

**SOUTH SAN FRANCISCO UNIFIED
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2002

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
OF SAN MATEO COUNTY
SOUTH SAN FRANCISCO, CALIFORNIA

JUNE 30, 2002

GOVERNING BOARD

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ADMINISTRATION

Dr. George A. Kozitza	Superintendent
Mrs. Barbara Olds	Associate Superintendent, Educational Services
Dr. Frances Krug	Assistant Superintendent, Personnel Services
Mr. James Novak	Assistant Superintendent, Business Services

ORGANIZATION

The South San Francisco Unified School District (the District) was established on July 1, 1936, and is located in the City of South San Francisco, California in the County of San Mateo. There were no changes in boundaries of the District during the current year. The District operates ten elementary schools, three middle schools, and two senior high schools, and a continuation high school. The District also maintains a children's center and an adult education school.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
South San Francisco Unified School District
South San Francisco, California

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

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

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

In our opinion, except for the effect on the general-purpose financial statements of the omission of the general fixed asset group of accounts, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the South San Francisco Unified School District at June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Vavrinek Trine Jay & Co. LLP

San Jose, California
November 22, 2002

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SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 25,576	\$ 289,349	\$ -	\$ 125,111
Investments	15,733,086	1,951,552	1,764,059	32,058,298
Accounts receivable	4,691,722	839,260	13,990	860,815
Due from other funds	1,110,231	36,824	-	10,066,671
Stores inventory	181,657	90,860	-	-
Prepaid expenditures	45,762	1,897	-	80,359
Amount available for the retirement of general long-term debt	-	-	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-	-
Total Assets	<u>17,888,034</u>	<u>\$3,209,742</u>	<u>\$1,778,049</u>	<u>\$ 43,191,254</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	991,260	\$ 436,788	\$ -	\$ 3,075,290
Due to other funds	40,433	811,417	-	10,361,876
Current loans	140,000	-	-	-
Deferred revenue	30,866	80,226	-	-
Due to student groups	-	-	-	-
General long-term debt	-	-	-	-
Total Liabilities	<u>15,102,559</u>	<u>1,328,431</u>	<u>-</u>	<u>13,437,166</u>
FUND EQUITY				
Fund balances				
Reserved	2,848,615	92,917	-	80,359
Unreserved				
Designated	2,774,229	151,298	-	16,053,729
Undesignated	1,062,631	1,637,096	1,778,049	13,620,000
Total Fund Equity	<u>6,685,475</u>	<u>1,881,311</u>	<u>1,778,049</u>	<u>29,754,088</u>
Total Liabilities and Fund Equity	<u>\$ 21,788,034</u>	<u>\$3,209,742</u>	<u>\$1,778,049</u>	<u>\$ 43,191,254</u>

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

Fiduciary Fund Types	Account Group	
Trust and Agency	General Long-Term Debt	Total (Memorandum Only)
\$ 566,535	\$ -	\$ 1,006,571
399,921	-	51,906,916
3,689	-	6,409,476
-	-	11,213,726
-	-	272,517
-	-	128,018
-	1,778,049	1,778,049
-	40,216,663	40,216,663
<u>\$ 970,145</u>	<u>\$ 41,994,712</u>	<u>\$ 112,931,936</u>
\$ 4,000	\$ -	\$ 11,507,338
-	-	11,213,726
-	-	5,940,000
-	-	1,211,092
566,535	-	566,535
-	41,994,712	41,994,712
<u>570,535</u>	<u>41,994,712</u>	<u>72,433,403</u>
-	-	3,021,891
-	-	18,979,256
399,610	-	18,497,386
<u>399,610</u>	<u>-</u>	<u>40,498,533</u>
<u>\$ 970,145</u>	<u>\$ 41,994,712</u>	<u>\$ 112,931,936</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,481,862	1,372,155	\$ -
Local sources	43,188,225	271,955	-
Total Revenue Limit Sources	44,670,087	1,644,110	-
Federal revenues	5,707,247	1,015,648	-
Other state revenues	11,879,837	957,120	23,307
Other local revenues	8,010,937	2,839,114	2,158,773
Tuition and transfers	222,644	-	-
Total Revenues	90,752	6,455,992	2,182,080
EXPENDITURES			
Current Expenditures			
Certificated salaries	1,422	1,046,205	-
Classified salaries	23,044	1,847,222	-
Employee benefits	366,017	724,145	-
Books and supplies	2,964,253	1,610,696	-
Services and operating expenditures	4,917,815	1,237,201	-
Other outgo	2,604,116	300,892	-
Capital outlay	742,978	62,132	-
Debt service - principal	-	-	788,698
Debt service - interest and other	-	35,000	1,181,682
Total Expenditures	62,008,645	6,863,493	1,970,380
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	8,482,107	(407,501)	211,700
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	318,357	304,057	-
Operating transfers out	(9,262,619)	(14,300)	-
Other sources	291,997	11,000	-
Total Other Financing Sources/(Uses)	(8,652,265)	300,757	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(170,158)	(106,744)	211,700
FUND BALANCE, BEGINNING OF YEAR	6,855,633	1,988,055	1,566,349
FUND BALANCE, END OF YEAR	\$ 6,685,475	\$ 1,881,311	\$ 1,778,049

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

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
\$ -	\$ -	\$ 2,854,017
-	-	43,460,180
-	-	46,314,197
-	-	6,722,895
-	-	12,860,264
2,137,638	19,982	15,166,444
-	-	222,644
2,137,638	19,982	81,286,444
-	-	32,636,627
270,377	-	11,940,643
55,116	-	10,145,278
82,847	-	4,657,796
1,203,786	20,186	7,378,988
-	-	2,905,008
18,730,518	-	19,535,628
-	-	788,698
137,711	-	1,354,393
20,480,355	20,186	91,343,059
(18,342,717)	(204)	(10,056,615)
8,958,562	-	9,580,976
(304,057)	-	(9,580,976)
17,567	-	320,564
8,672,072	-	320,564
(9,670,645)	(204)	(9,736,051)
39,424,733	399,814	50,234,584
\$ 29,754,088	\$ 399,610	\$ 40,498,533

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 2,768,140	\$ 1,481,862	\$ (1,286,278)
Local sources	41,895,404	43,188,225	1,292,821
Total Revenue Limit Sources	44,663,544	44,670,087	6,543
Federal revenues	9,357,828	5,707,247	(3,650,581)
Other state revenues	12,351,561	11,879,837	(471,724)
Other local revenues	8,341,140	8,010,937	(330,203)
Tuition and transfers	141,740	222,644	80,904
Total Revenues	74,855,813	70,490,752	(4,365,061)
EXPENDITURES			
Current Expenditures			
Certificated salaries	31,879,153	31,590,422	288,731
Classified salaries	9,851,218	9,823,044	28,174
Employee benefits	9,429,206	9,366,017	63,189
Books and supplies	6,440,701	2,964,253	3,476,448
Services and operating expenditures	5,094,389	4,917,815	176,574
Other outgo	2,536,457	2,604,116	(67,659)
Capital outlay	917,483	742,978	174,505
Debt service - interest and other	-	-	-
Total Expenditures	66,148,607	62,008,645	4,139,962
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	8,707,206	8,482,107	(225,099)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	318,357	318,357	-
Operating transfers out	(12,076,070)	(9,262,619)	2,813,451
Other sources	257,960	291,997	34,037
Total Other Financing Sources/(Uses)	(11,499,753)	(8,652,265)	2,847,488
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(2,792,547)	(170,158)	2,622,389
FUND BALANCE, BEGINNING OF YEAR	6,855,633	6,855,633	-
FUND BALANCE, END OF YEAR	<u>\$ 4,063,086</u>	<u>\$ 6,685,475</u>	<u>\$ 2,622,389</u>

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

Special Revenue			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,355,457	\$ 1,372,155	\$ 16,698	\$ -	\$ -	\$ -
224,064	271,955	47,891	-	-	-
1,579,521	1,644,110	64,589	-	-	-
1,016,871	1,015,648	(1,223)	-	-	-
1,093,951	957,120	(136,831)	-	-	-
2,901,243	2,839,114	(62,129)	2,492,860	2,137,638	(355,222)
-	-	-	-	-	-
6,591,586	6,455,992	(135,594)	2,492,860	2,137,638	(355,222)
1,046,968	1,046,205	763	-	-	-
1,877,816	1,847,222	30,594	270,563	270,377	186
746,123	724,145	21,978	55,165	55,116	49
1,701,249	1,610,696	90,553	99,470	82,847	16,623
1,252,447	1,237,201	15,246	974,548	1,203,786	(229,238)
275,549	300,892	(25,343)	-	-	-
102,793	62,132	40,661	28,661,980	18,730,518	9,931,462
35,000	35,000	-	137,711	137,711	-
7,037,945	6,863,493	174,452	30,199,437	20,480,355	9,719,082
(446,359)	(407,501)	38,858	(27,706,577)	(18,342,717)	9,363,860
304,057	304,057	-	11,676,813	8,958,562	(2,718,251)
(14,300)	(14,300)	-	(304,057)	(304,057)	-
11,000	11,000	-	130,000	17,567	(112,433)
300,757	300,757	-	11,502,756	8,672,072	(2,830,684)
(145,602)	(106,744)	38,858	(16,203,821)	(9,670,645)	6,533,176
1,988,055	1,988,055	-	39,424,733	39,424,733	-
\$ 1,842,453	\$ 1,881,311	\$ 38,858	\$ 23,220,912	\$ 29,754,088	\$ 6,533,176

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 4,123,597	\$ 2,854,017	\$ (1,269,580)
Local sources	42,119,468	43,460,180	1,340,712
Total Revenue Limit Sources	46,243,065	46,314,197	71,132
Federal revenues	10,374,699	6,722,895	(3,651,804)
Other state revenues	13,445,512	12,836,957	(608,555)
Other local revenues	13,735,243	12,987,689	(747,554)
Tuition and transfers	141,740	222,644	80,904
Total Revenues	83,940,259	79,084,382	(4,855,877)
EXPENDITURES			
Current Expenditures			
Certificated salaries	32,926,121	32,636,627	289,494
Classified salaries	11,999,597	11,940,643	58,954
Employee benefits	10,230,494	10,145,278	85,216
Books and supplies	8,241,420	4,657,796	3,583,624
Services and operating expenditures	7,321,384	7,358,802	(37,418)
Other outgo	2,812,006	2,905,008	(93,002)
Capital outlay	29,682,256	19,535,628	10,146,628
Debt service - interest and other	172,711	172,711	-
Total Expenditures	103,385,989	89,352,493	14,033,496
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(19,445,730)	(10,268,111)	9,177,619
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	12,299,227	9,580,976	(2,718,251)
Operating transfers out	(12,394,427)	(9,580,976)	2,813,451
Other sources	398,960	320,564	(78,396)
Total Other Financing Sources/(Uses)	303,760	320,564	16,804
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(19,141,970)	(9,947,547)	9,194,423
FUND BALANCE, BEGINNING OF YEAR	48,268,421	48,268,421	-
FUND BALANCE, END OF YEAR	<u>\$ 29,126,451</u>	<u>\$ 38,320,874</u>	<u>\$ 9,194,423</u>

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

B. Fund Accounting

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

Governmental Funds

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

Fiduciary Funds

- Expendable Trust Funds are used to account for assets held by the District as trustee.
- Agency Funds are used to account for assets of others for which the District acts as agent.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Account Group

The accounting and reporting treatment applied to long-term liabilities associated with a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources". Thus, the long-term liabilities associated with governmental funds are accounted for in the account group of the District.

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

C. Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

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

E. Encumbrances

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

F. Stores Inventory

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

G. Prepaid Expenditures

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

H. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of the liability expected to be paid from current resources is not significant. The noncurrent portion of the liability is recognized in the general long-term debt account group.

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

I. Fund Balance Reserves and Designations

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

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

J. Property Tax

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

K. Deferred Revenue

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

L. Use of Estimates

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

M. Total (Memorandum Only) Columns on Combined Statements

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #2 – CASH

Cash at June 30, 2002, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance - Category *		Total	Carrying Amount
	1	3		
Cash on hand and in banks	\$416,997	\$ 312,326	\$ 729,323	\$ 682,628
Cash in revolving fund	23,284	-	23,284	25,160
Cash with fiscal agent	178,076	9,142	187,218	189,010
Cash awaiting deposit	-	-	-	109,773
Total	<u>\$618,357</u>	<u>\$ 321,468</u>	<u>\$ 939,825</u>	<u>\$ 1,006,571</u>

*These categories are as follows:

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

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

NOTE #3 – INVESTMENTS

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

	Reported Amount	Fair Value
U.S. Government Securities	\$ 27,097	\$ 20,873
Uncategorized:		
Deposits with county treasurer	51,874,610	52,311,290
Investment in state treasurer's pool	5,209	5,223
	<u>\$ 51,906,916</u>	<u>\$ 52,337,387</u>

A. Authorized Investments

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

B. Investment in State Treasurer's Pool

The Local Agency Investment Fund (LAIF) is an external investment pool sponsored by the State of California authorized under Section 16429.1, 2, and 3 of the California Government code. The fund is a voluntary program created by statute as an investment alternative for California local governments and special districts. The California State Treasurer administers the fund. The District deposits excess cash in LAIF for investment purposes. LAIF is not required to be categorized. The pool sponsor provided the fair value for these deposits.

C. Deposits with County Treasurer

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

NOTE #4 – ACCOUNTS RECEIVABLE

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

	General	Special Revenue	Debt Service	Capital Projects	Fiduciary	Total
Federal Government						
Categorical aid	\$ 1,880,312	\$ 260,211	\$ -	\$ -	\$ -	\$ 2,140,523
State Government						
Apportionment	42,195	161,612	-	-	-	203,807
Categorical aid	2,449	16,541	-	-	-	18,990
Other state	782,140	269,925	-	587,264	-	1,639,329
Local Government						
Interest	181,059	19,484	13,990	270,707	-	485,240
Other Local Sources	1,803,567	111,487	-	2,844	3,689	1,921,587
Total	<u>\$ 4,691,722</u>	<u>\$ 839,260</u>	<u>\$ 13,990</u>	<u>\$ 860,815</u>	<u>\$ 3,689</u>	<u>\$ 6,409,476</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #5 – INTERFUND TRANSACTIONS

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

Individual fund interfund receivable and payable balances at June 30, 2002, are as follows:

Funds	Interfund Receivables	Interfund Payables
General	\$ 1,110,231	\$ 40,433
Special Revenue Funds:		
Cafeteria	25,462	418,163
Child Development	11,362	214,858
Adult Education	-	178,396
Deferred Maintenance	-	-
Capital Projects Fund		
Building Fund	9,908,769	26,522
Capital Facilities	-	-
State School Building	52,637	105,275
County School Facilities	105,265	6,468,747
Special Reserve	-	3,761,332
Total	<u>\$ 11,213,726</u>	<u>\$ 11,213,726</u>

B. Operating Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2002, are as follows:

The General Fund transferred to the Special Reserve-Capital Outlay for construction costs related to the FAA Noise Abatement Program.	\$ 8,958,562
The Special Reserve-Capital Outlay Fund transferred to the General Fund for deferred maintenance.	304,057
The General Fund transferred to the Deferred Maintenance Fund for the District match.	304,057
The Child Care Fund transferred to the General Fund for classroom rental costs.	14,300
	<u>\$ 9,580,976</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2002, consists of the following:

	General	Special Revenue	Capital Projects	Trust and Agency	Total
Vendor payables	\$2,750,472	\$ 271,495	\$3,066,964	\$ 4,000	\$ 6,092,931
Salaries and benefits	3,535,804	165,293	8,326	-	3,709,423
Other significant payables	1,704,984	-	-	-	1,704,984
Total	<u>\$7,991,260</u>	<u>\$ 436,788</u>	<u>\$3,075,290</u>	<u>\$ 4,000</u>	<u>\$11,507,338</u>

NOTE #7 – DEFERRED REVENUE

Deferred revenue at June 30, 2002, consists of the following:

	General	Special Revenue	Total
Federal financial assistance	\$ 718,402	\$ 5,896	\$ 724,298
State categorical aid	299,830	74,330	374,160
Other local	112,634	-	112,634
Total	<u>\$ 1,130,866</u>	<u>\$ 80,226</u>	<u>\$ 1,211,092</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE #8 – FUND BALANCES

Fund balances are composed of the following elements:

	General	Special Revenue	Capital Projects
Reserved			
Revolving cash	\$ 25,000	\$ 160	\$ -
Stores inventory	181,657	90,860	-
Prepaid expenditures	45,762	1,897	80,359
Restricted Programs	2,594,196	-	-
Others	2,000	-	-
Total Reserved	2,848,615	92,917	80,359
Unreserved			
Designated			
Economic uncertainties	2,138,146	53,658	-
Other Designations	636,083	97,640	16,053,729
Total Designated	2,774,229	151,298	16,053,729
Undesignated	1,062,631	1,637,096	13,620,000
Total Unreserved	3,836,860	1,788,394	29,673,729
Total	\$ 6,685,475	\$ 1,881,311	\$ 29,754,088
	Debt Service	Fiduciary	Total
Revolving cash	\$ -	\$ -	\$ 25,160
Stores inventory	-	-	272,517
Prepaid expenditures	-	-	128,018
Restricted Programs	-	-	2,594,196
Others	-	-	2,000
Total Reserved	-	-	3,021,891
Unreserved			
Designated			
Economic uncertainties	-	-	2,191,804
Other Designations	-	-	16,787,452
Total Designated	-	-	18,979,256
Undesignated	1,778,049	399,610	18,497,386
Total Unreserved	1,778,049	399,610	37,476,642
Total	\$ 1,778,049	\$ 399,610	\$ 40,498,533

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #9 – GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

A schedule of changes in long-term debt for the year ended June 30, 2002, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$ 37,684,954	\$ -	\$ 788,698	\$ 36,896,256
Certificates of participation 1997 series	1,630,000	-	65,000	1,565,000
Certificates of participation 1994 series	1,185,000	-	35,000	1,150,000
Accumulated vacation - net	614,661	84,442	-	699,103
Postemployment benefits	527,858	284,848	320,663	492,043
Environmental Protection Agency Loan	352,072	-	33,531	318,541
ERIP Liability (PARS)	1,131,861	-	320,112	811,749
Capital leases	100,593	-	38,573	62,020
	<u>\$ 43,226,999</u>	<u>\$ 369,290</u>	<u>\$1,601,577</u>	<u>41,994,712</u>
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption				<u>1,778,049</u>
Amount to be provided for retirement of general long-term debt				<u>\$ 40,216,663</u>

B. Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
July 1997	Sept. 2021	4.1-6.7%	\$10,000,000	\$ 7,935,000	\$ -	\$ 85,000	\$ 7,850,000
May 1999	Sept. 2023	4.2-7.2%	16,000,000	15,750,000	-	575,000	15,175,000
Nov 1999	Sept. 2024	4.95-7.0%	13,999,954	13,999,954	-	128,698	13,871,256
				<u>\$37,684,954</u>	<u>\$ -</u>	<u>\$ 788,698</u>	<u>\$36,896,256</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2003	\$ 802,197	\$ 1,260,441	\$ 2,062,638
2004	833,896	1,307,909	2,141,805
2005	863,270	1,360,085	2,223,355
2006	809,274	1,412,194	2,221,468
2007	923,305	1,479,163	2,402,468
Thereafter	32,664,314	29,965,048	62,629,362
Total	<u>\$ 36,896,256</u>	<u>\$ 36,784,840</u>	<u>\$ 73,681,096</u>

C. Certificates of Participation

In April 1994, the South San Francisco Unified School District issued certificates of participation in the amount of \$1,325,000 with interest rates ranging from 5.7 to 6.6 percent. At June 30, 2002, the principal balance outstanding was \$1,150,000.

In February 1997, the District issued variable rate demand certificates of participation in the amount of \$1,815,000. The balance due at June 30, 2002 was \$1,565,000.

The certificates mature through 2023 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 105,000	\$ 143,048	\$ 248,048
2004	110,000	137,799	247,799
2005	115,000	131,802	246,802
2006	125,000	125,772	250,772
2007	125,000	119,371	244,371
Thereafter	2,135,000	784,930	2,919,930
Total	<u>\$ 2,715,000</u>	<u>\$ 1,442,722</u>	<u>\$ 4,157,722</u>

D. EPA Loan

The EPA loan is non-interest bearing and is payable in semi-annual installments of \$16,765 through the year 2012.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

E. Capital Leases

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2003	\$ 43,692
2004	21,846
Total	65,538
Less: Amount Representing Interest	3,518
Present Value of Minimum Lease Payments	<u>\$ 62,020</u>

F. Postemployment Benefits

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently, 94 employees meet those eligibility requirements. Eligible certificated and classified retirees receive a fixed monthly contribution of \$87.50 and \$98.42, respectively until age 65. After age 65, retirees receive a contribution of \$16 per month. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2002, expenditures of \$320,663 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2002, amounts to \$492,043. This amount was calculated based upon the number of retirees receiving benefits multiplied by the yearly district payment per employee in effect at June 30, 2002, multiplied by the number of years of payments remaining until the employee reaches age 65.

G. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2002, amounted to \$699,103.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

H. Early retirement Incentive Program, Public Agency Retirement Supplement Liability

The District has in place an early retirement incentive program called the Public Agency Retirement Supplement ("PARS") whereby the District provides supplemental retirement benefits to employees participate in STRS and met the flowing criteria: (1) was a full-time permanent teacher bargaining unit member employed with the District as of January, (2) was at least fifty-five years of age (or at least fifty years of age if eligible to retire under STRS as of January 27, 1995, (3) completed five years of full-time employment as of January 27, 1995, (4) resigned from the District on or before January 27, 1995, (5) had applied for benefits under this program on or before December 16, 1994 and (6) had retired under STRS. This program is not the same as the early retirement incentive program pursuant to Education Code 22714 and 44929. As of June 30, 2002, there were a total of 31 participants in the program. The retirement payments are payable over the three following fiscal years as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Retirement</u> <u>Payment</u>
2003	\$ 320,112
2004	320,112
2005	171,525
Total	<u>\$ 811,749</u>

NOTE #10 – EMPLOYEE RETIREMENT SYSTEMS

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

A. STRS

Plan Description

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2001-2002 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2002, 2001, and 2000 were \$2,443,768, \$2,341,946, and \$2,174,306, respectively, and equal 100 percent of the required contributions for each year.

B. PERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. There was no required employer contribution rate for the fiscal years ended June 30, 2002, 2001 and 2000.

C. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$585,023 (1.975 percent of salaries subject to STRS) and \$0 (0 percent of salaries subject to PERS). Under generally accepted accounting principles, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report Unaudited Actuals. These amounts also have not been recorded in these financial statements.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

NOTE #11 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards and Grants

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

NOTE #12 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG). The District pays an annual premium to SMCSIG for its health, workers' compensation, and property liability coverage. The relationships between the District and the SMCSIG is such that it is not a component units of the District for financial reporting purposes.

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

- A. Entity San Mateo County Schools Insurance Group
- B. Purpose To Provide Workers' Compensation, Property, Casualty, and Health Insurance programs
- C. Participants Various school districts
- D. Governing Board One representative from each member district

E. Condensed Audited Financial Information Follows

	June 30, 2001*
Assets	\$ 13,056,838
Liabilities	8,038,473
Fund Equity	<u>\$ 5,018,365</u>
Revenues	\$ 21,565,129
Expenses	22,451,758
Net Decrease in Fund Equity	<u><u>\$ (886,629)</u></u>
F. <u>Payments for the Current Year</u>	<u><u>\$ 2,321,367</u></u>

* Most recent information available

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

The SMCSIG had no long-term debt outstanding at June 30, 2001. The District's share of year-end assets, liabilities or fund equity has not been calculated.

NOTE #13 – TAX AND REVENUE ANTICIPATION NOTE

The District used \$5,940,000 in Tax and Revenue Anticipation Notes on July 3, 2001 at 2.65 percent. The notes matured on July 3, 2002. The notes were issued to supplement cash flow.

NOTE #14 – SUBSEQUENT EVENT

The District issued \$9,895,000 in Tax and Revenue Anticipation Notes dated July 3, 2002. The notes will mature on July 3, 2003 at 1.67 percent. The notes were issued to supplement cash flow.

NOTE # 15 – NEW ACCOUNTING PRONOUNCEMENT

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

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

B. Basic Financial Statements which include:

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

C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 1999, with earlier application encouraged. These phases are as follows:

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

Phase I: Districts with total revenue of \$100 million or more are required to implement for the year ending June 30, 2002.

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

Phase III: Districts with total revenue of less than \$10 million are required to implement for the year ending June 30, 2004.

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

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SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2002

	Adult Education	Cafeteria	Child Development	Deferred Maintenance	Total
ASSETS					
Cash	\$ 23,952	\$ 225,395	\$ 40,002	\$ -	\$ 289,349
Investments	286,559	184,741	500,020	980,232	1,951,552
Accounts receivable	288,770	182,394	90,980	277,116	839,260
Due from other funds	-	25,462	11,362	-	36,824
Stores inventory	-	90,860	-	-	90,860
Prepaid expenditures	-	1,897	-	-	1,897
Total Assets	<u>\$ 599,281</u>	<u>\$ 710,749</u>	<u>\$ 642,364</u>	<u>\$1,257,348</u>	<u>\$3,209,742</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 118,604	\$ 93,385	\$ 100,016	\$ 124,783	\$ 436,788
Due to other funds	178,396	418,163	214,858	-	811,417
Deferred revenue	42,661	-	37,565	-	80,226
Total Liabilities	<u>339,661</u>	<u>511,548</u>	<u>352,439</u>	<u>124,783</u>	<u>1,328,431</u>
FUND EQUITY					
Fund balances					
Reserved	-	92,917	-	-	92,917
Unreserved					
Designated	61,582	66,884	22,832	-	151,298
Undesignated	198,038	39,400	267,093	1,132,565	1,637,096
Total Fund Equity	<u>259,620</u>	<u>199,201</u>	<u>289,925</u>	<u>1,132,565</u>	<u>1,881,311</u>
Total Liabilities and Fund Equity	<u>\$ 599,281</u>	<u>\$ 710,749</u>	<u>\$ 642,364</u>	<u>\$1,257,348</u>	<u>\$3,209,742</u>

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Adult Education	Cafeteria	Child Development
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,372,155	\$ -	\$ -
Local sources	-	271,955	-
Total Revenue Limit Sources	1,372,155	271,955	-
Federal revenues	176,815	838,833	-
Other state revenues	92,312	51,821	577,194
Other local revenues	235,430	1,952,467	619,456
Total Revenues	1,876,712	3,115,076	1,196,650
EXPENDITURES			
Current Expenditures			
Certificated salaries	817,314	-	228,891
Classified salaries	257,650	1,113,649	475,923
Employee benefits	214,260	288,598	221,287
Books and supplies	123,829	1,354,790	123,056
Services and operating expenditures	278,236	174,277	44,885
Other outgo	80,320	144,376	76,196
Capital outlay	16,974	4,384	22,346
Debt service - interest and other	-	35,000	-
Total Expenditures	1,788,583	3,115,074	1,192,584
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	88,129	2	4,066
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	(14,300)
Other sources	-	-	11,000
Total Other Financing Sources/(Uses)	-	-	(3,300)
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	88,129	2	766
FUND BALANCE, BEGINNING OF YEAR	171,491	199,199	289,159
FUND BALANCE, END OF YEAR	<u>\$ 259,620</u>	<u>\$ 199,201</u>	<u>\$ 289,925</u>

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

Deferred Maintenance	Total
\$ -	\$ 1,372,155
-	271,955
-	1,644,110
-	1,015,648
235,793	957,120
31,761	2,839,114
267,554	6,455,992
-	1,046,205
-	1,847,222
-	724,145
9,021	1,610,696
739,803	1,237,201
-	300,892
18,428	62,132
-	35,000
767,252	6,863,493
(499,698)	(407,501)
304,057	304,057
-	(14,300)
-	11,000
304,057	300,757
(195,641)	(106,744)
1,328,206	1,988,055
\$ 1,132,565	\$ 1,881,311

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Adult Education		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,355,457	\$ 1,372,155	\$ 16,698
Local sources	-	-	-
Total Revenue Limit Sources	1,355,457	1,372,155	16,698
Federal revenues	220,598	176,815	(43,783)
Other state revenues	131,191	92,312	(38,879)
Other local revenues	272,045	235,430	(36,615)
Total Revenues	1,979,291	1,876,712	(102,579)
EXPENDITURES			
Current Expenditures			
Certificated salaries	817,648	817,314	334
Classified salaries	272,950	257,650	15,300
Employee benefits	226,142	214,260	11,882
Books and supplies	205,615	123,829	81,786
Services and operating expenditures	290,254	278,236	12,018
Other outgo	84,716	80,320	4,396
Capital outlay	27,152	16,974	10,178
Debt service - interest and other	-	-	-
Total Expenditures	1,924,477	1,788,583	135,894
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	54,814	88,129	33,315
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	-	-	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	54,814	88,129	33,315
FUND BALANCE, BEGINNING OF YEAR	171,491	171,491	-
FUND BALANCE, END OF YEAR	\$ 226,305	\$ 259,620	\$ 33,315

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

Cafeteria			Child Development		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
224,064	271,955	47,891	-	-	-
224,064	271,955	47,891	-	-	-
796,273	838,833	42,560	-	-	-
48,943	51,821	2,878	609,760	577,194	(32,566)
1,933,530	1,952,467	18,937	648,368	619,456	(28,912)
3,002,810	3,115,076	112,266	1,258,128	1,196,650	(61,478)
-	-	-	229,320	228,891	429
1,114,335	1,113,649	686	490,531	475,923	14,608
288,788	288,598	190	231,193	221,287	9,906
1,354,949	1,354,790	159	125,685	123,056	2,629
174,851	174,277	574	47,342	44,885	2,457
114,376	144,376	(30,000)	76,457	76,196	261
4,384	4,384	-	52,757	22,346	30,411
35,000	35,000	-	-	-	-
3,086,683	3,115,074	(28,391)	1,253,285	1,192,584	60,701
(83,873)	2	83,875	4,843	4,066	(777)
-	-	-	-	-	-
-	-	-	(14,300)	(14,300)	-
-	-	-	11,000	11,000	-
-	-	-	(3,300)	(3,300)	-
(83,873)	2	83,875	1,543	766	(777)
199,199	199,199	-	289,159	289,159	-
\$ 115,326	\$ 199,201	\$ 83,875	\$ 290,702	\$ 289,925	\$ (777)

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS

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

	Deferred Maintenance		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ -	\$ -	\$ -
Local sources	-	-	-
Total Revenue Limit Sources	-	-	-
Federal revenues	-	-	-
Other state revenues	304,057	235,793	(68,264)
Other local revenues	47,300	31,761	(15,539)
Total Revenues	351,357	267,554	(83,803)
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	15,000	9,021	5,979
Services and operating expenditures	740,000	739,803	197
Other outgo	-	-	-
Capital outlay	18,500	18,428	72
Debt service - interest and other	-	-	-
Total Expenditures	773,500	767,252	6,248
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(422,143)	(499,698)	(77,555)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	304,057	304,057	-
Operating transfers out	-	-	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	304,057	304,057	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(118,086)	(195,641)	(77,555)
FUND BALANCE, BEGINNING OF YEAR	1,328,206	1,328,206	-
FUND BALANCE, END OF YEAR	\$ 1,210,120	\$ 1,132,565	\$ (77,555)

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

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,355,457	\$ 1,372,155	\$ 16,698
224,064	271,955	47,891
1,579,521	1,644,110	64,589
1,016,871	1,015,648	(1,223)
1,093,951	957,120	(136,831)
2,901,243	2,839,114	(62,129)
6,591,586	6,455,992	(135,594)
1,046,968	1,046,205	763
1,877,816	1,847,222	30,594
746,123	724,145	21,978
1,701,249	1,610,696	90,553
1,252,447	1,237,201	15,246
275,549	300,892	(25,343)
102,793	62,132	40,661
35,000	35,000	-
7,037,945	6,863,493	174,452
(446,359)	(407,501)	38,858
304,057	304,057	-
(14,300)	(14,300)	-
11,000	11,000	-
300,757	300,757	-
(145,602)	(106,744)	38,858
1,988,055	1,988,055	-
\$ 1,842,453	\$ 1,881,311	\$ 38,858

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2002

	Building	Capital Facilities	State School Building	Special Reserve
ASSETS				
Cash	\$ -	\$ 46,537	\$ -	\$ 78,574
Investments	1,702,028	959,337	53,148	22,524,594
Accounts receivable	35,516	7,636	491	166,468
Due from other funds	9,908,769	-	52,637	-
Prepaid expenditures	-	80,359	-	-
Total Assets	<u>\$ 11,646,313</u>	<u>\$ 1,093,869</u>	<u>\$ 106,276</u>	<u>\$ 22,769,636</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 1,965,595	\$ 43,416	\$ -	\$ 1,016,812
Due to other funds	26,522	-	105,275	3,761,332
Total Liabilities	<u>1,992,117</u>	<u>43,416</u>	<u>105,275</u>	<u>4,778,144</u>
FUND EQUITY				
Reserved	-	80,359	-	-
Unreserved				
Designated	-	-	-	16,053,729
Undesignated	9,654,196	970,094	1,001	1,937,763
Total Fund Equity	<u>9,654,196</u>	<u>1,050,453</u>	<u>1,001</u>	<u>17,991,492</u>
Total Liabilities and Fund Equity	<u>\$ 11,646,313</u>	<u>\$ 1,093,869</u>	<u>\$ 106,276</u>	<u>\$ 22,769,636</u>

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

County School Facilities	Total
\$ -	\$ 125,111
6,819,191	32,058,298
650,704	860,815
105,265	10,066,671
-	80,359
<u>\$ 7,575,160</u>	<u>\$ 43,191,254</u>

\$ 49,467	\$ 3,075,290
6,468,747	10,361,876
<u>6,518,214</u>	<u>13,437,166</u>

-	80,359
-	16,053,729
1,056,946	13,620,000
<u>1,056,946</u>	<u>29,754,088</u>
<u>\$ 7,575,160</u>	<u>\$ 43,191,254</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	Building	Capital Facilities	State School Building
REVENUES			
Other state revenues	\$ -	\$ -	\$ -
Other local revenues	303,979	996,288	67
Total Revenues	303,979	996,288	67
EXPENDITURES			
Current Expenditures			
Classified salaries	242,615	-	-
Employee benefits	50,756	-	-
Books and supplies	-	18,476	-
Services and operating expenditures	279,163	166,127	25
Capital outlay	5,959,698	335,886	-
Debt service - interest and other	-	104,180	-
Total Expenditures	6,532,232	624,669	25
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(6,228,253)	371,619	42
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	-	17,567	-
Total Other Financing Sources/(Uses)	-	17,567	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(6,228,253)	389,186	42
FUND BALANCE, BEGINNING OF YEAR	15,882,449	661,267	959
FUND BALANCE, END OF YEAR	\$ 9,654,196	\$ 1,050,453	\$ 1,001

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

Special Reserve	County School Facilities	Total
\$ -	\$ -	\$ -
580,109	257,195	2,137,638
<u>580,109</u>	<u>257,195</u>	<u>2,137,638</u>
-	27,762	270,377
-	4,360	55,116
46,202	18,169	82,847
756,829	1,642	1,203,786
5,694,544	6,740,390	18,730,518
33,531	-	137,711
<u>6,531,106</u>	<u>6,792,323</u>	<u>20,480,355</u>
(5,950,997)	(6,535,128)	(18,342,717)
8,958,562	-	8,958,562
(304,057)	-	(304,057)
-	-	17,567
<u>8,654,505</u>	<u>-</u>	<u>8,672,072</u>
2,703,508	(6,535,128)	(9,670,645)
15,287,984	7,592,074	39,424,733
<u>\$ 17,991,492</u>	<u>\$ 1,056,946</u>	<u>\$ 29,754,088</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS

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

	Building		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other state revenues	\$ -	\$ -	\$ -
Other local revenues	446,360	303,979	(142,381)
Total Revenues	446,360	303,979	(142,381)
EXPENDITURES			
Current Expenditures			
Classified salaries	242,801	242,615	186
Employee benefits	50,805	50,756	49
Books and supplies	-	-	-
Services and operating expenditures	608	279,163	(278,555)
Capital outlay	6,700,867	5,959,698	741,169
Debt service - interest and other	-	-	-
Total Expenditures	6,995,081	6,532,232	462,849
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(6,548,721)	(6,228,253)	320,468
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	-	-	-
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(6,548,721)	(6,228,253)	320,468
FUND BALANCE, BEGINNING OF YEAR	15,882,449	15,882,449	-
FUND BALANCE, END OF YEAR	\$ 9,333,728	\$ 9,654,196	\$ 320,468

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

Capital Facilities			State School Building		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
976,500	996,288	19,788	-	67	67
976,500	996,288	19,788	-	67	67
-	-	-	-	-	-
-	-	-	-	-	-
35,000	18,476	16,524	-	-	-
214,564	166,127	48,437	-	25	(25)
338,185	335,886	2,299	-	-	-
104,180	104,180	-	-	-	-
691,929	624,669	67,260	-	25	(25)
284,571	371,619	87,048	-	42	42
-	-	-	-	-	-
-	-	-	-	-	-
130,000	17,567	(112,433)	-	-	-
130,000	17,567	(112,433)	-	-	-
414,571	389,186	(25,385)	-	42	42
661,267	661,267	-	959	959	-
\$ 1,075,838	\$ 1,050,453	\$ (25,385)	\$ 959	\$ 1,001	\$ 42

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS

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

	Special Reserve		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other state revenues	\$ -	\$ -	\$ -
Other local revenues	650,000	580,109	(69,891)
Total Revenues	650,000	580,109	(69,891)
EXPENDITURES			
Current Expenditures			
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	46,300	46,202	98
Services and operating expenditures	757,710	756,829	881
Capital outlay	14,261,440	5,694,544	8,566,896
Debt service - interest and other	33,531	33,531	-
Total Expenditures	15,098,981	6,531,106	8,567,875
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(14,448,981)	(5,950,997)	8,497,984
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	11,676,813	8,958,562	(2,718,251)
Operating transfers out	(304,057)	(304,057)	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	11,372,756	8,654,505	(2,718,251)
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)	(3,076,225)	2,703,508	5,779,733
FUND BALANCE, BEGINNING OF YEAR	15,287,984	15,287,984	-
FUND BALANCE, END OF YEAR	<u>\$ 12,211,759</u>	<u>\$ 17,991,492</u>	<u>\$ 5,779,733</u>

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

County School Facilities			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	-	-	\$ -
420,000	257,195	(162,805)	2,492,860	2,137,638	(355,222)
<u>420,000</u>	<u>257,195</u>	<u>(162,805)</u>	<u>2,492,860</u>	<u>2,137,638</u>	<u>(355,222)</u>
27,762	27,762	-	270,563	270,377	186
4,360	4,360	-	55,165	55,116	49
18,170	18,169	1	99,470	82,847	16,623
1,666	1,642	24	974,548	1,203,786	(229,238)
7,361,488	6,740,390	621,098	28,661,980	18,730,518	9,931,462
-	-	-	137,711	137,711	-
<u>7,413,446</u>	<u>6,792,323</u>	<u>621,123</u>	<u>30,199,437</u>	<u>20,480,355</u>	<u>9,719,082</u>
(6,993,446)	(6,535,128)	458,318	(27,706,577)	(18,342,717)	9,363,860
-	-	-	11,676,813	8,958,562	(2,718,251)
-	-	-	(304,057)	(304,057)	-
-	-	-	130,000	17,567	(112,433)
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,502,756</u>	<u>8,672,072</u>	<u>(2,830,684)</u>
(6,993,446)	(6,535,128)	458,318	(16,203,821)	(9,670,645)	6,533,176
7,592,074	7,592,074	-	39,424,733	39,424,733	-
<u>\$ 598,628</u>	<u>\$ 1,056,946</u>	<u>\$ 458,318</u>	<u>\$ 23,220,912</u>	<u>\$ 29,754,088</u>	<u>\$ 6,533,176</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES TRUST AND AGENCY FUNDS COMBINING BALANCE SHEET JUNE 30, 2002

	Expendable Trust Foundation	Agency	Total
ASSETS			
Cash	\$ -	\$ 566,535	\$ 566,535
Investments	399,921	-	399,921
Accounts receivable	3,689	-	3,689
Total Assets	<u>\$ 403,610</u>	<u>\$ 566,535</u>	<u>\$ 970,145</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 4,000	\$ -	\$ 4,000
Due to student groups	-	566,535	566,535
Total Liabilities	<u>4,000</u>	<u>566,535</u>	<u>570,535</u>
FUND EQUITY			
Unreserved			
Undesignated	399,610	-	399,610
Total Fund Equity	<u>399,610</u>	<u>-</u>	<u>399,610</u>
Total Liabilities and Fund Equity	<u>\$ 403,610</u>	<u>\$ 566,535</u>	<u>\$ 970,145</u>

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES

AGENCY FUNDS

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Elementary School Sites	\$ 129,204	\$ 408,930	\$ 395,867	\$ 142,267
Middle Schools:				
Alta Loma	11,382	122,412	105,588	28,207
Parkway	18,961	115,574	105,800	28,735
Westborough	49,677	241,630	238,110	53,197
Total Middle Schools	80,020	479,616	449,498	110,138
High Schools:				
El Camino	82,659	560,626	518,591	124,695
South San Francisco	196,078	448,572	455,215	189,435
Total High Schools	278,737	1,009,199	973,806	314,130
Total Assets	\$ 487,961	\$1,897,745	\$1,819,171	\$ 566,535

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

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SUPPLEMENTARY INFORMATION

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
IASA Title I ^[1]	84.010	03628	\$ 681,674
Vocational Education C.D. Perkins	84.048	03577	94,529
Vocational Education Act Part 2C	84.174	03573	18,797
Adult Basic Education	84.002	03303	82,286
Drug Free Schools	84.184	03452	24,041
Migrant Education	84.011	03239	38,958
Federal CSR - Title VI	84.340	13073	171,446
ECIA - Title VI	84.158	03340	56,137
Math Instructional Materials	84.276	13894	357
Education for Economic Security	84.165	N/A	28,584
Goal 2000	84.276A	03895	(593)
Reading Excellence	84.338A	14155	165,130
Subtotal			<u>1,361,346</u>
Special Education ^[1]			
Local Assistance	84.027	03379	884,737
Preschool	84.173	03431	49,855
Project Workability	84.027	03705	78,793
Discretionary Grants - In Service	84.029	03612	3,015
Subtotal			<u>1,016,400</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medi-Cal Billing Option	93.778	10113	15,878
Federal Start Up Grant	93.575	10113	866,989
Subtotal			<u>882,867</u>
U.S. DEPARTMENT OF TRANSPORTATION			
FAA Noise Mitigation ^[1]	20.106	N/A	2,623,449
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
National School Lunch Program ^[1]	10.555	03755	724,083
National School Breakfast ^[1]	10.553	03157	72,762
Child and Adult Food Program ^[1]	10.558	03529	24,919
Fair Market Value of Commodity ^[1]	10.550	03389	17,069
Total U.S. Department of Agriculture			<u>838,833</u>
Total Expenditures of Federal Awards			<u>\$ 6,722,895</u>

^[1]Tested as a major program

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	662	662
First through third	2,029	2,017
Fourth through sixth	2,152	2,144
Seventh and eighth	1,339	1,336
Extended Year Programs	9	9
Home and hospital	2	2
Special education	187	189
Total Elementary	6,380	6,359
SECONDARY		
Regular classes	2,725	2,701
Continuation education	41	39
Community Day School	8	10
Home and hospital	1	2
Special education	98	98
Extended Year Programs	4	4
Total Secondary	2,876	2,854
Total K-12	9,256	9,214
CLASSES FOR ADULTS		
Concurrently enrolled	15	15
Not concurrently enrolled	536	623
Total Classes for Adults	551	639
Grand Total	9,807	9,852
SUMMER SCHOOL		Hours of Attendance
Elementary		144,275
High School		76,503
Total Hours		220,778

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>1982-83 Actual Minutes</u>	<u>2001-02 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,920	36,000	180	In Compliance
Grades 1 - 3	51,840 *	50,672 *	52,200	180	In Compliance
Grades 4 - 6	51,840 *	50,672 *	52,200	180	In Compliance
Grades 7 - 8	54,000	52,700	62,260	180	In Compliance
Grades 9 - 12	64,800	63,440	65,303	180	In Compliance

* The minutes requirements for the 1986-87 and 1982-83 for grades 1-3 and 4-5 has been calculated in accordance with the averaging method prescribed by the Program Advisory 86-06 and Ed. Code Sec. 46201

	<u>1986-1987</u>	<u>1982-1983</u>
Actual Minutes		
Grades 1-3	50,400	49,320
Grades 4-5	54,000	52,700
Minutes multiplied by classes		
Grades 1-3	151,200	147,960
Grades 4-5	108,000	105,400
	<u>259,200</u>	<u>253,360</u>
Total number of classes	<u>5</u>	<u>5</u>
	51,840	50,672

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

All District Fund Balances agree to the audited financial statements at June 30, 2002.

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

	(Budget) 2003 ¹	2002	2001	2000
GENERAL FUND				
Revenues and transfers in	\$ 61,520,407	\$ 71,101,106	\$ 61,783,917	\$ 54,034,903
Expenditures	61,482,967	62,008,645	59,126,379	52,785,648
Other uses and transfers out	915,178	9,262,619	575,477	566,639
Total Expenditures and Other Uses	62,398,145	71,271,264	59,701,856	53,352,287
INCREASE/(DECREASE) IN FUND BALANCE	\$ (877,738)	\$ (170,158)	\$ 2,082,061	\$ 682,616
ENDING FUND BALANCE	\$ 5,807,737	\$ 6,685,475	\$ 6,855,633	\$ 4,773,848
AVAILABLE RESERVES ²	\$ 2,910,860	\$ 3,200,777	\$ 2,482,614	\$ 1,767,111
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	4.7%	4.5%	4.2%	3.3%
LONG-TERM DEBT	\$ 40,693,102	\$ 41,994,712	\$ 43,226,999	\$ 43,990,719
AVERAGE DAILY ATTENDANCE AT P-2 ³	9,275	9,256	9,312	9,531

The general fund balance has increased by \$1,911,627 over the past two years. The fiscal year 2002-03 budget projects a decrease of \$877,737. For a district this size, the State recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). Restricted fund surpluses do not augment available reserves.

The District has incurred one operating deficit in one of the past three years, and anticipates incurring an operating deficit during the 2002-2003 fiscal year.

Total long-term debt has decreased by \$1,996,007 over the past two years.

Average daily attendance has decreased by 275 over the past two years. An increase of 19 in ADA is anticipated during fiscal year 2002-03.

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

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

³ Excludes Adult Education ADA.

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2002

NOTE #1 - PURPOSE OF SCHEDULES

A. Schedule of Expenditures of Federal Awards

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

B. Schedule of Average Daily Attendance (ADA)

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

C. Schedule of Instructional Time

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

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

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

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

E. Schedule of Financial Trends and Analysis

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

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

Board of Trustees
South San Francisco Unified School District
South San Francisco, California

We have audited the general-purpose financial statements of South San Francisco Unified School District as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. In our report, our opinion was qualified because the District did not maintain a general fixed asset group of accounts. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Vawrinek Trine Day & Co. LLP

San Jose, California
November 22, 2002



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

Board of Trustees
South San Francisco Unified School District
South San Francisco, California

Compliance

We have audited the compliance of South San Francisco Unified School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. South San Francisco 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 South San Francisco Unified School District's management. Our responsibility is to express an opinion on South San Francisco Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South San Francisco 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 South San Francisco Unified School District's compliance with those requirements.

In our opinion, South San Francisco Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

Vavrinek Trine Day & Co. LLP

San Jose, California
November 22, 2002



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
South San Francisco Unified School District
South San Francisco, California

We have audited the general-purpose financial statements of the South San Francisco Unified School District as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. In our report, our opinion was qualified because the South San Francisco Unified School District did not maintain a general fixed asset group of accounts. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting		
Attendance reporting	4	Yes
Kindergarten continuation	3	Yes
Independent study	13	No
Continuation education	11	Yes
Adult education	8	Yes
Regional occupational centers/programs	4	Not Applicable
Staff development days	3	Not Applicable
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

	Procedures in Controller's Audit Guide	Procedures Performed
Community day schools	8	No
Class size reduction program:		
Option one classes	11	Yes
Option two classes	10	Not Applicable
Option one and two classes	16	Not Applicable
Program to reduce class size in two courses in grade 9	8	Yes
State Instructional Materials		
K-8	10	Yes
9-12	7	Yes
Schiff-Bustamante standard-based instructional Materials	9	Yes
Digital High School Education Technology Grant Program	5	Yes
California Public School Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	Not Applicable

We did not perform testing for Community Day Schools and Independent Study because the recorded ADA for each of these programs was below the minimum threshold.

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

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

Vannink Trine Jay & Co. LLP

San Jose, California
November 22, 2002

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Qualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

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

No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>IASA Title I</u>
<u>10.555, 10.553, 10.558, 10.550</u>	<u>Child Nutrition Cluster</u>
<u>84.027, 84.173, 84.029</u>	<u>Special Education Cluster</u>
<u>20.106</u>	<u>FAA Noise Mitigation</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2002

There were no findings that represent reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with generally accepted government audit standards.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

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

There were no prior year findings.

