances	2,920,981	(35,687,000)	(32,766,019)
Fund balances, July 1, 2010	61,911,613	96,641,672	158,553,285
Fund balances, June 30, 2011	$ 64,832,594	$ 60,954,672	$ 125,787,266

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

FRESNO UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Net change in fund balances - Total Governmental Funds		$ (32,766,019)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 54,870,283	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(16,165,741)	
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 6).	(12,040,000)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 6).	36,557,056	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 6).	(749,902)	
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(445,956)	
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	143,187	
Activities of the internal service fund are reported with governmental activities.	(26,543,525)	
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt.	64,181	
In governmental funds, other postemployment benefits are recognized when employers contributions are made. In the government-wide statements, other post-employment benefits are recognized on the accrual basis (Notes 6 and 9).	(56,092,454)	

(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
(Continued)
For the Year Ended June 30, 2011

In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the government-wide statements, public agency retirement system incentives are measured on the accrual basis (Note 6).	$ (38,883,962)	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(609,597)	$ (59,896,430)
Change in net assets of governmental activities		$ (92,662,449)

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES

June 30, 2011

ASSETS	
Cash and investments:	
Cash in County Treasury	$ 63,553,278
Cash on hand and in banks	2,000,000
Receivables	234,862
Due from other funds	13,150,709
Prepaid expenditures	1,159,856
Total assets	80,098,705
LIABILITIES	
Current liabilities:	
Accounts payable	7,458,078
Due to other funds	242,665
Total current liabilities	7,700,743
Self insurance claims liability	47,750,455
Total liabilities	55,451,198
NET ASSETS	
Restricted	$ 24,647,507

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES

For the Year Ended June 30, 2011

Operating revenues:	
Self-insurance premiums	$115,046,716
Operating expenses:	
Certificated salaries	101,882
Classified salaries	1,063,303
Employee benefits	503,292
Books and supplies	24,760
Contract services	141,371,085
Total operating expenses	143,064,322
Operating loss	(28,017,606)
Non-operating revenue:	
Interest income	1,474,081
Change in net assets	(26,543,525)
Total net assets, July 1, 2010	51,191,032
Total net assets, June 30, 2011	$ 24,647,507

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 110,952,549
Cash received from user charges	3,774,220
Cash paid for employee benefits	(144,366,262)
Cash paid for salaries	(1,668,477)
Cash paid for other expenses	(24,760)
Net cash used in operating activities	(31,332,730)
Cash flows provided by investing activities:	
Interest income received	1,848,957
Decrease in cash and investments	(29,483,773)
Cash and investments, July 1, 2010	95,037,051
Cash and investments, June 30, 2011	$ 65,553,278
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (28,017,606)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in:	
Amount due from other funds	(319,947)
Prepaid expenditures	(442,104)
(Decrease) increase in:	
Accounts payable	(2,386,457)
Amount due to other funds	43,388
Unpaid claims and claim adjustment expenses	(210,004)
Total adjustments	(3,315,124)
Net cash used in operating activities	$ (31,332,730)

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

CAFETERIA FUND - BUSINESS-TYPE ACTIVITIES

June 30, 2011

ASSETS	
Current assets:	
Cash and investments:	
Cash in County Treasury	$ 1,709,792
Cash on hand and in banks	8,879,721
Receivables	5,234,697
Stores inventory	1,074,513
Due from other funds	70,997
Total current assets	16,969,720
Capital assets	7,033,219
Less accumulated depreciation	(4,330,084)
Total assets	19,672,855
LIABILITIES	
Current liabilities:	
Accounts payable	405,823
Due to other funds	2,647,370
Total liabilities	3,053,193
NET ASSETS	
Invested in capital assets	2,703,135
Restricted	13,916,527
Total net assets	$ 16,619,662

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

CAFETERIA FUND - BUSINESS-TYPE ACTIVITIES

For the Year Ended June 30, 2011

Operating revenues:	
Federal revenues	$ 31,098,388
Other state revenues	2,630,559
Other local revenues	1,274,815
Total operating revenues	35,003,762
Operating expenses:	
Classified salaries	10,469,397
Employee benefits	6,250,611
Books and supplies	15,449,725
Contract services	2,713,849
Depreciation	384,265
Total operating expenses	35,267,847
Operating loss	(264,085)
Non-operating revenue (expense):	
Interest income	474,751
Interfund transfer out	(1,479,045)
Total non-operating revenue (expense)	(1,004,294)
Change in net assets	(1,268,379)
Total net assets, July 1, 2010	17,888,041
Total net assets, June 30, 2011	$ 16,619,662

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

CAFETERIA FUND - BUSINESS-TYPE ACTIVITIES

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from food sales	$ 1,274,815
Cash received from Child Nutrition Programs	33,934,308
Cash paid for operating expenses	(36,165,830)
Net cash used in operating activities	(956,707)
Cash flows used in capital and financing activities:	
Purchase of capital assets	(353,390)
Operating transfers out	(1,479,045)
Net cash used in capital and financing activities	(1,832,435)
Cash flows provided by investing activities:	
Interest income received	473,034
Decrease in cash and investments	(2,316,108)
Cash and investments, July 1, 2010	12,905,621
Cash and investments, June 30, 2011	$ 10,589,513
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (264,085)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	384,265
Decrease (increase) in:	
Receivables	88,163
Amount due from other funds	117,198
Inventory	(458,150)
Decrease in:	
Accounts payable	(381,574)
Amount due to other funds	(442,524)
Total adjustments	(692,622)
Net cash used in operating activities	$ (956,707)

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

FRESNO UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2011

ASSETS	
Cash on hand and in banks (Note 2)	$ 2,009,460
Stores inventory	32,595
Total assets	$ 2,042,055
LIABILITIES	
Due to student groups	$ 2,042,055

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fresno Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the Fresno Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities.

In 1978 certain members of the District's Board of Education and District employees formed a nonprofit benefit corporation, known as Fresno Unified School District Financing Corporation ("Corporation"), which is organized under Nonprofit Benefit Corporation Law of the State of California. The purpose of the Corporation is to finance the acquisition and construction of school facilities. The Corporation issued Certificates of Participation (COPs), a form of long-term liabilities, which the District used to finance construction of school facilities.

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of GASB Codification Section (Cod. Sec.) 2100.101, for inclusion of the Corporation as a component unit of the District. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental organization's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the depended unit should be reported as a part of the other.

Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Accordingly, for the year ended June 30, 2011, the financial activities of the Corporation have been blended into the financial statements of the District. The Corporation's financial activities are presented in the COP Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Financial Statements

The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Cod. Sec. N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities are considered indirect expenses and are reported separately on the Statement of Activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - 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 equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories which, in aggregate, include seven fund types:

A - Governmental Fund Types

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2 - Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development and Deferred Maintenance Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This classification includes the Building, Capital Facilities, State School Building, County School Facilities and Special Reserve for Capital Outlay Funds.

4 - Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest and related costs. This classification includes the Bond Interest and Redemption, Tax Override and COP Debt Service Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Funds

1 - Self-Insurance Fund:

The Self-Insurance Fund is an internal service fund which is used to account for the District's property and liability claims, workers' compensation claims, and health benefits to current and retired employees, including medical, vision, dental and long-term sick leave.

2 - Cafeteria Fund:

The Cafeteria Fund is an enterprise fund which is used to account for the District's food services.

C - Fiduciary Fund Type

1 - Student Body Fund:

The Student Body Fund is a Fiduciary Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

Basis of Accounting

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

The District's Cafeteria Fund has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The District has elected to not apply FASB pronouncements issued after that date.

Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting

By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Stores Inventory

Stores inventory in the General, Adult Education and Cafeteria Funds consists mainly of consumable supplies and instructional materials held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools and offices.

Cafeteria Food Purchases

The Cafeteria Fund statement of revenues, expenses and change in fund net assets reflects supplies expense of $15,449,725. Included in this amount is a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Account to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus food commodities.

Capital Assets

Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 2 - 50 years depending on asset types.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences

Compensated absences benefits are recorded as a liability of the District. The liability of $2,833,559 is for the earned but unused benefits.

Accumulated Sick Leave

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Deferred Revenue

Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as deferred revenue until earned.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenditures and stores inventory reflect the portion of net assets represented by revolving fund cash, prepaid expenditures and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restrictions for special revenues and capital projects represent the portions of net assets restricted for special revenues and capital projects, respectively. The restriction for debt service represents the amount the District plans to expend in the ensuing fiscal year on debt service. The restriction for self-insurance represents the amount restricted to pay self-insured claims. The restriction for food service operations represents the portion of net assets restricted for food service operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2011, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances, however, at June 30, 2011, no such designation has occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued)

E - Unassigned Fund Balance: (Continued)

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2011, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Fresno bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances

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

Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

2. CASH AND INVESTMENTS

Cash at June 30, 2011 consisted of the following:

	Governmental Activities				
	Governmental Funds	Proprietary Fund	Total	Business-Type Activities	Fiduciary Activities
Pooled Funds:					
Cash in County Treasury	$ 57,674,734	$ 63,553,278	$ 121,228,012	$ 1,709,792	
Cash awaiting deposit	5,266		5,266		
Total pooled funds	57,680,000	63,553,278	121,233,278	1,709,792	
Deposits:					
Cash on hand and in banks	282,892	2,000,000	2,282,892	8,879,721	$ 2,009,460
Cash in revolving fund	85,403		85,403		
Total deposits	368,295	2,000,000	2,368,295	8,879,721	2,009,460
Cash with Fiscal Agent	7,448,626		7,448,626		
Total cash and cash equivalents	$ 65,496,921	$ 65,553,278	$ 131,050,199	$ 10,589,513	$ 2,009,460

Pooled Funds

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

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Fresno County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2011, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

2. CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to $250,000 and noninterest-bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2011, the carrying amount of the District's accounts was $13,259,476 and the bank balance was $12,259,094. $2,511,959 of the bank balance was FDIC insured and $9,747,135 remained uninsured.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2011, the District had no concentration of credit risk.

Cash with Fiscal Agent

Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for repayment of General Obligation Bonds and other long-term liabilities.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers, except for the Cafeteria Fund activity which is recorded as income and expenditures of the Cafeteria Fund and the General Fund, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

3. INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Activities		
Major Fund:		
General	$ 10,032,276	$ 32,603,934
Non-Major Funds:		
Adult Education	1,579,845	925,515
Child Development	254,458	1,273,938
Deferred Maintenance	4,359,091	1,066,811
Building		183,252
Capital Facilities	6,416,640	
County School Facilities	8,197,824	4,085,474
Special Reserve for Capital Outlay	12,737,701	9,276,076
Tax Override	1,105,494	5,618,995
COP Debt Service	18,995	
Proprietary Fund:		
Self-Insurance	13,150,709	242,665
Business-Type Activities		
Cafeteria Fund	70,997	2,647,370
Totals	$ 57,924,030	$ 57,924,030

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2010-11 fiscal year were as follows:

Transfer from the Building Fund to the Bond Interest and Redemption Fund to transfer proceeds from issuance of debt for the refinancing of the debt.	$ 12,643,513
Transfer from the Tax Override Fund to the COP Debt Service Fund for COP payments due.	11,164,216
Transfer from the Special Reserve for Capital Outlay Fund to the County School Facilities Fund to contribute the local share by project.	10,733,154
Transfer from the Building Fund to the County School Facilities Fund to contribute the local share by project.	8,652,570
Transfer from the General Fund to the Adult Education Fund to support Adult Education as flexibility has been provided by the State.	7,107,113
Transfer from the General Fund to the Deferred Maintenance to account for the current year allocation of deferred maintenance funding.	3,356,409
Transfer from the Building Fund to the General Fund to contribute to restricted routine maintenance.	3,356,409
Transfer from the Special Reserve for Capital Outlay Fund to the Tax Override Fund to contribute to the fund.	2,204,414
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	1,479,045
Transfer from the Child Development Fund to the General Fund for indirect costs.	340,805
Transfer from the Capital Facilities Fund to the General Fund for indirect costs.	41,957
Transfer from the Adult Education Fund to the General Fund for indirect costs.	25,497
	$ 61,105,102

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2011 is shown below:

	Balance July 1, 2010	Transfers and Additions	Transfers and Deletions	Balance June 30, 2011
Governmental Activities				
Non-depreciable:				
Land	$ 46,092,417			$ 46,092,417
Work-in-process	63,297,695	$ 49,583,068	$ (31,343,044)	81,537,719
Depreciable:				
Land improvements	43,749,711	3,351,407		47,101,118
Buildings	553,640,551	27,991,637		581,632,188
Equipment	27,929,629	5,287,215		33,216,844
Totals, at cost	734,710,003	86,213,327	(31,343,044)	789,580,286
Less accumulated depreciation:				
Land improvements	(19,247,903)	(1,816,251)		(21,064,154)
Buildings	(204,808,372)	(12,681,464)		(217,489,836)
Equipment	(21,025,714)	(1,668,026)		(22,693,740)
Total accumulated depreciation	(245,081,989)	(16,165,741)		(261,247,730)
Governmental activities capital assets, net	$ 489,628,014	$ 70,047,586	$ (31,343,044)	$ 528,332,556
Business-Type Activities				
Equipment	$ 6,679,829	$ 353,390		$ 7,033,219
Less accumulated depreciation	(3,945,819)	(384,265)		(4,330,084)
Business-Type activities capital assets, net	$ 2,734,010	$ (30,875)	$ -	$ 2,703,135

Depreciation expense was charged to governmental activities for the year ended June 30, 2011 as follows:

Governmental activities:	
Unallocated	$ (16,165,741)
Business-type activities:	
Cafeteria Fund depreciation expense	$ (384,265)

5. SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for property and liability, workers' compensation, and employee health benefits. For the year ended June 30, 2011, the District was self-insured up to $2,000,000 for each workers' compensation claim and $250,000 for each liability and property claim. The District purchased commercial excess insurance for claims above the self-insured retention.

The property and liability claims liability of $913,495 is based on an actuarial estimate as of June 30, 2011, discounted at 1%. The workers' compensation claims liability of $30,983,129 is based on an actuarial estimate as of June 30, 2011, discounted at 2%. The health claims liability of $15,853,831 is based on claims lag data from the District's claim system. The liability for all programs include a component for unallocated loss adjustment expenses. Changes in the claims liability for the years ended June 30, 2011 and 2010 were as follows:

	Property and Liability	Workers' Compen-sation	Health	Total
Claims liability at June 30, 2009	$ 1,074,867	$ 32,423,752	$ 14,090,295	$ 47,588,914
Incurred claims	589,124	6,053,840	122,735,978	129,378,942
Paid claims	(699,991)	(6,053,840)	(122,253,566)	(129,007,397)
Claims liability at June 30, 2010	964,000	32,423,752	14,572,707	47,960,459
Incurred claims	4,314,642	3,414,351	131,546,840	139,275,833
Paid claims	(4,365,147)	(4,854,974)	(130,265,716)	(139,485,837)
Claims liability at June 30, 2011	$ 913,495	$ 30,983,129	$ 15,853,831	$ 47,750,455

6. LONG-TERM LIABILITIES

General Obligation Bonds

Issue	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2010	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2011
1998 Series A	4.8 - 6.15%	1998	2021	$ 33,235,000	$ 20,760,000		$ 1,455,000	$ 19,305,000
1998 Refunding Series B								
Current Interest	5.5 - 6.95%	1998	2017	26,998,742	12,260,000		1,490,000	10,770,000
1999 Refunding Series B								
Capital Appreciation	5.5 - 6.95%	1998	2022		2,903,742			2,903,742
1999 Series C	4.5 - 5.125%	1999	2023	40,640,000	27,985,000		1,555,000	26,430,000
2002 Series A	2.25 - 6.0%	2002	2027	64,485,000	56,980,000		1,175,000	55,805,000
2004 Refunding 1995 Series B	1.70 - 5.25%	2004	2028	58,040,000	47,195,000		1,920,000	45,275,000
2004 Series A	2.0 - 4.25%	2004	2021	10,645,000	7,575,000		565,000	7,010,000
2001 Series D	4.125 - 5.0%	2005	2031	31,000,000	28,680,000		11,775,000	16,905,000
2001 Series E	4.0 - 5.0%	2007	2031	35,000,000	32,430,000		940,000	31,490,000
2007 Refunding 1995 Series B	4.0 - 6.25%	2007	2028	10,155,000	9,120,000		345,000	8,775,000
2001 Series F	5.48%	2009	2026	29,429,022	29,329,022		1,715,640	27,613,382
2010 Refunding	2.0 - 4.0%	2010	2023			$ 12,040,000		12,040,000
				$ 339,627,764	$ 275,217,764	$ 12,040,000	$ 22,935,640	$ 264,322,124

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual payments required to amortize the 1998, Series A, General Obligation Bonds, outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,545,000	$ 1,205,328	$ 2,750,328
2013	1,660,000	1,107,980	2,767,980
2014	1,765,000	1,003,095	2,768,095
2015	1,885,000	887,820	2,772,820
2016	2,015,000	763,180	2,778,180
2017-2021	10,435,000	1,638,597	12,073,597
	$ 19,305,000	$ 6,606,000	$ 25,911,000

The annual payments required to amortize the 1998 Refunding, Series B, Current Interest General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,600,000	$ 677,671	$ 2,277,671
2013	1,715,000	569,185	2,284,185
2014	1,845,000	451,918	2,296,918
2015	1,970,000	327,035	2,297,035
2016	2,105,000	193,710	2,298,710
2017	1,535,000	50,655	1,585,655
	$ 10,770,000	$ 2,270,174	$ 13,040,174

The annual payments required to amortize the 1998 Refunding, Series B, Capital Appreciation General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017-2021	$ 2,507,577	$ 7,512,423	$ 10,020,000
2022	396,165	1,508,835	1,905,000
	$ 2,903,742	$ 9,021,258	$ 11,925,000

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual payments required to amortize the 1999, Series C, General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,635,000	$ 1,538,550	$ 3,173,550
2013	1,775,000	1,442,850	3,217,850
2014	1,895,000	1,338,740	3,233,740
2015	2,045,000	1,227,960	3,272,960
2016	2,185,000	1,107,900	3,292,900
2017-2021	13,000,000	3,443,847	16,443,847
2022-2023	3,895,000	231,280	4,126,280
	$ 26,430,000	$ 10,331,127	$ 36,761,127

The annual payments required to amortize the 2002, Series A, General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 2,595,000	$ 3,260,212	$ 5,855,212
2013	2,635,000	3,140,436	5,775,436
2014	2,530,000	3,007,338	5,537,338
2015	2,930,000	2,866,215	5,796,215
2016	3,135,000	2,698,500	5,833,500
2017-2021	19,070,000	10,402,500	29,472,500
2022-2026	22,690,000	3,880,800	26,570,800
2027	220,000	6,600	226,600
	$ 55,805,000	$ 29,262,601	$ 85,067,601

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual payments required to amortize the 2004 Refunding, Series 95B, General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 2,000,000	$ 2,218,475	$ 4,218,475
2013	2,095,000	2,137,183	4,232,183
2014	2,190,000	2,049,938	4,239,938
2015	2,290,000	1,956,450	4,246,450
2016	2,420,000	1,854,166	4,274,166
2017-2021	14,110,000	7,369,630	21,479,630
2022-2026	18,085,000	3,425,677	21,510,677
2027-2028	2,085,000	103,424	2,188,424
	$ 45,275,000	$ 21,114,943	$ 66,389,943

The annual payments required to amortize the 2004, Series A, Current Interest General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 580,000	$ 269,912	$ 849,912
2013	605,000	249,112	854,112
2014	630,000	224,412	854,412
2015	655,000	198,712	853,712
2016	685,000	171,912	856,912
2017-2021	3,855,000	411,010	4,266,010
	$ 7,010,000	$ 1,525,070	$ 8,535,070

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

In October 2010, the District issued 2010 General Obligation Refunding Bonds to refund on an advance basis the 2001, Series D Bonds in the amount of $10,930,000. The amortization schedule has been adjusted for the advance payment. The annual payments required to amortize the 2005, Series 2001D, General Obligation Bonds outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 885,000	$ 761,381	$ 1,646,381
2013	925,000	716,131	1,641,131
2014	965,000	668,881	1,633,881
2015		644,756	644,756
2016		644,756	644,756
2017-2021		3,223,784	3,223,784
2022-2026	4,735,000	2,926,405	7,661,405
2027-2031	9,395,000	1,084,828	10,479,828
	$ 16,905,000	$ 10,670,922	$ 27,575,922

The annual payments required to amortize the 2007, Series E, General Obligation Bonds payable, outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 985,000	$ 1,435,888	$ 2,420,888
2013	1,030,000	1,395,587	2,425,587
2014	1,080,000	1,353,387	2,433,387
2015	1,130,000	1,309,187	2,439,187
2016	1,180,000	1,262,987	2,442,987
2017-2021	6,790,000	5,530,593	12,320,593
2022-2026	8,545,000	3,790,988	12,335,988
2027-2031	10,750,000	1,392,500	12,142,500
	$ 31,490,000	$ 17,471,117	$ 48,961,117

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual payments required to amortize the 2007, Refunding 1995 Series B, General Obligation Bonds payable, outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 360,000	$ 362,550	$ 722,550
2013	370,000	342,525	712,525
2014	390,000	326,400	716,400
2015	405,000	310,500	715,500
2016	420,000	294,000	714,000
2017-2021	2,425,000	1,192,900	3,617,900
2022-2026	3,025,000	636,950	3,661,950
2027-2028	1,380,000	61,030	1,441,030
	$ 8,775,000	$ 3,526,855	$ 12,301,855

In December 2009, the District issued Qualified School Construction Bonds (QSCB) through the Central Valley Support Services Joint Powers Agency (CVSS) with proceeds of $41,397,820. Also in December 2009, the District issued 2001, Series F, General Obligation Bonds with proceeds of $29,429,022. The proceeds from Series F were sold to CVSS for the purpose of completing the District's obligation to repay the outstanding QSCB balance. The District incurred $720,142 in expenses related to the cost of issuance of the QSCB and Series F. The remaining proceeds from the QSCB totaling $11,248,656 was deposited in the District Building Fund for use on District construction projects approved under Measure K.

Year Ending June 30,	Principal	Interest	Total
2012	$ 530,756	$ 1,499,217	$ 2,029,973
2013	566,754	1,469,135	2,035,889
2014	1,144,729	1,422,223	2,566,952
2015	1,419,412	1,351,940	2,771,352
2016	1,497,222	1,271,995	2,769,217
2017-2021	9,748,452	4,874,890	14,623,342
2022-2026	12,706,057	1,816,858	14,522,915
	$ 27,613,382	$ 13,706,258	$ 41,319,640

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

In October 2010, the District issued 2010 General Obligation Refunding Bonds totaling $12,040,000. The proceeds of the 2010 General Obligation Refunding Bonds were used to refund portions of the 2001, Series D, General Obligation Bonds. The District also received a premium of $789,371 which will be amortized over 20 years. The annual payments required to amortize the 2010 General Obligation Refunding Bonds payable, outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 265,000	$ 381,150	$ 646,150
2013	165,000	376,850	541,850
2014	170,000	373,500	543,500
2015	1,180,000	354,100	1,534,100
2016	1,210,000	318,250	1,528,250
2017-2021	6,565,000	1,009,100	7,574,100
2022-2023	2,485,000	92,300	2,577,300
	$ 12,040,000	$ 2,905,250	$ 14,945,250

6. LONG-TERM LIABILITIES (Continued)

Certificates of Participation

Issue	Interest Rate %	Date of Issuance	Amount of Original Issuance	Outstanding July 1, 2010	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2011
1997 COPs	4.00 - 5.00%	1998	$ 20,840,000	$ 3,905,000		$ 3,905,000	
1998A Refunding COPs	4.00 - 4.75%	1998	51,930,000	11,010,000		5,975,000	$ 5,035,000
2001 Refunding COPs	4.00 - 4.40%	2001	10,655,000	3,635,000		1,565,000	2,070,000
2003 Refunding COPs	2.00 - 3.50%	2003	10,380,000	2,635,000		1,215,000	1,420,000
			$ 93,805,000	$ 21,185,000	$ -	$ 12,660,000	$ 8,525,000

6. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (Continued)

The annual payments required to amortize the 1998, Series A, Refunding Certificates of Participation outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 5,035,000	$ 239,162	$ 5,274,162

The annual payments required to amortize the 2001, Refunding Certificates of Participation outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 2,070,000	$ 91,080	$ 2,161,080

The annual payments required to amortize the 2003, Refunding Certificates of Participation outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,420,000	$ 49,700	$ 1,469,700

Other Leases

All other leases of the District are treated as operating leases and are subject to annual appropriations and recorded as expenditures when paid.

Qualified Zone Academy Bonds

During 1999 and 2000, the District issued Qualified Zone Academy Bonds (QZAB) under an agreement with Clovis Unified School District to finance the rehabilitation of the Center for Advanced Research and Technology (CART) totaling $12,000,000 and $7,200,000, respectively. The bonds do not bear interest and in lieu of periodic interest payments to purchasers of the bonds, the bonds qualify for an annual federal income tax credit to the purchasers.

6. LONG-TERM LIABILITIES (Continued)

Qualified Zone Academy Bonds (Continued)

Lease payments will be made by both districts for an equal 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 and $3,600,000 with annual required lease payments totaling $307,633 and $170,425, respectively. The lease payments are to be placed in a Guaranteed Investment Contract paying interest at 4.785% and 6.730%. Principal payments and earned interest are projected to be sufficient to retire the bonds' principal balance by October 1, 2012 and October 31, 2013.

The following is a schedule of the future payments for the QZAB Lease Revenue Bonds:

Year Ending June 30,	Annual Payments
2012	$ 893,374
2013	942,906
2014	227,003
Total payments remaining	$ 2,063,283

Public Agency Retirement System

The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan on November 17, 2010, which was available to non-management personnel. Currently, there are 629 participants in the Plan. The District will make non-elective employer contributions to the participants' 403(b) annuity contract held with Pacific Life Insurance Company. The following schedule is a schedule of the future payments for the PARS Supplementary Retirement Plan:

Year Ending June 30,	Annual Payments
2012	$ 7,776,792
2013	7,776,792
2014	7,776,792
2015	7,776,793
2016	7,776,793
Total payments remaining	$ 38,883,962

6. LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2011 is shown below:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bond	$ 275,217,764	$ 12,040,000	$ 22,935,640	$ 264,322,124	$ 12,980,756
Unamortized premiums		789,371	39,469	749,902	39,469
Accreted interest	3,438,967	445,956		3,884,923	
Certificates of Participation	21,185,000		12,660,000	8,525,000	8,525,000
Capitalized lease obligations	114,906		114,906		
QZABs	2,909,793		846,510	2,063,283	893,374
PARS		38,883,962		38,883,962	7,776,792
Other postemployment benefits (Note 9)	116,374,627	84,996,271	28,903,817	172,467,081	
Compensated absences	2,223,962	609,597		2,833,559	2,833,559
Totals	$ 421,465,019	$ 137,765,157	$ 65,500,342	$ 493,729,834	$ 33,048,950

Payments on the General Obligation Bonds are made from the Bond Interest Redemption Fund. Payments on the Certificates of Participation are made from the COP Debt Service Fund. Payments on the QZABs are made from the General Fund. Payments on the capitalized lease obligations are made from the General Fund and the Child Development Fund. Payments on the compensated absences and other postemployment benefits are made from the fund for which the related employee worked.

7. NET ASSETS / FUND BALANCES

Restricted net assets consisted of the following at June 30, 2011:

	Governmental Activities
Revolving cash fund	$ 85,403
Prepaid expenditures	2,468,511
Stores inventory	2,353,515
Unspent categorical program revenues	7,459,706
Special revenues	4,537,854
Capital projects	33,320,257
Debt service	15,558,837
Self-insurance	23,487,651
	$ 89,271,734

	Business-Type Activities
Stores inventory	$ 1,074,513
Food service operations	12,842,014
	$ 13,916,527

7. NET ASSETS / FUND BALANCES (Continued)

Fund balances, by category, at June 30, 2011 consisted of the following:

	General Fund	All Non-Major Funds	Total
Nonspendable:			
Revolving cash fund	$ 85,403		$ 85,403
Stores inventory	2,264,417	$ 89,098	2,353,515
Prepaid expenditures	48,589		48,589
Subtotal nonspendable	2,398,409	89,098	2,487,507
Restricted:			
Unspent categorical revenues	7,459,706		7,459,706
Adult education		1,182,105	1,182,105
Child development		183,057	183,057
Deferred maintenance		3,172,692	3,172,692
Capital projects		33,320,257	33,320,257
Debt service		23,007,463	23,007,463
Subtotal restricted	7,459,706	60,865,574	68,325,280
Assigned:			
Board assignments	1,000,599		1,000,599
Unassigned:			
Designated for economic uncertainty	53,973,880		53,973,880
Total fund balances	$ 64,832,594	$ 60,954,672	$125,787,266

8. EMPLOYEE RETIREMENT SYSTEMS

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

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

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 Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.707% 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, 2009, 2010 and 2011 were $8,770,926, $9,083,744 and $9,361,116, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2010-2011 was 8.25% 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, 2009, 2010 and 2011 were $27,622,367, $27,068,040 and $25,623,814, respectively, and equal 100% of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides post employment health care benefits to all employees and their dependents who have served the District for 16 years. Health care benefits are provided to employees for life if their hire date was prior to July 1, 2005. All employees hired after July 1, 2005 will continue to receive health benefits after retirement if at least age 60 at retirement, and have served the District for 25 years. Benefits will be received up to the age of Medicare coverage.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 79,177,540
Interest on net OPEB obligation	5,818,731
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	84,996,271
Contributions made	(28,903,817)
Increase in net OPEB obligation	56,092,454
Net OPEB obligation - beginning of year	116,374,627
Net OPEB obligation - end of year	$172,467,081

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and preceding two years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 67,234,427	46.9%	$ 73,296,882
June 30, 2010	$ 78,074,592	44.8%	$116,374,627
June 30, 2011	$ 84,996,271	34.0%	$172,467,081

As of July 1, 2009, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was $981 million. The covered payroll (annual payroll of active employees covered by the Plan) was $426 million, and the ratio of the UAAL to the covered payroll was 230 percent. The OPEB plan is currently operated as a pay-as-you-go plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 2 years. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 26 years.

10. JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority, Central Valley Support Services (CVSS), to provide support services to educational agencies in the Central Valley of California. CVSS is governed by a board consisting of one district representative selected by each member district's superintendent, one member of the operations staff of each member district and the Treasurer of CVSS. The CVSS Board controls controls the operations of CVSS, independent of any influence by the member districts beyond their representation on the Board. The following is a summary of financial information of CVSS as of June 30, 2010 (the most recent information available):

Total assets	$ 83,314,519
Total liabilities	$ 82,853,906
Net assets	$ 460,613
Total revenues	$ 1,781,157
Total expenses	$ 2,054,098
Change in net assets	$ (272,941)

The relationship between Fresno Unified School District and the Joint Powers Authority is such that it is not a component unit of the District for financial reporting purposes.

11. CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

12. FINANCIAL RESPONSIBILITY

The District has maintained a balanced approach to addressing the reduced State funding over the past three years. The District has strategically made $120 million in budget adjustments, utilized federal economic stimulus funds totaling approximately $90 million, and renegotiated costly lifetime health benefits for employees. This has enabled the District to increase reserves and maintain a positive financial position.

Some of the major reductions included: reducing central administration, utilizing state flexibility funds, reducing personnel costs by implementing temporary reduction in the work year, increasing class size and offering an early retirement incentive to avoid employee layoffs and reduce future costs. In fact, the District has reduced over 1,000 positions since 2007/08.

12. FINANCIAL RESPONSIBILITY (Continued)

In 2005/06, lifetime health benefits were limited to reduce the post-retirement liability and the district formed the Joint Health Management Board (JHMB), consisting of the District and labor partners with the primary objective of maintaining a positive reserve in the Health Fund while retaining affordable health care.

The District continues to maintain a positive reserve in the current and future years as shown in the 2011/12 adopted budget and includes a conservative reserve to plan for possible mid-year State triggers. The District has maintained a positive financial position since 2006/07 as reflected by Moody's credit rating of Aa3 issued in August 2011 at a time when other State agencies have been lowered.

The District continues to monitor and budget for the current and future years to ensure financial stability and conservatively utilize reserves to mitigate the effects of the prolonged state economic crisis.

13. SUBSEQUENT EVENTS

In October 2011, the District issued QSCBs through the CVSS with proceeds of $39,770,000. Also in October 2011 the District issued 2010, Series A, General Obligation Bonds with proceeds of $29,561,373. The proceeds from Series A were sold to CVSS for the purpose of completing the District's obligation to repay the outstanding QSCB balance. The District incurred $665,000 in expenses related to the cost of issuance of the QSCB and Series A. The remaining proceeds from the QSCB totaling 9,543,627 was deposited in the District Building Fund for use on District construction projects approved under Measure Q.

In October 2011, the District issued 2001, Series G General Obligation Capital Appreciation Bonds totaling $55,570,915. The Series G bonds will bear an interest rate ranging from 4.6% to 7.0% and mature through August 1, 2041.

In October 2011, the District issued 2010, Series B Current Interest and Capital Appreciation Bonds totaling $50,434,849. The Series B bonds will bear an interest rate ranging from 2.0% to 7.0% and mature through August 1, 2041.

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2011

	Budget			Over/
	Original	Final	Actual	(Under) Budget
Revenues:				
Revenue limit sources:				
State apportionment	$ 295,886,279	$ 316,672,788	$ 316,672,788	
Local sources	43,689,939	41,160,286	42,848,666	$ 1,688,380
Total revenue limit	339,576,218	357,833,074	359,521,454	1,688,380
Federal sources	112,561,208	158,460,502	106,755,833	(51,704,669)
Other state sources	155,465,955	156,749,837	160,603,401	3,853,564
Other local sources	18,772,105	19,374,276	17,811,633	(1,562,643)
Total revenues	626,375,486	692,417,689	644,692,321	(47,725,368)
Expenditures:				
Certificated salaries	310,868,799	329,996,750	313,371,514	16,625,236
Classified salaries	91,405,743	93,132,714	92,537,731	594,983
Employee benefits	139,538,267	145,474,613	139,827,454	5,647,159
Books and supplies	44,541,229	64,523,932	29,212,678	35,311,254
Contract services and operating expenditures	58,057,798	56,695,714	52,884,014	3,811,700
Capital outlay	6,929,988	6,340,364	5,385,398	954,966
Other outgo	2,064,824	2,461,234	2,461,231	3
Debt service:				
Principal retirement	503,058	503,058	871,511	(368,453)
Total expenditures	653,909,706	699,128,379	636,551,531	62,576,848
(Deficiency) excess of revenues (under) over expenditures	(27,534,220)	(6,710,690)	8,140,790	14,851,480
Other financing sources (uses):				
Operating transfers in	5,211,111	5,220,250	5,243,713	23,463
Operating transfers out	(11,463,522)	(10,563,522)	(10,463,522)	100,000
Total other financing sources (uses)	(6,252,411)	(5,343,272)	(5,219,809)	123,463
Net change in fund balance	(33,786,631)	(12,053,962)	2,920,981	14,974,943
Fund balance, July 1, 2010	61,911,613	61,911,613	61,911,613	
Fund balance, June 30, 2011	$ 28,124,982	$ 49,857,651	$ 64,832,594	$ 14,974,943

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

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS

For the Year Ended June 30, 2011

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/08	July 1, 2007	$ -	$ 758,000,000	$ 758,000,000	0%	$ 437,000,000	173%
6/30/09	July 1, 2007	$ -	$ 758,000,000	$ 758,000,000	0%	$ 437,000,000	173%
6/30/10	July 1, 2009	$ -	$ 981,000,000	$ 981,000,000	0%	$ 444,000,000	220%
6/30/11	July 1, 2009	$ -	$ 981,000,000	$ 981,000,000	0%	$ 426,000,000	230%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2011

	Adult Education Fund	Child Develop-ment Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	State School Building Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Tax Override Fund	COP Debt Service Fund	Total
ASSETS												
Cash in County Treasury	$ 17,946	$ 1,154,665	$ 1,071,861	$ 3,211,591	$ 6,213,719	$ 348,611	$ 7,462,324	$ 6,881,149	$ 15,501,700	$ 4,501,692		$ 46,365,258
Cash on hand and in banks	5,000											5,000
Cash awaiting deposit					5,266							5,266
Cash with Fiscal Agent											$ 7,448,626	7,448,626
Receivables	905,425	600,463	2,262	11,397	44,978	1,294	42,723	49,082	38,142	11,809		1,707,575
Due from other funds	1,579,845	254,458	4,359,091		6,416,640		8,197,824	12,737,701		1,105,494	18,995	34,670,048
Inventory	89,098											89,098
Total assets	$ 2,597,314	$ 2,009,586	$ 5,433,214	$ 3,222,988	$ 12,680,603	$ 349,905	$ 15,702,871	$ 19,667,932	$ 15,539,842	$ 5,618,995	$ 7,467,621	$ 90,290,871
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	$ 126,340	$ 219,471	$ 1,193,711		$ 11,015	$ 349,905	$ 4,395,029	$ 3,291				$ 6,298,762
Due to other funds	925,515	1,273,938	1,066,811	$ 183,252			4,085,474	9,276,076		$ 5,618,995		22,430,061
Deferred revenue	274,256	333,120										607,376
Total liabilities	1,326,111	1,826,529	2,260,522	183,252	11,015	349,905	8,480,503	9,279,367		5,618,995		29,336,199
Fund balances:												
Nonspendable	89,098											89,098
Restricted	1,182,105	183,057	3,172,692	3,039,736	12,669,588		7,222,368	10,388,565	$ 15,539,842		$ 7,467,621	60,865,574
Total fund balance	1,271,203	183,057	3,172,692	3,039,736	12,669,588		7,222,368	10,388,565	15,539,842		7,467,621	60,954,672
Total liabilities and fund balances	$ 2,597,314	$ 2,009,586	$ 5,433,214	$ 3,222,988	$ 12,680,603	$ 349,905	$ 15,702,871	$ 19,667,932	$ 15,539,842	$ 5,618,995	$ 7,467,621	$ 90,290,871

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

FRESNO UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2011

	Adult Education Fund	Child Develop-ment Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	State School Building Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Tax Override Fund	COP Debt Service Fund	Total
Revenues:												
Federal sources	$ 1,558,294	$ 339,001										$ 1,897,295
Other state sources		8,187,271					$ 15,358,622		$ 391,354	$ 141,286		24,078,533
Other local sources	755,726	44,570	$ 27,801	$ 269,249	$ 1,631,575		221,849	$ 745,435	26,063,811	7,948,480	$ 302,668	38,011,164
Total revenues	2,314,020	8,570,842	27,801	269,249	1,631,575		15,580,471	745,435	26,455,165	8,089,766	302,668	63,986,992
Expenditures:												
Certificated salaries	3,086,330	3,782,323										6,868,653
Classified salaries	1,465,952	1,775,329			29,198		463,166	1,456				3,735,101
Employee benefits	1,662,115	1,729,888			12,503		183,257	7,464				3,595,227
Books and supplies	932,194	345,597	247,944				211,262	38,000				1,774,997
Contract services and operating expenditures	1,127,842	536,465	3,399,003	210,358	323,490		5,713,716	119,999				11,430,873
Capital outlay					453,895		38,886,228					39,340,123
Debt service:												
Principal retirement		89,905							22,935,640		12,660,000	35,685,545
Interest									14,675,599		860,694	15,536,293
Total expenditures	8,274,433	8,259,507	3,646,947	210,358	819,086		45,457,629	166,919	37,611,239		13,520,694	117,966,812
(Deficiency) excess of revenues (under) over expenditures	(5,960,413)	311,335	(3,619,146)	58,891	812,489		(29,877,158)	578,516	(11,156,074)	8,089,766	(13,218,026)	(53,979,820)
Other financing sources (uses):												
Operating transfers in	7,107,113		3,356,409				19,385,724		12,643,513	2,204,414	11,164,216	55,861,389
Operating transfers out	(25,497)	(340,805)		(24,652,492)	(41,957)			(12,937,568)		(11,164,216)		(49,162,535)
Proceeds from sale of bonds				12,040,000								12,040,000
Other financing sources				789,371								789,371
Other financing uses									(1,235,405)			(1,235,405)
Total other financing sources (uses)	7,081,616	(340,805)	3,356,409	(11,823,121)	(41,957)		19,385,724	(12,937,568)	11,408,108	(8,959,802)	11,164,216	18,292,820
Net change in fund balances	1,121,203	(29,470)	(262,737)	(11,764,230)	770,532		(10,491,434)	(12,359,052)	252,034	(870,036)	(2,053,810)	(35,687,000)
Fund balances, July 1, 2010	150,000	212,527	3,435,429	14,803,966	11,899,056		17,713,802	22,747,617	15,287,808	870,036	9,521,431	96,641,672
Fund balances, June 30, 2011	$ 1,271,203	$ 183,057	$ 3,172,692	$ 3,039,736	$ 12,669,588	$ -	$ 7,222,368	$ 10,388,565	$ 15,539,842	$ -	$ 7,467,621	$ 60,954,672

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

FRESNO UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Elementary Schools				
Assets:				
Cash on hand and in banks	$ 435,032	$ 2,325,571	$ 2,275,286	$ 485,317
Stores inventory				
Total assets	$ 435,032	$ 2,325,571	$ 2,275,286	$ 485,317
Liabilities:				
Due to student groups	$ 435,032	$ 2,325,571	$ 2,275,286	$ 485,317
Middle Schools				
Assets:				
Cash on hand and in banks	$ 261,632	$ 978,607	$ 972,177	$ 268,062
Stores inventory	17,837	63,757	67,897	13,697
Total assets	$ 279,469	$ 1,042,364	$ 1,040,074	$ 281,759
Liabilities:				
Due to student groups	$ 279,469	$ 1,042,364	$ 1,040,074	$ 281,759
Special Programs				
Assets:				
Cash on hand and in banks	$ 11,266	$ 200	$ 3,729	$ 7,737
Stores inventory				
Total assets	$ 11,266	$ 200	$ 3,729	$ 7,737
Liabilities:				
Due to student groups	$ 11,266	$ 200	$ 3,729	$ 7,737
High Schools				
Assets:				
Cash on hand and in banks	$ 1,248,893	$ 3,040,491	$ 3,041,040	$ 1,248,344
Stores inventory	21,244	88,223	90,569	18,898
Total assets	$ 1,270,137	$ 3,128,714	$ 3,131,609	$ 1,267,242
Liabilities:				
Due to student groups	$ 1,270,137	$ 3,128,714	$ 3,131,609	$ 1,267,242

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Total - All Agency Funds				
Assets:				
Cash on hand and in banks	$ 1,956,823	$ 6,344,869	$ 6,292,232	$ 2,009,460
Stores inventory	39,081	151,980	158,466	32,595
Total assets	$ 1,995,904	$ 6,496,849	$ 6,450,698	$ 2,042,055
Liabilities:				
Due to student groups	$ 1,995,904	$ 6,496,849	$ 6,450,698	$ 2,042,055

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

FRESNO UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2011

Fresno Unified School District, a political subdivision of the State of California, was established on July 1, 1948. The District serves grades kindergarten through twelve and operates sixty-five elementary, fourteen middle, eight comprehensive high schools, five alternative schools, one independent study school, and two community day schools. All of the District's schools are located in Fresno County. The District is comprised of approximately 99 square miles. There were no changes to the District's boundaries during the current year.

The Board of Education at June 30, 2011 was comprised of the following members:

Name	Office	Term Expires
Michelle A. Asadoorian	President	2014
Janet Ryan	Clerk	2012
Valerie F. Davis	Member	2014
Lindsay Cal Johnson	Member	2014
Carol Mills, J.D.	Member	2012
Larry A. Moore	Member	2012
Tony Vang, Ed.D.	Member	2014

The Superintendent's Executive Staff at June 30, 2011 was comprised of the following:

Michael E. Hanson
Superintendent

Ruth F. Quinto
Deputy Superintendent, Chief Financial Officer / Administrative Services

Cynthia D. Tucker
Associate Superintendent, School Support Services

Kim Mecum
Associate Superintendent, Human Resources / Labor Relations

Miguel Arias
Chief Information Officer

Kurt Madden
Associate Superintendent, Chief Technology Officer / Information Technology

Jorge Aguilar
Associate Superintendent, Equity and Access

Edward Gonzalez
Associate Superintendent, School Support Services / Prevention and Intervention

Chris Evans
Associate Superintendent, School Leadership / Secondary Education

Steven Martinez
Assistant Superintendent, School Leadership / Secondary Education

Nancy Akhavan
Assistant Superintendent / School Leadership 7-8

Rosario Sanchez
Assistant Superintendent / School Leadership K-6

Holland Locker
Assistant Superintendent / School Leadership K-6

Katie Russell
Assistant Superintendent / School Leadership K-6

Misty Her
Assistant Superintendent / School Leadership K-6

Dr. Mabel Franks
Assistant Superintendent / Special Education

Vincent Harris
Executive Officer / Accountability

Karin Temple
Assistant Superintendent / Operational Services

Jacquie Canfield
Executive Director / Fiscal Services

Kim Kelstrom
Director / Fiscal Services

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2011

	Original Second Period Report	Revised Second Period Report*	Annual Report
Elementary:			
Kindergarten	5,428	5,435	5,443
First through Third	16,251	16,256	16,230
Fourth through Eighth	24,719	24,714	24,623
Special Education	1,470	1,503	1,501
Community Day School	65	65	74
Home and Hospital	8	9	10
Non Public Schools	6	6	5
Subtotal Elementary	47,947	47,988	47,886
Secondary:			
Regular Classes	17,284	17,192	16,930
Special Education	798	776	765
Community Day School	16	16	16
Compulsory Continuation Education	568	580	569
Home and Hospital	9	9	9
Non Public Schools	4	4	4
Subtotal Secondary	18,679	18,577	18,293
Sunset Charter School - Classroom-based:			
Kindergarten	51	51	50
First through Third	87	87	85
Fourth through Eighth	82	82	82
Subtotal Charter School	220	220	217
District Total	66,846	66,785	66,396

* Reflects the adjustment for disallowance of 14.32 ADA as noted in the Accompanying Schedule of Audit Findings and Questioned Costs and other adjustments made by the District subsequent to the submission of the original Second Period Report of Attendance.

See accompanying notes to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2011

Grade Level	1986-87 Minutes Require-ment	1982-83 Actual Minutes	2010-11 Actual Minutes	Number of Days Traditional Calendar	Status
District:					
Kindergarten	36,000	31,680	36,000	180	In Compliance
Grade 1	50,400	43,095	55,440	180	In Compliance
Grade 2	50,400	43,095	55,440	180	In Compliance
Grade 3	50,400	43,095	55,440	180	In Compliance
Grade 4	54,000	54,000	55,440	180	In Compliance
Grade 5	54,000	54,000	55,440	180	In Compliance
Grade 6	54,000	54,000	55,440	180	In Compliance
Grade 7	54,000	54,000	55,438	180	In Compliance
Grade 8	54,000	54,000	58,116	180	In Compliance
Grade 9	64,800	54,560	64,800	180	In Compliance
Grade 10	64,800	54,560	64,800	180	In Compliance
Grade 11	64,800	54,560	64,800	180	In Compliance
Grade 12	64,800	54,560	64,800	180	In Compliance
Sunset Charter School:					
Kindergarten	36,000	N/A	46,745	180	In Compliance
Grade 1	50,400	N/A	55,440	180	In Compliance
Grade 2	50,400	N/A	55,440	180	In Compliance
Grade 3	50,400	N/A	55,440	180	In Compliance
Grade 4	54,000	N/A	55,440	180	In Compliance
Grade 5	54,000	N/A	55,440	180	In Compliance
Grade 6	54,000	N/A	55,440	180	In Compliance
Grade 7	54,000	N/A	55,440	180	In Compliance
Grade 8	54,000	N/A	55,440	180	In Compliance

See accompanying notes to
supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education			
	NCLB: Title I Cluster:		
84.010	NCLB: Title I, Part A Basic Grants, Low Income and Neglected	14329	$ 29,880,117
84.010	NCLB: Title I, Part D, Local Delinquent Programs	14357	80,625
84.389	ARRA: NCLB: Title I, Part D, Local Delinquent Programs	15009	87,603
84.389	ARRA: NCLB: Title I, Part A, Basic Grants Low Income and Neglected	15005	29,851,857
	Subtotal NCLB: Title I Cluster		59,900,202
	Special Education Cluster:		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	13,825,016
84.027	IDEA Preschool Local Entitlement, Part B, Sec. 611 (Age 3-5)	13682	565,092
84.173	IDEA Preschool Grants, Part B, Sec. 619 Age (3-5)	13430	321,820
84.173A	IDEA Preschool Staff Development, Part B, Sec. 619	13431	1,391
84.391	ARRA: IDEA Part B, Sec 611, Basic Local Assistance	15003	4,904,739
84.391	ARRA: IDEA Part B, Sec 611, Preschool Local Entitlements	15002	229,461
84.392	ARRA: IDEA Part B, Sec 619, Preschool Grants	15000	181,992
	Subtotal Special Education Cluster		20,029,511
	Educational Technology State Grants Cluster:		
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	161,294
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Competitive Grants	14368	118,709
84.386	ARRA: NCLB: Title II, Part D, Enhancing Education Through Technology (EETT) Formula Grants	15019	1,033,749
84.386	ARRA: NCLB: Title II, Part D, Enhancing Education Through Technology, Competitive Grants (EETT)	15126	761,417
	Subtotal Educational Technology State Grants Cluster		2,075,169

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
	Title I, School Improvement Grant Cluster:		
84.377	NCLB: Title I, School Improvement Grant	15127	$ 655,554
84.388	ARRA: NCLB: Title I, School Improvement Grant (SIG)	15020	1,572,346
	Subtotal Title I, School Improvement Grant Cluster		2,227,900
84.357	NCLB: Title I, Part B, Reading First, Special Education Teacher Professional Development Pilot Program	14911	613,622
84.330	NCLB: Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	14831	65,208
84.011	NCLB: Title I, Part C, Migrant Ed (Regular and Summer Program)	14326	2,336,229
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	3,922,060
84.366	NCLB: Title II, Part B, CA Mathematics and Science Partnerships (CAMSP)	14512	499,141
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Program	14346	21,852
84.365	NCLB: Title III, Immigrant Education Program	15146	2,069,948
84.186	NCLB: Title IV, Part A, Safe and Drug-Free Schools and Communities, Formula Grants	14347	113,793
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,270,414
84.196	NCLB: Title X, McKinney-Vento Homeless Children Assistance Grants	14332	69,336
84.387	NCLB: ARRA Title X McKinney-Vento Homeless Assistance	15007	75,104
84.002	Adult Education: Adult Basic Education & ESL	14508	572,133
84.002	Adult Education: Adult Secondary Education	13978	63,506
84.002A	Adult Education: English Literacy and Civics Education	14109	132,806
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	949,558
84.048	Vocational Programs: Adult Sec. 132 (Carl Perkins Act)	14893	789,849
84.330	Advanced Placement Incentive Grant	-	1,440,508
84.215J	Full Service Community Schools Program	-	442,821
84.215L	Smaller Learning Communities	-	2,036,675
84.060	Indian Education	10011	85,475
84.181	IDEA Early Intervention Grants, Part C	23761	95,874
84.165	Magnet School Assistance	-	1,072,912
84.350	Transition to Teaching	-	315,590
84.351D	Arts in Education	-	15,935

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.394	ARRA: State Fiscal Stabilization Fund	25008	$ 3,254,987
84.184E	Readiness and Emergency Management for Schools	-	99,081
	Total U.S. Department of Education		106,657,199
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.575	Quality Improvement Activities	13979	131,725
93.778	Department of Health Services: Medi-Cal Billing Option	10013	1,033,530
93.713	ARRA Quality Improvement Activities	-	1,572
	Total U.S. Department of Health and Human Services		1,166,827
	U.S. Department of Agriculture - Passed through California Department of Education		
10.558	Child Nutrition: CCFP Claims, Centers and Family Day Care Homes	13529	205,704
10.579	Child Nutrition: Equipment Assistance Grants	14906	264,640
10.555	Child Nutrition: School Programs (NSL Sec. 11)	13396	31,098,388
10.582	Child Nutrition: Fresh Fruit & Vegetable Program	14968	534,662
	Total U.S. Department of Agriculture		32,103,394
	Total Federal Programs		$ 139,927,420

See accompanying notes to
supplementary information.

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

There were no adjustments proposed to any funds of the District.

See accompanying notes to
supplemental information.

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2011

	(Adopted Budget) 2012	2011	2010	2009
General Fund				
Revenues and other financing sources	$589,352,078	$649,936,034	$639,408,386	$691,311,255
Expenditures	611,135,325	636,551,531	667,901,435	676,041,565
Other uses and transfers out	6,473,554	10,463,522	3,937,233	5,888,660
Total outgo	617,608,879	647,015,053	671,838,668	681,930,225
Change in fund balance	$ (28,256,801)	$ 2,920,981	$ (32,430,282)	$ 9,381,030
Ending fund balance	$ 36,575,793	$ 64,832,594	$ 61,911,613	$ 94,341,895
Available reserves	$ 36,575,793	$ 53,973,880	$ 38,105,644	$ 53,118,179
Designated for economic uncertainties	$ -	$ 53,973,880	$ 38,105,644	$ 53,118,179
Undesignated fund balance	$ 36,575,793	$ -	$ -	$ -
Available reserves as percentages of total outgo	5.92%	8.34%	5.67%	7.79%
All Funds				
Total long-term liabilities	$596,248,021	$493,729,834	$421,465,019	$368,726,069
Average daily attendance at P-2, (excludes classes for adults and charter schools)	66,486	66,565	67,769	68,050

The General Fund fund balance has decreased by $20,128,271 over the past three years. The fiscal year 2011-12 budget projects a decrease of $28,256,801. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2011, the District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating deficit in fiscal year 2012.

Total long-term liabilities have increased by $125,003,765 over the past two years, as shown in Note 6 to the basic financial statements.

Average daily attendance, excluding classes for adults and charter schools, has decreased by 1,485 over the past two years. A decrease of 79 ADA is projected for the 2011-2012 fiscal year.

See accompanying notes to
supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2011

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Fresno Academy of Civic and Entrepreneurial Leadership	Separate Report
Dailey Elementary Charter School	Separate Report
New Millennium Institute of Education	Separate Report
School of Unlimited Learning	Separate Report
Carter G. Woodson Public Charter	Separate Report
Valley Preparatory Academy	Separate Report
Valley Arts and Science Academy	Separate Report
University High School	Separate Report
Sierra Charter School	Separate Report
Sunset Charter School	Included in District financial statements, in the General Fund

See accompanying notes to
supplementary information.

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2011.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$139,751,516
Add: Medi-Cal Billing Funds spent from prior year awards	93.778	175,904
Total Schedule of Expenditure of Federal Awards		$139,927,420

NOTES TO SUPPLEMENTARY INFORMATION
(Continued)

1. PURPOSE OF SCHEDULES (Continued)

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2011-2012 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2011, the District did not adopt such a program.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Audit Committee
Fresno Unified School District
Fresno, California

We have audited the compliance of Fresno Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2011. In addition, we have audited the compliance of Fresno Unified School District with Education Code Section 42238.20, specifically related to the Center for Advanced Research and Technology (CART). Compliance with the requirements of state laws and regulations 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 the State of California'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 noncompliance with the state laws and regulations listed below 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 of Fresno Unified School District's compliance with those requirements.

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Public Hearing Requirements - Receipt of Funds	1	Yes
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

Description	Audit Guide Procedures	Procedures Performed
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	Yes
CART - Education Code Section 42238.20	10	Yes

We did not perform any procedures related to Instructional Time for County Offices of Education because the District is not a County Office of Education.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

The 2010-2011 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2011. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2010-2011 Audit Guide relating to the comparison of tested data from the 2010-2011 fiscal year to the 2010-2011 School Accountability Report Cards.

We did not perform any procedures related to Class Size Reduction Program - Option Two classes and Districts with only one school serving K-3 because the District does not offer Option Two, and the District has more than one school serving K-3.

We did not perform any procedures related to After School Education and Safety Program: Before School because the District did not offer a Before School program in the current year.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study or Determination of Funding for Nonclassroom-Based Instruction, for charter schools because the District's charter school has no Nonclassroom-Based/Independent Study students.

As described in Findings 2011-02 and 2011-03 in the accompanying Schedule of Audit Findings and Questioned Costs, Fresno Unified School District did not comply with requirements regarding absence documentation and record-keeping. Compliance with such requirements is necessary, in our opinion, for Fresno Unified School District to comply with state laws and regulations applicable to Attendance Accounting and Reporting.

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

In our opinion, except for the noncompliance with Attendance Accounting and Reporting identified in the Schedule of Audit Findings and Questioned Costs as Findings 2011-02 and 2011-03, Fresno Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2011. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Fresno Unified School District had not complied with the state laws and regulations.

Fresno Unified School District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information of the Audit Committee, the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 17, 2011

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

Audit Committee
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, 2011, and have issued our report thereon dated November 17, 2011. 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.

Internal Control Over Financial Reporting

Management of Fresno Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Fresno Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Fresno Unified School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified other matters involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2011-01.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Fresno Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 17, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Audit Committee
Fresno Unified School District
Fresno, California

Compliance

We have audited Fresno Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Fresno Unified School District's major federal programs for the year ended June 30, 2011. 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. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Fresno Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Fresno Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fresno Unified School District's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 17, 2011

FINDINGS AND RECOMMENDATIONS

FRESNO UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010, 84.389	NCLB: Title I Cluster
84.318, 84.386	Educational Technology State Grants Cluster
84.027, 84.173A, 84.173, 84.391, 84.392	Special Education Cluster
84.377, 84.388	NCLB: Title I, School Improvement Grant Cluster
84.394	ARRA: State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	______ Yes	X No

STATE AWARDS

Internal control over state programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	______ Yes	X None reported
Type of auditors' report issued on compliance for state programs:	Qualified	

SECTION II - FINANCIAL STATEMENT FINDINGS

2011-01 DEFICIENCY - INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000)

Criteria

Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

Condition

At various school sites tested, the following was noted:

- Cash receipt books are not consistently used during the initial collection of cash during fundraising events.
- Cash receipts are not being tracked to ensure the receipts being turned in are complete.
- Cash is not dual counted at the time the cash receipt is prepared.
- Evidence of the principal's approval of disbursements before check being initiated could not be obtained.
- Evidence as to check's being signed by two administrators could not be obtained.
- Fundraising approval forms are not consistently being used to approve revenue-producing activities.
- Detailed schedules or receipts used to support the cash receipt amount were not being turned in with monies received at the office.
- Student store inventory is not counted or reviewed periodically.
- Records of sales from the student store are not reconciled to receipts for cash received.
- School sites do not consistently prepare profit and loss statements for the student store and there is no review of the statements.
- Reconciliations were not being performed or evidence indicating that reconciliations being performed in a timely manner could not be obtained.

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2011-01 DEFICIENCY - INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000) (Continued)

Recommendation

- Receipt books should be issued to all student groups to ensure that all funds raised during an event are properly accounted for.
- Receipt books issued to clubs should be tracked by the office manager to ensure receipts turned in are complete.
- Cash receipts should be reconciled to the deposits and approved by school site administrators.
- Cash receipts turned into the office should be supported by detailed schedules or receipts to ensure amounts turned in are complete.
- Cash disbursements should have a request for payment that is signed by an administrator and student council to indicate approval for all payments.
- All checks should require two signatures either by the office manager or principal in order to processed.
- Student council and school site administration should approve all fundraising events.
- Student store inventory should be counted or reviewed regularly.
- Profit and loss statements should be prepared monthly for the student store activity.
- Reconciliations should be prepared on a monthly basis by the office manager and reviewed by the principal within a timely manner.

Corrective Action Plan

The District provides training and on-site visits on the Associated Student Body Handbook, which outlines the issues noted by the auditors' recommendations, some at a greater level than what has been suggested. The District will provided additional training focused on preparing required documentation for compliance and continue to monitor timeliness of submission of reports.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2011-02 DEFICIENCY - ATTENDANCE REPORTING (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

- At Lane Elementary School three students were improperly included for a total misstatement of 3 days.
- At McCardle Elementary School one student was improperly included for a total misstatement of 1 day.
- At Wolters Elementary School one student was improperly included for a total misstatement of 1 day.
- At Kings Canyon Middle School two students were improperly included for a total misstatement of 2 days.
- At Scandinavian Middle School two students were improperly included for a total misstatement of 2 days.

Effect

The effect of this finding is an extrapolated overstatement of 14.32 ADA.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

The District is in declining enrollment and prior year ADA is used for revenue limit calculation, therefore, there is no current year fiscal impact.

Recommendation

The District should revise Period Two Report of Attendance removing the disallowed attendance.

Corrective Action Plan

The District has adjusted the Period Two Report of Attendance.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2011-03 DEFICIENCY - ATTENDANCE REPORTING (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

The Annual Period Report of Attendance for Sunset Elementary Charter School total Kindergarten ADA did not agree to the supporting schedules.

Effect

The effect of this finding is an overstatement of .12 ADA.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

Per California Education Code Section 46303, since the overstatement is less than 0.5 ADA there is no fiscal impact.

Recommendation

The District should ensure the Annual Report of Attendance agrees to the supporting documentation.

Corrective Action Plan

The District will ensure that attendance reports are reviewed by an independent individual prior to certification to ensure there are no clerical errors.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

FRESNO UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2011

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-1 At various school sites tested, we noted the following: • Cash receipts books are not consistently used during the initial collection of cash during fundraising events. • Cash is not dual counted at the time the cash receipt is prepared. • Fundraising approval forms are not consistently being used to approve revenue-producing activities. • Student store inventory is not counted or reviewed periodically. • Records of sales from the student store are not reconciled to receipts for cash received. • School sites do not consistently prepare profit and loss statements for the student store and there is no review of the statements. • Cash disbursements were not consistently approved by a student counsel member or administrative officer. • Reconciliations were not being performed or evidence indicating that reconciliations being performed in a timely manner could not be obtained. We recommend the following • Receipt books should be issued to all student groups to ensure that all funds raised during an event are properly accounted for. • Cash receipts should be reconciled to the deposits and approved by school site administrators. • Student council and school site administration should approve all fundraising events. • Student store inventory should be counted or reviewed regularly. • Profit and loss statements should be prepared monthly for the student store activity. • Cash disbursements should be approved by a member of the student council, the faculty advisor, and an administrative officer.	Not implemented.	See current year finding 2011-01.

FRESNO UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
(Continued)
Year Ended June 30, 2011

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-1 (Continued) • Reconciliations should be prepared on a monthly basis by the office manager and reviewed by the principal within a timely manner.		