
SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2000

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

JUNE 30, 2000

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Philip Weise	President	2002
Louis Dell'Angela	Vice President/Clerk	2000
Shirlee Hoch	Member	2002
Romolo Braschi	Member	2002
Raymond Latham	Member	2000

ADMINISTRATION

Dr. Richard J. Rigg	Superintendent
Dr. George A. Kozitza	Associate Superintendent, Business Services
Dr. Frances Krug	Assistant Superintendent, Personnel Services
Ms. Barbara Olds	Assistant Superintendent, Educational 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 the boundaries of the District during the current year. The District operates 10 elementary schools, 3 middle schools, and 2 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 and combining financial statements of the South San Francisco Unified School District, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effect on the financial statements of the omission of the general fixed asset group of accounts, the general-purpose and combining 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, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2000, 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 supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose and combining financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose and combining financial statements taken as a whole.

Varrinck Trine Jay & Co. LLP

San Jose, California
November 2, 2000

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SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

ALL FUND TYPES AND ACCOUNT GROUP COMBINED BALANCE SHEET JUNE 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS			
Cash	\$ 10,146,521	\$ 358,061	\$ -
Investments	6,920,824	1,472,508	1,092,128
Accounts receivable	2,275,498	475,700	-
Due from other funds	938,178	205,654	-
Stores inventory	185,229	90,351	-
Prepaid expenditures	28,283	-	-
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>\$ 20,494,533</u>	<u>\$ 2,602,274</u>	<u>\$ 1,092,128</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 4,702,172	\$ 180,806	\$ -
Due to other funds	465,040	865,911	-
Current loans	9,945,000	-	-
Deferred revenue	608,473	103,219	-
Due to student groups	-	-	-
General long-term debt	-	-	-
Total Liabilities	<u>15,720,685</u>	<u>1,149,936</u>	<u>-</u>
FUND EQUITY			
Fund balances			
Reserved	2,928,478	90,516	-
Unreserved			
Designated	1,710,250	1,168,468	-
Undesignated	135,120	193,354	1,092,128
Total Fund Equity	<u>4,773,848</u>	<u>1,452,338</u>	<u>1,092,128</u>
Total Liabilities and Fund Equity	<u>\$ 20,494,533</u>	<u>\$ 2,602,274</u>	<u>\$ 1,092,128</u>

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

Capital Projects	Fiduciary Fund Types		Account Group	Total (Memorandum Only)
	Trust And Agency	General Long-Term Debt		
\$ 75,418	\$ 455,315	\$ -	\$ -	11,035,315
27,673,402	398,579	-	-	37,557,441
75,766	-	-	-	2,826,964
250,968	-	-	-	1,394,800
-	-	-	-	275,580
90,369	-	-	-	118,652
-	-	1,092,128	-	1,092,128
-	-	42,898,591	-	42,898,591
<u>\$ 28,165,923</u>	<u>\$ 853,894</u>	<u>\$ 43,990,719</u>	<u>\$ -</u>	<u>97,199,471</u>
\$ 4,324,279	\$ -	\$ -	\$ -	9,207,257
63,849	-	-	-	1,394,800
-	-	-	-	9,945,000
-	-	-	-	711,692
-	455,315	-	-	455,315
-	-	43,990,719	-	43,990,719
<u>4,388,128</u>	<u>455,315</u>	<u>43,990,719</u>	<u>-</u>	<u>65,704,783</u>
90,369	-	-	-	3,109,363
21,353,964	398,579	-	-	24,631,261
<u>2,333,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,754,064</u>
<u>23,777,795</u>	<u>398,579</u>	<u>-</u>	<u>-</u>	<u>31,494,688</u>
<u>\$ 28,165,923</u>	<u>\$ 853,894</u>	<u>\$ 43,990,719</u>	<u>\$ -</u>	<u>97,199,471</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, 2000

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,559,453	\$ 1,207,799	\$ -
Local sources	37,607,527	325,010	-
Total Revenue Limit Sources	39,166,980	1,532,809	-
Federal revenues	1,682,320	817,053	-
Other state revenues	10,880,189	853,949	24,285
Other local revenues	1,623,316	2,359,892	1,812,687
Tuition and transfers	36,420	-	-
Total Revenues	53,389,225	5,563,703	1,836,972
EXPENDITURES			
Current Expenditures			
Certificated salaries	27,990,802	920,797	-
Classified salaries	7,945,001	1,607,532	-
Employee benefits	7,302,599	543,530	-
Books and supplies	2,619,147	1,361,320	-
Services and operating expenditures	4,494,796	503,421	-
Other outgo	1,923,428	217,236	-
Capital outlay	509,875	77,814	-
Debt service - principal	-	-	1,175,000
Debt service - interest and other	-	58,005	1,112,815
Total Expenditures	52,785,648	5,289,655	2,287,815
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	603,577	274,048	(450,843)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	315,276	295,976	-
Operating transfers out	(566,639)	(33,995)	-
Other sources	330,402	2,309	-
Total Other Financing Sources/(Uses)	79,039	264,290	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	682,616	538,338	(450,843)
FUND BALANCE, BEGINNING OF YEAR	4,091,232	914,000	1,542,971
FUND BALANCE, END OF YEAR	\$ 4,773,848	\$ 1,452,338	\$ 1,092,128

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

Capital Projects	Fiduciary Fund Type Foundation Trust	Total (Memorandum Only)
\$ -	\$ -	\$ 2,767,252
-	-	37,932,537
-	-	40,699,789
-	-	2,499,373
-	-	11,758,423
2,083,746	21,863	7,901,504
-	-	36,420
2,083,746	21,863	62,895,509
-	-	28,911,599
183,157	-	9,735,690
25,634	-	7,871,763
3,184	-	3,983,651
630,359	17,500	5,646,076
16,264	-	2,156,928
18,945,899	-	19,533,588
-	-	1,175,000
125,743	-	1,296,563
19,930,240	17,500	80,310,858
(17,846,494)	4,363	(17,415,349)
290,358	-	901,610
(300,976)	-	(901,610)
17,036,965	-	17,369,676
17,026,347	-	17,369,676
(820,147)	4,363	(45,673)
24,597,942	394,216	31,540,361
\$ 23,777,795	\$ 398,579	\$ 31,494,688

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, 2000

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,613,901	\$ 1,559,453	\$ (54,448)
Local sources	37,477,058	37,607,527	130,469
Total Revenue Limit Sources	39,090,959	39,166,980	76,021
Federal revenues	1,978,554	1,682,320	(296,234)
Other state revenues	11,919,550	10,880,189	(1,039,361)
Other local revenues	1,664,540	1,623,316	(41,224)
Tuitions and transfers	62,530	36,420	(26,110)
Total Revenues	54,716,133	53,389,225	(1,326,908)
EXPENDITURES			
Current Expenditures			
Certificated salaries	28,267,534	27,990,802	276,732
Classified salaries	8,060,628	7,945,001	115,627
Employee benefits	7,359,281	7,302,599	56,682
Books and supplies	5,468,140	2,619,147	2,848,993
Services and operating expenditures	5,309,367	4,494,796	814,571
Other outgo	1,898,139	1,923,428	(25,289)
Capital outlay	609,101	509,875	99,226
Debt service - interest and other	-	-	-
Total Expenditures	56,972,190	52,785,648	4,186,542
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(2,256,057)	603,577	2,859,634
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	323,224	315,276	(7,948)
Operating transfers out	(566,639)	(566,639)	-
Other sources	333,957	330,402	(3,555)
Total Other Financing Sources/(Uses)	90,542	79,039	(11,503)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(2,165,515)	682,616	2,848,131
FUND BALANCE, BEGINNING OF YEAR	4,091,232	4,091,232	-
FUND BALANCE, END OF YEAR	\$ 1,925,717	\$ 4,773,848	\$ 2,848,131

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)
\$ 1,170,219	\$ 1,207,799	\$ 37,580	\$ -	\$ -	\$ -
320,106	325,010	4,904	-	-	-
1,490,325	1,532,809	42,484	-	-	-
897,866	817,053	(80,813)	-	-	-
1,114,880	853,949	(260,931)	-	-	-
2,324,560	2,359,892	35,332	2,186,449	2,083,746	(102,703)
-	-	-	-	-	-
5,827,631	5,563,703	(263,928)	2,186,449	2,083,746	(102,703)
962,341	920,797	41,544	-	-	-
1,661,849	1,607,532	54,317	184,624	183,157	1,467
567,696	543,530	24,166	25,914	25,634	280
1,526,245	1,361,320	164,925	3,250	3,184	66
942,579	503,421	439,158	640,843	630,359	10,484
263,031	217,236	45,795	17,570	16,264	1,306
277,007	77,814	199,193	20,616,573	18,945,899	1,670,674
58,500	58,005	495	165,585	125,743	39,842
6,259,248	5,289,655	969,593	21,654,359	19,930,240	1,724,119
(431,617)	274,048	705,665	(19,467,910)	(17,846,494)	1,621,416
253,924	295,976	42,052	196,390	290,358	93,968
(33,995)	(33,995)	-	(258,924)	(300,976)	(42,052)
3,000	2,309	(691)	15,660,091	17,036,965	1,376,874
222,929	264,290	41,361	15,597,557	17,026,347	1,428,790
(208,688)	538,338	747,026	(3,870,353)	(820,147)	3,050,206
914,000	914,000	-	24,597,942	24,597,942	-
\$ 705,312	\$ 1,452,338	\$ 747,026	\$ 20,727,589	\$ 23,777,795	\$ 3,050,206

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, 2000

	Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 2,784,120	\$ 2,767,252	\$ (16,868)
Local sources	37,797,164	37,932,537	135,373
Total Revenue Limit Sources	40,581,284	40,699,789	118,505
Federal revenues	2,876,420	2,499,373	(377,047)
Other state revenues	13,034,430	11,734,138	(1,300,292)
Other local revenues	6,175,549	6,066,954	(108,595)
Tuitions and transfers	62,530	36,420	(26,110)
Total Revenues	62,730,213	61,036,674	(1,693,539)
EXPENDITURES			
Current Expenditures			
Certificated salaries	29,229,875	28,911,599	318,276
Classified salaries	9,907,101	9,735,690	171,411
Employee benefits	7,952,891	7,871,763	81,128
Books and supplies	6,997,635	3,983,651	3,013,984
Services and operating expenditures	6,892,789	5,628,576	1,264,213
Other outgo	2,178,740	2,156,928	21,812
Capital outlay	21,502,681	19,533,588	1,969,093
Debt service - interest and other	224,085	183,748	40,337
Total Expenditures	84,885,797	78,005,543	6,880,254
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(22,155,584)	(16,968,869)	5,186,715
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	773,538	901,610	128,072
Operating transfers out	(859,558)	(901,610)	(42,052)
Other sources	15,997,048	17,369,676	1,372,628
Total Other Financing Sources/(Uses)	15,911,028	17,369,676	1,458,648
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(6,244,556)	400,807	6,645,363
FUND BALANCE, BEGINNING OF YEAR	29,603,174	29,603,174	-
FUND BALANCE, END OF YEAR	\$ 23,358,618	\$ 30,003,981	\$ 6,645,363

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

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

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 has 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, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into fund types and account groups as follows:

Governmental Funds

- General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes.
- 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, 2000

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 must adopt 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 the 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, 2000

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 amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

G. Prepaid Expenditures

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures 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, 2000

K. Deferred Revenue

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

L. Use of Estimates

The preparation of financial statements in conformity with 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, 2000

NOTE #2 – CASH

Cash at June 30, 2000, is presented below and categorized separately to give an indication of the level of risk assessment with each deposit:

	Bank Balance - Category *			Total	Carrying Amount
	1	2	3		
Cash on hand and in banks	\$ 167,362	\$ -	\$ 562,880	\$ 730,242	\$ 701,978
Cash in revolving fund	44,703	-	-	44,703	25,165
Cash with fiscal agent	-	10,121,521	186,651	10,308,172	10,308,172
Total	<u>\$ 212,065</u>	<u>\$ 10,121,521</u>	<u>\$ 749,531</u>	<u>\$ 11,083,117</u>	<u>\$ 11,035,315</u>

*These categories are as follows:

- Category 1: Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3: Uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name.

NOTE #3 – INVESTMENTS

Investments at June 30, 2000, consist of the following:

	Reported Amount	Fair Value
Deposits with county treasurer	\$ 34,280,898	\$ 34,287,749
Investment in State Treasurer's Pool	3,276,543	3,272,823
Total	<u>\$ 37,557,441</u>	<u>\$ 37,560,572</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, 2000

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 moneys with their county treasurer (Education Code Section 41001). Therefore, the District is considered to be an involuntary participant in an external investments pool. County deposits are not required to be categorized. The pool sponsor provided fair value for these deposits.

NOTE #4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2000, consist of the following:

	General	Special Revenue	Capital Projects	Total
Federal Government				
Categorical aid	\$ 285,148	\$ 77,886	\$ -	\$ 363,034
State Government				
Apportionment	48,298	22,705	-	71,003
Categorical aid	71,452	8,654	-	80,106
Other state	1,353,017	299,914	-	1,652,931
Local Government				
Interest	29,476	20,638	17	50,131
Other Local Sources	488,107	45,903	75,749	609,759
Total	<u>\$ 2,275,498</u>	<u>\$ 475,700</u>	<u>\$ 75,766</u>	<u>\$ 2,826,964</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

NOTE #5 – INTERFUND TRANSACTIONS

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

Individual fund interfund receivable and payable balances at June 30, 2000, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 938,178	\$ 465,040
Special Revenue Funds:		
Cafeteria	22,554	601,332
Child Development	58	114,942
Adult Education	140,990	149,637
Deferred Maintenance	42,052	-
Total Special Revenue Funds	<u>205,654</u>	<u>865,911</u>
Capital Projects Funds:		
Building Fund	-	21,797
Special Reserve	250,968	42,052
Total Capital Projects Fund	<u>250,968</u>	<u>63,849</u>
Total	<u>\$ 1,394,800</u>	<u>\$ 1,394,800</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, 2000, are as follows:

The General fund transferred to the Special Reserve fund for tax increment	\$ 250,968
The General fund transferred to the Deferred Maintenance fund for the District Match	295,976
The General fund transferred to the Special Reserve fund for Diploma Based program	19,695
The Special Reserve fund transferred to the General Fund for deferred maintenance	295,976
The General fund transferred to the Special Reserve fund for easement	5,000
The Child Development fund transferred to the General Fund for classroom rental	14,300
The Adult Education fund transferred to the Special Reserve fund for Diploma program	19,695
Total Operating Transfers	<u>\$ 901,610</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

NOTE #6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2000, consists of the following:

	General	Special Revenue	Capital Projects	Total
Accrued Salaries and Benefits	\$ 2,716,310	\$ 31,858	\$ -	\$2,748,168
Apportionment	126,076	-	-	126,076
Construction	-	-	4,324,279	4,324,279
All Other Payables	1,859,786	148,948	-	2,008,734
Total	<u>\$ 4,702,172</u>	<u>\$ 180,806</u>	<u>\$4,324,279</u>	<u>\$9,207,257</u>

NOTE #7 – DEFERRED REVENUE

Deferred revenue at June 30, 2000, consists of the following:

	General	Special Revenue	Total
Federal financial assistance	\$ 410,768	\$ -	\$410,768
State categorical aid	192,332	103,219	295,551
Local	5,373	-	5,373
Total	<u>\$ 608,473</u>	<u>\$103,219</u>	<u>\$711,692</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE #8 – FUND BALANCES

Fund balances are composed of the following elements:

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total
Reserved						
Revolving cash	\$ 25,000	\$ 165	\$ -	\$ -	\$ -	\$ 25,165
Stores inventory	185,229	90,351	-	-	-	275,580
Prepaid expenditures	28,283	-	-	90,369	-	118,652
Restricted programs	2,472,334	-	-	-	-	2,472,334
All others	217,632	-	-	-	-	217,632
Total Reserved	2,928,478	90,516	-	90,369	-	3,109,363
Unreserved						
Designated						
Economic uncertainties	1,631,991	-	-	-	-	1,631,991
Other designations	78,259	1,168,468	-	21,353,964	398,579	22,999,270
Total Designated	1,710,250	1,168,468	-	21,353,964	398,579	24,631,261
Undesignated	135,120	193,354	1,092,128	2,333,462	-	3,754,064
Total	\$ 4,773,848	\$ 1,452,338	\$ 1,092,128	\$ 23,777,795	\$398,579	\$31,494,688

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

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, 2000, is shown below:

	Balance Beginning of Year	Additions and Adjustments	Deductions	Balance End of Year
General obligation bonds	\$ 25,190,000	\$ 13,999,954	\$ 1,175,000	\$ 38,014,954
Certificates of participation - 1997 series	1,755,000	-	60,000	1,695,000
Certificates of participation - 1994 series	1,245,000	-	30,000	1,215,000
Environmental Protection Agency Loan	419,134	-	33,531	385,603
Capital leases	247,205	-	90,566	156,639
ERIP Liability (PARS)	237,413	1,653,616	436,826	1,454,203
Postretirement benefits	221,049	284,848	74,019	431,878
Accrued vacation	520,458	-	8,016	512,442
Arbitrage rebate liability	-	125,000	-	125,000
	<u>\$ 29,835,259</u>	<u>\$ 16,063,418</u>	<u>\$ 1,907,958</u>	<u>43,990,719</u>
Amount available and reserved for retirement of general long-term debt				<u>1,092,128</u>
Amount to be provided for retirement of general long-term debt				<u>\$ 42,898,591</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	\$ 9,190,000	\$ -	\$ 1,175,000	\$ 8,015,000
May 1999	Sept. 2023	4.2 - 7.2	16,000,000	16,000,000	-	-	16,000,000
Nov 1999	Sept. 2024	4.95 - 7.0	13,999,954	13,999,954	-	-	13,999,954
				<u>\$ 39,189,954</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>	<u>\$ 38,014,954</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2001	\$ 330,000	\$ 1,198,340	\$ 1,528,340
2002	788,698	1,165,380	1,954,078
2003	802,197	1,137,638	1,939,835
2004	833,896	1,126,805	1,960,701
2005	863,270	1,113,355	1,976,625
Thereafter	34,396,893	12,928,292	47,325,185
Total	<u>\$ 38,014,954</u>	<u>\$ 18,669,810</u>	<u>\$ 56,684,764</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, 2000, the principal balance outstanding was \$1,215,000.

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, 2000 was \$1,695,000.

The certificates mature through 2023, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 95,000	\$ 153,277	\$ 248,277
2002	100,000	148,383	248,383
2003	105,000	143,410	248,410
2004	110,000	138,027	248,027
2005	115,000	133,333	248,333
Thereafter	2,385,000	1,048,624	3,433,624
Total	<u>\$ 2,910,000</u>	<u>\$ 1,765,054</u>	<u>\$ 4,675,054</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, 2000

E. Capital Leases

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2001	\$ 63,999
2002	43,692
2003	43,692
2004	21,846
Total	173,229
Less: Amount Representing Interest	16,590
Present Value of Minimum Lease Payments	<u>\$ 156,639</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, 98 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, 2000, expenditures of \$161,275 were recognized for retirees' health care benefits.

The approximate accumulated future liability, relating to retired employees, for the District at June 30, 2000, amounts to \$431,878. This amount was calculated based upon the number of retirees receiving benefits multiplied by the yearly district payment per employee in affect at June 30, 2000, 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, 2000, amounted to \$512,442.

H. Arbitrage Liability

Arbitrage rebate consists of the excess of interest earned by a governmental unit on bond proceeds over interest paid to bond holders. The amount recorded by the District represents an estimate \$125,000 payable to the Treasury Department and is recorded in accordance with FASB Statement No. 5, accounting for contingencies. The exact amount and date of payment will be determined in accordance with Treasury Regulations.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

I. 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 who participated in STRS and met the following criteria: (1) was a full-time permanent teacher bargaining unit member employed with the District as of January 2, 1995, (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, 2000, there were a total of 31 participants in the program. The retirement payments are payable over the five following fiscal years as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Retirement</u> <u>Payment</u>
2001	\$ 322,431
2002	320,112
2003	320,112
2004	320,112
2005	171,436
Total	<u>\$ 1,454,203</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

Description of Plan

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, 2000

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 1999-2000 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, 2000, 1999, and 1998 were \$2,174,306, \$2,138,188, and \$2,042,813, respectively, and equal 100 percent of the required contributions for each year.

B. PERS

Description of Plan

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 (7 percent of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. There is no required employer contribution rate for fiscal 1999-2000. 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, 2000, 1999, and 1998 were \$0, \$0, and \$513,673, respectively, and equal 100 percent of the required contributions for each year.

C. On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$1,476,978 (5.602 percent of salaries subject to STRS) and \$8,292 (.093 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 (J-200). These amounts also have not been recorded in these financial statements.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

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 relationship between the District and the SMCSIG is such that it is not a component unit of the District for financial reporting purposes.

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

- 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 Unaudited Financial Information Follows

		June 30, 2000
Assets		\$ 12,922,567
Liabilities		7,017,573
	Fund Equity	\$ 5,904,994
Revenues		19,013,903
Expenses		18,971,674
	Net Increase in Fund Equity	\$ 42,229
F. <u>Payments for the Current Year</u>		\$ 1,837,503

The SMCSIG had no long-term debt outstanding at June 30, 2000. The District's share of year-end assets, liabilities or fund equity has not been calculated.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

NOTE #13 – SALE OF SCHOOL SITE

The District sold the El Rancho school site in September 1998, and netted proceeds of \$7,431,984 from the sale. In addition the District receives 40% of the excess of the actual selling price of houses over a pre-determined threshold price. The District recorded an additional \$2,984,444 in revenue resulting from this arrangement. All proceeds were deposited in the Special Reserve Fund.

NOTE #14 – 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."* 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:
 - 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, 2000

	Adult Education	Cafeteria	Child Development	Deferred Maintenance
ASSETS				
Cash	\$ -	\$ 358,061	\$ -	\$ -
Investments	156,399	304,119	277,876	734,114
Accounts receivable	55,468	78,156	80,396	261,680
Due from other funds	140,990	22,554	58	42,052
Stores inventory	-	90,351	-	-
Total Assets	<u>\$ 352,857</u>	<u>\$ 853,241</u>	<u>\$ 358,330</u>	<u>\$ 1,037,846</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 57,432	\$ 94,509	\$ 28,495	\$ 370
Due to other funds	149,637	601,332	114,942	-
Deferred revenue	100,016	-	3,203	-
Total Liabilities	<u>307,085</u>	<u>695,841</u>	<u>146,640</u>	<u>370</u>
FUND EQUITY				
Fund balances				
Reserved	-	90,516	-	-
Unreserved				
Designated	45,772	66,884	18,336	1,037,476
Undesignated	-	-	193,354	-
Total Fund Equity	<u>45,772</u>	<u>157,400</u>	<u>211,690</u>	<u>1,037,476</u>
Total Liabilities and Fund Equity	<u>\$ 352,857</u>	<u>\$ 853,241</u>	<u>\$ 358,330</u>	<u>\$ 1,037,846</u>

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

Total

\$ 358,061
1,472,508
475,700
205,654
90,351
\$ 2,602,274

\$ 180,806
865,911
103,219
1,149,936

90,516

1,168,468
193,354
1,452,338

\$ 2,602,274

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, 2000

	Adult Education		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ 1,170,219	\$ 1,207,799	\$ 37,580
Local sources	-	-	-
Total Revenue Limit Sources	1,170,219	1,207,799	37,580
Federal revenues	107,104	29,022	(78,082)
Other state revenues	228,601	69,544	(159,057)
Other local revenues	84,444	33,726	(50,718)
Total Revenues	1,590,368	1,340,091	(250,277)
EXPENDITURES			
Current Expenditures			
Certificated salaries	755,976	733,078	22,898
Classified salaries	244,206	213,048	31,158
Employee benefits	153,997	151,489	2,508
Books and supplies	161,575	55,491	106,084
Services and operating expenditures	94,005	79,294	14,711
Other outgo	122,110	90,523	31,587
Capital outlay	94,456	34,443	60,013
Debt service - interest and other	28,500	28,005	495
Total Expenditures	1,654,825	1,385,371	269,454
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(64,457)	(45,280)	19,177
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	(19,695)	(19,695)	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	(19,695)	(19,695)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(84,152)	(64,975)	19,177
FUND BALANCE, BEGINNING OF YEAR	110,747	110,747	-
FUND BALANCE, END OF YEAR	\$ 26,595	\$ 45,772	\$ 19,177

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

Cafeteria			Child Development		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
320,106	325,010	4,904	-	-	-
320,106	325,010	4,904	-	-	-
790,762	788,031	(2,731)	-	-	-
46,539	47,598	1,059	585,816	481,298	(104,518)
1,743,349	1,808,136	64,787	489,567	494,264	4,697
2,900,756	2,968,775	68,019	1,075,383	975,562	(99,821)
-	-	-	206,365	187,719	18,646
1,016,708	1,016,576	132	400,935	377,908	23,027
258,376	255,558	2,818	155,323	136,483	18,840
1,270,206	1,243,533	26,673	83,964	61,723	22,241
207,805	197,089	10,716	67,761	62,887	4,874
95,364	81,156	14,208	45,557	45,557	-
5,725	5,672	53	27,676	25,006	2,670
30,000	30,000	-	-	-	-
2,884,184	2,829,584	54,600	987,581	897,283	90,298
16,572	139,191	122,619	87,802	78,279	(9,523)
-	-	-	-	-	-
-	-	-	(14,300)	(14,300)	-
-	-	-	3,000	2,309	(691)
-	-	-	(11,300)	(11,991)	(691)
16,572	139,191	122,619	76,502	66,288	(10,214)
18,209	18,209	-	145,402	145,402	-
\$ 34,781	\$ 157,400	\$ 122,619	\$ 221,904	\$ 211,690	\$ (10,214)

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, 2000

	Deferred Maintenance		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Revenue Limit Sources			
State apportionments	\$ -	\$ -	-
State apportionments	-	-	-
Total Revenue Limit	-	-	-
Federal revenues	-	-	-
Other state revenues	253,924	255,509	1,585
Other local revenues	7,200	23,766	16,566
Total Revenues	261,124	279,275	18,151
EXPENDITURES			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	10,500	573	9,927
Services and operating expenditures	573,008	164,151	408,857
Other outgo	-	-	-
Capital outlay	149,150	12,693	136,457
Debt service - interest and other	-	-	-
Total Expenditures	732,658	177,417	555,241
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(471,534)	101,858	573,392
OTHER FINANCING SOURCES(USES)			
Operating transfers in	253,924	295,976	42,052
Operating transfers out	-	-	-
Other sources	-	-	-
Total Other Financing Sources/(Uses)	253,924	295,976	42,052
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(217,610)	397,834	615,444
FUND BALANCE, BEGINNING OF YEAR	639,642	639,642	-
FUND BALANCE, END OF YEAR	\$ 422,032	\$ 1,037,476	\$ 615,444

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

Total		Variance
Budget	Actual	Favorable (Unfavorable)
\$ 1,170,219	\$ 1,207,799	\$ 37,580
320,106	325,010	4,904
1,490,325	1,532,809	42,484
897,866	817,053	(80,813)
1,114,880	853,949	(260,931)
2,324,560	2,359,892	35,332
5,827,631	5,563,703	(263,928)
962,341	920,797	41,544
1,661,849	1,607,532	54,317
567,696	543,530	24,166
1,526,245	1,361,320	164,925
942,579	503,421	439,158
263,031	217,236	45,795
277,007	77,814	199,193
58,500	58,005	495
6,259,248	5,289,655	969,593
(431,617)	274,048	705,665
253,924	295,976	42,052
(33,995)	(33,995)	-
3,000	2,309	(691)
222,929	264,290	41,361
(208,688)	538,338	747,026
914,000	914,000	-
\$ 705,312	\$ 1,452,338	\$ 747,026

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2000

	Building	Capital Facilities	State School Building	Special Reserve
ASSETS				
Cash	\$ -	\$ -	\$ -	75,418
Investments	13,107,851	161,404	907	14,403,240
Accounts receivable	-	75,749	-	17
Prepaid expenditures	-	90,369	-	-
Due from other funds	-	-	-	250,968
Total Assets	<u>\$ 13,107,851</u>	<u>\$ 327,522</u>	<u>\$ 907</u>	<u>\$ 14,729,643</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 4,240,664	\$ -	\$ -	83,615
Due to other funds	21,797	-	-	42,052
Total Liabilities	<u>4,262,461</u>	<u>-</u>	<u>-</u>	<u>125,667</u>
FUND EQUITY				
Fund balances				
Reserved	-	90,369	-	-
Unreserved				
Designated	8,845,390	237,153	-	12,271,421
Undesignated	-	-	907	2,332,555
Total Fund Equity	<u>8,845,390</u>	<u>327,522</u>	<u>907</u>	<u>14,603,976</u>
Total Liabilities and Fund Equity	<u>\$ 13,107,851</u>	<u>\$ 327,522</u>	<u>\$ 907</u>	<u>\$ 14,729,643</u>

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

Total

\$ 75,418
27,673,402
75,766
90,369
250,968
\$ 28,165,923

\$ 4,324,279
63,849
4,388,128

90,369

21,353,964
2,333,462
23,777,795

\$ 28,165,923

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, 2000

	Building		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 946,000	\$ 704,801	\$ (241,199)
Total Revenues	946,000	704,801	(241,199)
EXPENDITURES			
Current Expenditures			
Classified salaries	184,624	183,157	1,467
Employee benefits	25,914	25,634	280
Books and supplies	-	-	-
Services and operating expenditures	323,515	315,240	8,275
Other outgo	17,570	16,264	1,306
Capital outlay	18,226,937	18,022,483	204,454
Debt service - interest and other	-	-	-
Total Expenditures	18,778,560	18,562,778	215,782
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(17,832,560)	(17,857,977)	(25,417)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	14,000,000	13,999,954	(46)
Total Other Financing Sources/(Uses)	14,000,000	13,999,954	(46)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(3,832,560)	(3,858,023)	(25,463)
FUND BALANCE, BEGINNING OF YEAR	12,703,413	12,703,413	-
FUND BALANCE, END OF YEAR	\$ 8,870,853	\$ 8,845,390	\$ (25,463)

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)
\$ 552,400	\$ 680,448	\$ 128,048	\$ 49	49	\$ -
552,400	680,448	128,048	49	49	-
-	-	-	-	-	-
-	-	-	-	-	-
3,100	3,048	52	-	-	-
183,328	182,425	903	-	-	-
-	-	-	-	-	-
272,800	236,423	36,377	-	-	-
92,664	92,212	452	-	-	-
551,892	514,108	37,784	-	-	-
508	166,340	165,832	49	49	-
-	-	-	-	-	-
-	-	-	-	-	-
35,000	52,567	17,567	-	-	-
35,000	52,567	17,567	-	-	-
35,508	218,907	183,399	49	49	-
108,615	108,615	-	858	858	\$ -
\$ 144,123	\$ 327,522	\$ 183,399	\$ 907	\$ 907	\$ -

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, 2000

	Special Reserve		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 688,000	\$ 698,448	\$ 10,448
Total Revenues	688,000	698,448	10,448
EXPENDITURES			
Current Expenditures			
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	150	136	14
Services and operating expenditures	134,000	132,694	1,306
Other outgo	-	-	-
Capital outlay	2,116,836	686,993	1,429,843
Debt service - interest and other	72,921	33,531	39,390
Total Expenditures	2,323,907	853,354	1,470,553
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(1,635,907)	(154,906)	1,481,001
OTHER FINANCING SOURCES(USES)			
Operating transfers in	196,390	290,358	93,968
Operating transfers out	(258,924)	(300,976)	(42,052)
Other sources	1,625,091	2,984,444	1,359,353
Total Other Financing Sources/(Uses)	1,562,557	2,973,826	1,411,269
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(73,350)	2,818,920	2,892,270
FUND BALANCE, BEGINNING OF YEAR	11,785,056	11,785,056	-
FUND BALANCE, END OF YEAR	<u>\$ 11,711,706</u>	<u>\$ 14,603,976</u>	<u>\$ 2,892,270</u>

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

Total		Variance
Budget	Actual	Favorable (Unfavorable)
\$ 2,186,449	\$ 2,083,746	\$ (102,703)
<u>2,186,449</u>	<u>2,083,746</u>	<u>(102,703)</u>
184,624	183,157	1,467
25,914	25,634	280
3,250	3,184	66
640,843	630,359	10,484
17,570	16,264	1,306
20,616,573	18,945,899	1,670,674
<u>165,585</u>	<u>125,743</u>	<u>39,842</u>
<u>21,654,359</u>	<u>19,930,240</u>	<u>1,724,119</u>
<u>(19,467,910)</u>	<u>(17,846,494)</u>	<u>1,621,416</u>
196,390	290,358	93,968
(258,924)	(300,976)	(42,052)
<u>15,660,091</u>	<u>17,036,965</u>	<u>1,376,874</u>
<u>15,597,557</u>	<u>17,026,347</u>	<u>1,428,790</u>
(3,870,353)	(820,147)	3,050,206
<u>24,597,942</u>	<u>24,597,942</u>	<u>-</u>
<u>\$ 20,727,589</u>	<u>\$ 23,777,795</u>	<u>\$ 3,050,206</u>

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND TYPES TRUST AND AGENCY FUNDS COMBINING BALANCE SHEET JUNE 30, 2000

		Fiduciary Fund Types		
		Expendable		
		Trust		
		Foundation	Agency	Total
ASSETS				
Cash		\$ -	\$ 455,315	\$ 455,315
Investments		398,579	-	398,579
	Total Assets	\$ 398,579	\$ 455,315	\$ 853,894
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to student groups		\$ -	\$ 455,315	\$ 455,315
FUND EQUITY				
Fund balances				
Unreserved				
Designated		398,579	-	398,579
Undesignated		-	-	-
	Total Fund Equity	398,579	-	398,579
	Total Liabilities			
	and Fund Equity	\$ 398,579	\$ 455,315	\$ 853,894

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, 2000

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Elementary School Sites	\$ 76,104	\$ 411,454	\$ 367,773	\$ 119,785
Middle Schools:				
Alta Loma	(8,436)	144,509	114,484	21,589
Parkway	29,452	88,427	93,231	24,648
Westborough	34,932	302,637	293,030	44,539
Total Middle Schools	55,948	535,573	500,745	90,776
High Schools:				
El Camino	73,624	441,776	433,250	82,150
South San Francisco	168,188	560,575	566,159	162,604
Total High Schools	241,812	1,002,351	999,409	244,754
Total Assets and Liabilities	<u>\$ 373,864</u>	<u>\$ 1,949,378</u>	<u>\$ 1,867,927</u>	<u>\$ 455,315</u>

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, 2000

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE CALIFORNIA DEPARTMENT OF EDUCATION			
Vocational Education C. D. Perkins	84.048	03577	\$ 16,235
Vocational Education Act Part 2C	84.174	03573	36,516
Adult Basic Education	84.002	03303	12,787
Drug Free Schools	84.184	03452	44,105
Chapter 1 ^[1]	84.010	03797	644,506
Migrant Education	84.011	03628	11,164
Federal CSR - Title VI	84.298	03180	46,998
ECIA - Title VI	84.158	03340	33,470
Education for Economic Security	84.165	N/A	22,397
Special Education			
Local Assistance	84.027	03379	673,800
Preschool	84.173	03431	25,309
Project Workability	84.027	03705	67,090
Discretionary Grants - In Service	84.029	03612	3,558
LCI Growth	84.027	03143	22,773
AB 1086 Teacher Grant	84.276	03363	15,640
Medical Services Claim	93.575	10113	34,994
Subtotal			<u>1,711,342</u>
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE CALIFORNIA DEPARTMENT OF EDUCATION			
National School Lunch Program ^[1]	10.555	03755	<u>788,031</u>
Total			<u>\$ 2,499,373</u>

[1] Tested as 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, 2000

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	731	731
First through third	2,220	2,214
Fourth through sixth	2,104	2,099
Seventh and eighth	1,328	1,323
Home and hospital	1	1
Extended year programs	8	8
Special education	200	209
Total Elementary	6,592	6,585
SECONDARY		
Regular classes	2,815	2,779
Continuation education	43	42
Home and hospital	2	3
Special education	70	74
Community Day School	7	9
Extended year programs	2	2
Total Secondary	2,939	2,909
Total K-12	9,531	9,494
CLASSES FOR ADULTS		
Concurrently enrolled	9	10
Not concurrently enrolled	566	580
Total Classes for Adults	575	590
Grand Total	10,106	10,084
		Hours of Attendance
SUMMER SCHOOL		
Elementary		40,685
High School		82,353
Total Hours		123,038

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2000

Grade Level	1986-1987 Minutes Requirement	1982-1983 Actual Minutes	1999-2000 Actual Minutes	Status
Kindergarten	36,000	35,920	36,000	In Compliance
Grades 1 - 3	51,840 *	50,672 *	52,140	In Compliance
Grades 4 - 5	51,840 *	50,672 *	52,140	In Compliance
Grades 6 - 8	54,000	52,700	60,888	In Compliance
Grades 9 - 12	64,800	63,440	65,303	In Compliance

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

	1986-1987	1982-1983
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
	259,200	253,360
Total number of classes	5	5
Average	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, 2000**

All District fund balances agree to the audited financial statements at June 30, 2000.

See accompanying note to supplementary information.

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2000

	Budget 2001 ¹	2000	1999	1998
GENERAL FUND				
Revenues and transfers in	\$ 58,306,182	\$ 54,034,903	\$ 52,376,980	\$ 49,599,509
Expenditures	55,112,551	52,785,648	50,346,968	48,073,637
Other uses and transfers out	430,619	566,639	1,923,452	1,830,711
Total Expenditures and Other Uses	55,543,170	53,352,287	52,270,420	49,904,348
INCREASE/(DECREASE) IN FUND BALANCE	\$ 2,763,012	\$ 682,616	\$ 106,560	\$ (304,839)
ENDING FUND BALANCE	\$ 7,536,860	\$ 4,773,848	\$ 4,091,232	\$ 3,984,672
AVAILABLE RESERVES ²	\$ 5,023,197	\$ 1,767,111	\$ 1,470,921	\$ 2,381,380
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	9.04%	3.31%	2.81%	4.77%
LONG-TERM DEBT	\$ 43,204,543	\$ 43,990,719	\$ 29,835,259	\$ 17,892,052
AVERAGE DAILY ATTENDANCE AT P-2 ³	9,393	9,531	9,640	9,991

The general fund balance has increased by \$789,176 over the past two years. The fiscal year 2000-01 budget projects a surplus of \$1,930,000. For a district this size, the State recommends available reserves of at least three percent of total general fund expenditures, transfers out, and other uses (total outgo). Restricted fund surpluses do not augment available reserves.

Total long-term debt has increased by \$26,098,667 over the past two years as a result of the issuance of general obligation bonds during the past two years.

Average Daily Attendance (ADA) decreased by 109 during the past year. 1998 ADA includes excused absences, thus comparison of current year ADA with year 1998 is not meaningful. Additional decline of 138 ADA is forecast for the 2000-01 fiscal year.

¹ Budget 2001 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, 2000

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 accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 Form J-200 to the audited financial statements.

E. Schedule of Financial Trends and Analysis

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

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

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

We have audited the financial statements of South San Francisco Unified School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 2, 2000. 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 generally accepted auditing standards 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 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Vawrinck Trine Jay & Co. LLP

San Jose, California
November 2, 2000



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, 2000. 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 generally accepted auditing standards; 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, 2000.

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

Vawrinek Trine Jay + Co. LLP

San Jose, California
November 2, 2000



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the financial statements of the South San Francisco Unified School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 2, 2000. 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 generally accepted auditing standards, the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The management of 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
Staff development days	3	Yes
Kindergarten enrollment	4	Yes
Independent study	13	No
Continuation education	13	No
Adult education	8	Yes
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes

	Procedures in Controller's Audit Guide	Procedures Performed
Early retirement incentive program	5	Not Applicable
Community day schools	8	No
Class size reduction program:		
Option one classes	12	Yes
Option two classes	11	Not Applicable
Both options one and two classes	17	Not Applicable
Reduce class size in two courses in grade 9	8	Yes
State instructional materials fund (K-8)	8	Yes
Schiff-Bustamante standards-based instructional materials	4	Yes
Digital High School Education Technology Grant Program	5	Yes
Office of Criminal Justice Planning	-	Not Applicable

We did not perform testing for Independent Study, Continuation Education or Community Day Schools 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.

Vanninek Trine Day & Co. LLP

San Jose, California
November 2, 2000

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2000

FINANCIAL STATEMENTS

Type of auditors' report issued:

Qualified

Internal control over financial reporting:

Material weakness(es) identified?

No

Reporting condition(s) identified not considered to be material weaknesses?

None reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

No

Reporting condition(s) identified not considered to be material weaknesses?

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)

No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010

Title I

10.555

National School Lunch Program

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

\$ 300,000

Auditee qualified as low-risk auditee?

No

STATE AWARDS

Internal control over state programs:

Material weakness(es) identified?

No

Reporting condition(s) identified not considered to be material weaknesses?

None reported

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

Unqualified

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2000

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, 2000**

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, 2000

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