

**STOCKTON UNIFIED SCHOOL DISTRICT**

---

**ANNUAL FINANCIAL REPORT**

---

**JUNE 30, 2000**



STOCKTON UNIFIED SCHOOL DISTRICT  
OF SAN JOAQUIN COUNTY  
STOCKTON, CALIFORNIA  
JUNE 30, 2000

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Vicki Brand	President	2000
Louis Gonzales	Vice President	2002
Jose A. Bernardo	Member	2000
Charles D. Bloch	Member	2000
Clem G. Lee	Member	2002
Katrina L. Rios	Member	2002
Glen A. Dolberg	Member	2002

ADMINISTRATION

George E. Ridler	Superintendent
Carl Toliver	Deputy Superintendent

ORGANIZATION

The Stockton Unified School District consists of an area of approximately 55 square miles located within the City of Stockton in San Joaquin County, which is located approximately 55 miles south of the City of Sacramento. The District was formed on July 1, 1936. During the 1999-2000 fiscal year, the District maintained 32 elementary schools, four middle schools, and three high schools. The District also maintained an adult program, a continuation education program, a community day school and a child development program.



# STOCKTON UNIFIED SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Stockton Unified School District  
Stockton, California

We have audited the accompanying general-purpose and combining financial statements of the Stockton 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 Stockton Unified School District at June 30, 2000, and the results of its operations and the cash flows of its proprietary funds 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 3, 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 *Governmental 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.

*Vavrinek, Fize, Day & Co., LLP*

Pleasanton, California  
November 3, 2000

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**STOCKTON UNIFIED SCHOOL DISTRICT**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash	\$ 840,000	\$ 65,049	\$ -	\$ -
Investments	72,454,327	8,608,989	73,838	15,464,592
Accounts receivable	6,471,201	2,710,226	556	1,363,770
Due from other funds	3,671,342	583,618	-	1,100,790
Stores inventory	1,202,400	497,447	-	-
Prepaid expenditures	52,482	-	-	-
Amount available for the retirement of general long-term debt	-	-	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-	-
<b>Total Assets</b>	<b>\$ 84,691,752</b>	<b>\$ 12,465,329</b>	<b>\$ 74,394</b>	<b>\$ 17,929,152</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	15,404,031	530,118	-	2,382,176
Due to other funds	3,230,527	357,179	-	1,900,173
Deferred revenue	21,465,577	575,278	-	-
Due to student groups	-	-	-	-
Current loans	20,720,000	-	-	-
Claims liability	-	-	-	-
General long-term debt	-	-	-	-
<b>Total Liabilities</b>	<b>60,820,135</b>	<b>1,462,575</b>	<b>-</b>	<b>4,282,349</b>
<b>FUND EQUITY</b>				
Retained earnings	-	-	-	-
Fund balances				
Reserved	2,094,882	498,918	-	-
Unreserved				
Designated	11,913,884	-	-	-
Undesignated	9,862,851	10,503,836	74,394	13,646,803
<b>Total Fund Equity</b>	<b>23,871,617</b>	<b>11,002,754</b>	<b>74,394</b>	<b>13,646,803</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 84,691,752</b>	<b>\$ 12,465,329</b>	<b>\$ 74,394</b>	<b>\$ 17,929,152</b>

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

Proprietary Fund Types	Fiduciary Fund Types	Account Group		Total (Memorandum Only)
		General	Long-Term Debt	
Internal Service	Agency			
\$ -	\$ 1,438,776	\$ -	\$ -	\$ 2,343,825
4,255,707	-	-	-	100,857,453
49,601	72,068	-	-	10,667,422
1,944,058	-	-	-	7,299,808
-	-	-	-	1,699,847
492,630	-	-	-	545,112
-	-	1,938,902	-	1,938,902
-	-	22,689,288	-	22,689,288
<u>\$ 6,741,996</u>	<u>\$ 1,510,844</u>	<u>\$ 24,628,190</u>	<u>\$ -</u>	<u>\$ 148,041,657</u>

129,902	-	-	-	18,446,227
1,811,929	-	-	-	7,299,808
-	-	-	-	22,040,855
-	1,510,844	-	-	1,510,844
-	-	-	-	20,720,000
1,395,524	-	-	-	1,395,524
-	-	24,628,190	-	24,628,190
<u>3,337,355</u>	<u>1,510,844</u>	<u>24,628,190</u>	<u>-</u>	<u>96,041,448</u>

3,404,641	-	-	-	3,404,641
-	-	-	-	2,593,800
-	-	-	-	11,913,884
-	-	-	-	34,087,884
<u>3,404,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,000,209</u>
<u>\$ 6,741,996</u>	<u>\$ 1,510,844</u>	<u>\$ 24,628,190</u>	<u>\$ -</u>	<u>\$ 148,041,657</u>

**STOCKTON UNIFIED SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
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	Capital Projects
<b>REVENUES</b>				
Revenue Limit Sources				
State apportionments	\$ 96,728,123	\$ 2,552,699	\$ -	\$ -
Local sources	41,589,679	-	-	-
Total Revenue Limit Sources	138,317,802	2,552,699	-	-
Federal revenues	17,576,159	7,693,911	-	-
Other state revenues	58,286,375	3,465,195	921	-
Other local revenues	8,711,975	2,154,218	181,761	2,339,384
Total Revenues	222,892,311	15,866,023	182,682	2,339,384
<b>EXPENDITURES</b>				
Current Expenditures				
Certificated salaries	112,183,255	2,374,281	-	-
Classified salaries	35,628,407	4,108,809	-	-
Employee benefits	30,468,166	1,674,802	-	-
Books and supplies	10,608,408	3,905,421	-	78,402
Services and other operating expenditures	21,080,883	2,241,966	-	2,521,661
Other outgo	1,895,862	968,314	-	-
Capital outlay	5,575,272	1,250,710	-	3,448,338
Debt service - principal	-	-	-	229,263
Debt service - interest and other	233,473	-	136,086	1,310,500
Total Expenditures	217,673,726	16,524,303	136,086	7,588,164
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	5,218,585	(658,280)	46,596	(5,248,780)
OTHER FINANCING SOURCES/(USES)				
Operating transfers in	-	954,726	-	10,826,796
Operating transfers out	(954,726)	-	-	(10,826,796)
Other sources	454,028	-	-	5,951,023
Total Other Financing Sources/(Uses)	(500,698)	954,726	-	5,951,023
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	4,717,887	296,446	46,596	702,243
FUND BALANCE, BEGINNING OF YEAR	19,153,730	10,706,308	27,798	12,944,560
FUND BALANCE, END OF YEAR	\$ 23,871,617	\$ 11,002,754	\$ 74,394	\$ 13,646,803

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

Total  
(Memorandum  
Only)

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\$ 99,280,822  
41,589,679  
140,870,501  
25,270,070  
61,752,491  
13,387,338  
241,280,400

114,557,536  
39,737,216  
32,142,968  
14,592,231  
25,844,510  
2,864,176  
10,274,320  
229,263  
1,680,059  
241,922,279

(641,879)

11,781,522  
(11,781,522)  
6,405,051  
6,405,051

5,763,172  
42,832,396  
\$ 48,595,568

**STOCKTON UNIFIED SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000**

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments	\$ 98,996,099	\$ 96,728,123	\$ (2,267,976)
Local sources	40,021,821	41,589,679	1,567,858
Total Revenue Limit Sources	139,017,920	138,317,802	(700,118)
Federal revenues	22,176,807	17,576,159	(4,600,648)
Other state revenues	66,879,767	58,286,375	(8,593,392)
Other local revenues	6,103,391	8,711,975	2,608,584
Total Revenues	234,177,885	222,892,311	(11,285,574)
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	110,311,030	112,183,255	(1,872,225)
Classified salaries	35,925,818	35,628,407	297,411
Employee benefits	33,326,801	30,468,166	2,858,635
Books and supplies	23,968,930	10,608,408	13,360,522
Services and operating expenditures	19,304,017	21,080,883	(1,776,866)
Other outgo	2,205,594	1,895,862	309,732
Capital outlay	5,275,870	5,575,272	(299,402)
Debt service - principal	-	-	-
Debt service - interest and other	629,236	233,473	395,763
Total Expenditures	230,947,296	217,673,726	13,273,570
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	3,230,589	5,218,585	1,987,996
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	(544,495)	(954,726)	(410,231)
Other sources	-	454,028	(454,028)
Total Other Financing Sources/(Uses)	(544,495)	(500,698)	43,797
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	2,686,094	4,717,887	2,031,793
<b>FUND BALANCE, BEGINNING OF YEAR</b>	19,153,730	19,153,730	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 21,839,824	\$ 23,871,617	\$ 2,031,793

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



Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,423,724	\$ 2,552,699	\$ 128,975	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,423,724	2,552,699	128,975	-	-	-
8,421,330	7,693,911	(727,419)	-	-	-
3,771,352	3,465,195	(306,157)	35,000	921	(34,079)
1,543,775	2,154,218	610,443	1,367,442	181,761	(1,185,681)
16,160,181	15,866,023	(294,158)	1,402,442	182,682	(1,219,760)
2,279,429	2,374,281	(94,852)	-	-	-
4,395,474	4,108,809	286,665	-	-	-
1,863,445	1,674,802	188,643	-	-	-
5,047,284	3,905,421	1,141,863	-	-	-
2,093,637	2,241,966	(148,329)	-	-	-
831,809	968,314	(136,505)	-	-	-
1,583,608	1,250,710	332,898	-	-	-
-	-	-	-	-	-
-	-	-	1,400,000	136,086	1,263,914
18,094,686	16,524,303	1,570,383	1,400,000	136,086	1,263,914
(1,934,505)	(658,280)	1,276,225	2,442	46,596	44,154
544,495	954,726	410,231	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
544,495	954,726	410,231	-	-	-
(1,390,010)	296,446	1,686,456	2,442	46,596	44,154
10,706,308	10,706,308	-	27,798	27,798	-
\$ 9,316,298	\$ 11,002,754	\$ 1,686,456	\$ 30,240	\$ 74,394	\$ 44,154

**STOCKTON UNIFIED SCHOOL DISTRICT**

**ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000**

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments	\$ -	\$ -	\$ -
Local Sources	-	-	-
Total Revenue Limit	-	-	-
Federal revenues	-	-	-
Other state revenues	-	-	-
Other local revenues	1,646,678	2,339,384	692,706
Total Revenues	<u>1,646,678</u>	<u>2,339,384</u>	<u>692,706</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	78,402	(78,402)
Services and operating expenditures	186,318	2,521,661	(2,335,343)
Other outgo	-	-	-
Capital outlay	3,393,688	3,448,338	(54,650)
Debt service - principal	594,068	229,263	364,805
Debt service - interest and other	71,143	1,310,500	(1,239,357)
Total Expenditures	<u>4,245,217</u>	<u>7,588,164</u>	<u>(3,342,947)</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(2,598,539)</u>	<u>(5,248,780)</u>	<u>(2,650,241)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	1,558,460	10,826,796	9,268,336
Operating transfers out	(1,558,460)	(10,826,796)	(9,268,336)
Other sources	6,030,598	5,951,023	(79,575)
Total Other Financing Sources/(Uses)	<u>6,030,598</u>	<u>5,951,023</u>	<u>(79,575)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	<u>3,432,059</u>	<u>702,243</u>	<u>(2,729,816)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,944,560</u>	<u>12,944,560</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 16,376,619</u>	<u>\$ 13,646,803</u>	<u>\$ (2,729,816)</u>

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

Total (Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 101,419,823	\$ 99,280,822	\$ (2,139,001)
40,021,821	41,589,679	1,567,858
141,441,644	140,870,501	(571,143)
30,598,137	25,270,070	(5,328,067)
70,686,119	61,752,491	(8,933,628)
10,661,286	13,387,338	2,726,052
<u>253,387,186</u>	<u>241,280,400</u>	<u>(12,106,786)</u>
112,590,459	114,557,536	(1,967,077)
40,321,292	39,737,216	584,076
35,190,246	32,142,968	3,047,278
29,016,214	14,592,231	14,423,983
21,583,972	25,844,510	(4,260,538)
3,037,403	2,864,176	173,227
10,253,166	10,274,320	(21,154)
594,068	229,263	364,805
2,100,379	1,680,059	420,320
<u>254,687,199</u>	<u>241,922,279</u>	<u>12,764,920</u>
<u>(1,300,013)</u>	<u>(641,879)</u>	<u>658,134</u>
2,102,955	11,781,522	9,678,567
(2,102,955)	(11,781,522)	(9,678,567)
<u>6,030,598</u>	<u>6,405,051</u>	<u>374,453</u>
<u>6,030,598</u>	<u>6,405,051</u>	<u>374,453</u>
4,730,585	5,763,172	1,032,587
42,832,396	42,832,396	-
<u>\$ 47,562,981</u>	<u>\$ 48,595,568</u>	<u>\$ 1,032,587</u>

**STOCKTON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Internal Service</u>
OPERATING REVENUE	
Other local revenues	<u>\$ 18,776,094</u>
OPERATING EXPENSES	
Classified salaries	15,612
Employee benefits	4,564
Books and supplies	624
Services and other operating expenditures	18,573,878
Other outgo	<u>2,033</u>
Total Operating Expenses	<u>18,596,711</u>
OPERATING INCOME	179,383
NONOPERATING REVENUES (EXPENSES)	
Other local revenue	<u>190,932</u>
NET INCOME	370,315
RETAINED EARNINGS, BEGINNING OF YEAR	<u>3,034,326</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 3,404,641</u>

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUND TYPES  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 179,383
(Increase)/Decrease in:	
Accounts Receivable	(7,163)
Due from other funds	(1,431,358)
Prepaid expenditures	(64,605)
Increase/(Decrease) in:	
Accounts payable	(286,011)
Due to other funds	1,811,929
Claims liability	<u>(132,895)</u>
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	69,280
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>190,932</u>
NET INCREASE IN CASH	260,212
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,995,495</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,255,707</u></u>

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

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

### NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Stockton Unified School 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 Stockton Unified School District accounts for its financial transactions in accordance with the policies and procedures of the California School Accounting Manual, except for the accounting procedures whereby the District reports as deferred revenue the restricted balances in the programs listed below:

Schiff-Bustamante	\$1,253,378
Instructional Materials	644,144
GATE	308,531
Tenth Grade Counseling	19,405
Total	<u>\$2,225,458</u>

#### A. Financial Reporting Entity

The District includes all funds, account groups, and other entities that are controlled by or dependent on the District's governing board for financial reporting purposes. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in generally accepted accounting principles. For financial reporting purposes the component units discussed below are reported in the District's financial statements because of the significance of its relationship with the District. The component units, although legally separate entities, are reported in the financial statements as if they were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

#### B. Reporting Entity

The District has a financial and operational relationship with the Stockton Unified School District Community Facilities District No. 1 (CFD) and the Stockton Unified School District Financing Corporation (Financing Corporation). These relationships meet the reporting entity definition criteria of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* Section 2100, for the inclusion as a component unit of the District. Accordingly, the financial activities of these entities have been included in the financial statements of the District.

##### 1. Stockton Unified School District Community Facilities District No.1

Pursuant to the Mello-Roos Community Facilities Act of 1982, the School District established the Community Facilities District, a legally constituted governmental entity established for the purpose of financing special capital projects. The financial activity of the CFD is accounted for in the Community Facilities District Capital Projects fund.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### 2. Stockton Unified School District Financing Corporation

The purpose is to finance the acquisition and construction of school facility improvements together with necessary furniture and equipment therefore to be located at the Rio Calaveras and San Joaquin Elementary sites financial activity. The financial activity of the Financing Corporation is accounted for in the Capital Facilities Fund.

### C. 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 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.

#### Proprietary Funds

- Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District.

#### Fiduciary Funds

- Agency funds are used to account for assets of others for which the District acts as agent.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### Account Group

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the long-term liabilities associated with governmental funds are accounted for in the account group of the District. The District does not maintain a General Fixed Asset Account Group.

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

### D. Basis of Accounting

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

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

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

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

### E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. 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.



# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### F. 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.

### G. Stores Inventory

Inventory is valued at the lower of cost or market utilizing the weighted average method. Inventory in the applicable Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are withdrawn from the stores inventory for consumption. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

### H. 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 expenditures when incurred.

### I. 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.

### J. 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.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

K. 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. They 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 Joaquin bills and collects the taxes for the District. The District recognizes tax revenues when received.

L. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the internal service fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash in County Treasury is considered a cash equivalent for purposes of this statement.

M. 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.

N. 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.

O. 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.

**STOCKTON 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	\$ 370,505	\$ -	\$ 1,027,864	\$ 1,398,369	\$ 1,496,257
Cash in revolving fund	-	-	70,127	70,127	71,471
Cash awaiting deposit	-	-	-	-	6,097
Cash with fiscal agent	-	-	770,000	770,000	770,000
Total	<u>\$ 370,505</u>	<u>\$ -</u>	<u>\$ 1,867,991</u>	<u>\$ 2,238,496</u>	<u>\$ 2,343,825</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.

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

*NOTE #3 - INVESTMENTS*

Investments at June 30, 2000, held on behalf of the Stockton Unified School District and the Stockton Unified School District Financing Corporation are presented below, categorized separately to give an indication of the level of risk associated with each investment:

	Category *			Reported Amount	Fair Value
	1	2	3		
Corporate Note	\$ -	\$ 22,275,408	\$ -	\$ 22,275,408	\$ 22,275,408
Uncategorized:					
Norwest money market fund				\$ 1,340,430	\$ 1,340,430
Deposits with county treasurer				76,074,219	76,911,035
Local agency investment fund				1,167,396	1,165,876
				<u>78,582,045</u>	<u>79,417,341</u>
				<u>\$ 100,857,453</u>	<u>\$ 101,692,749</u>

\*These categories are as follows:

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

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

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

**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.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### B. Deposits with County Treasurer

Deposits with County Treasurer is an external investment pool sponsored by the County of San Joaquin 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 investment pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

### C. Fair Market Value Adjustments

An adjustment for fair market value was made in the General fund in the amount of \$533,261 for deposits with county treasury in accordance with generally accepted accounting principles. Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, require that investments in external investment pools (such as the deposits with county treasurer) be reported at fair value, "based on the fair value per share of the pool's underlying portfolio." At June 30, 2000, the multiplication factor for fair market value of deposits with county treasurer was 101.10%. The treasurer's investments are relatively short term with a weighted average of 139 days and are all held to maturity. Although generally accepted accounting principles require investments to be reported at fair value, the County Treasurer would not permit the District to draw down on the fair value adjustment amount. Therefore, this amount does not represent available reserves or cash and has been designated under the fund balance of the General fund, accordingly.

### D. 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.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

*NOTE #4 - ACCOUNTS RECEIVABLE*

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Fiduciary</u>
Federal Government						
Categorical aid	\$ 1,322,810	\$ 253,123	\$ -	\$ -	\$ -	\$ -
State Government						
Categorical aid	329,669	-	-	-	-	-
Other state	266,091	130	-	-	-	-
Local Government						
Interest	916,754	125,053	556	164,807	49,601	-
Other Local Sources	3,635,877	2,331,920	-	1,198,963	-	72,068
Total	<u>\$ 6,471,201</u>	<u>\$ 2,710,226</u>	<u>\$ 556</u>	<u>\$ 1,363,770</u>	<u>\$ 49,601</u>	<u>\$ 72,068</u>

*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:

Funds	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 3,671,342	\$ 3,230,527
Adult education	20,945	65,562
Cafeteria	174	161,141
Child development	152,268	130,476
Deferred maintenance	410,231	-
Capital facilities	835,617	1,900,173
State school building	265,173	-
Liability insurance	3,539	38
Health benefits insurance	1,940,519	1,811,891
Total	<u>\$ 7,299,808</u>	<u>\$ 7,299,808</u>

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

### 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 Adult Education fund for construction at Wilson school.	\$ 120,893
The General fund transferred to the Deferred Maintenance fund for the District match.	833,833
The Capital Facilities fund transferred to the County School Facilities fund for new modernization projects.	2,652,741
The Capital Facilities fund transferred to the State School Building fund to reimburse the fund for construction costs.	3,347,400
The State School Building fund transferred to the Capital Facilities fund to reimburse the fund for construction costs for San Joaquin Elementary School.	3,553,330
The State School Building fund transferred to the County School Facilities fund for new modernization projects.	<u>1,273,325</u>
Total	<u><u>\$ 11,781,522</u></u>

### C. Equity Fund Transfer

The following equity fund transfer has been made to conform with the financial statement presentation guidelines as reflected in the *Standards and Procedures for Audits of California K-12 Educational Agencies*:

The Student Body Trust Fund transferred to the Student Body Agency Fund in the amount of \$1,336,321. The ending balances in the Student Body Agency fund are reflected as amounts due to student groups under the liabilities of the Fiduciary fund types.

### NOTE #6 - ACCOUNTS PAYABLE

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Internal Service</u>
Accrued payroll and benefit	\$ 5,418,401	\$ -	\$ -	\$ -
Apportionment	2,491,073	-	-	-
Federal Categorical	136,911	-	-	-
State Categorical	148,039	159,482	-	-
Other	7,209,607	370,636	2,382,176	129,902
Total	<u><u>\$ 15,404,031</u></u>	<u><u>\$ 530,118</u></u>	<u><u>\$ 2,382,176</u></u>	<u><u>\$ 129,902</u></u>

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2000**

*NOTE #7 - DEFERRED REVENUE*

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

	<u>General</u>	<u>Special Revenue</u>
Federal financial assistance	\$ 3,239,379	\$ -
State categorical aid	15,139,806	575,278
Other state	229,280	-
Other local	2,857,112	-
Total	<u>\$ 21,465,577</u>	<u>\$ 575,278</u>

*NOTE #8 - FUND BALANCES*

Fund balances are composed of the following elements:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved				
Revolving cash	\$ 70,000	\$ 1,471	\$ -	\$ -
Stores inventory	1,202,400	497,447	-	-
Prepaid expenditures	52,482	-	-	-
Debt service	770,000	-	-	-
Total Reserved	<u>2,094,882</u>	<u>498,918</u>	<u>-</u>	<u>-</u>
Unreserved				
Designated				
Economic uncertainties	4,372,569	-	-	-
Fair market value adjustment	533,261	-	-	-
Carryovers/Contracts	7,008,054	-	-	-
Total Designated	<u>11,913,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undesignated	9,862,851	10,503,836	74,394	13,646,803
Total Unreserved	<u>21,776,735</u>	<u>10,503,836</u>	<u>74,394</u>	<u>13,646,803</u>
Total	<u>\$ 23,871,617</u>	<u>\$ 11,002,754</u>	<u>\$ 74,394</u>	<u>\$ 13,646,803</u>



**STOCKTON 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	Deductions	Balance End of Year
General obligation bonds	\$ 16,000	\$ -	\$ -	\$ 16,000
State school building loans	161,876	1,298	136,122	27,052
Accumulated vacation - net	1,811,510	-	87,657	1,723,853
Certificate of participation	16,700,000	-	395,000	16,305,000
Early retirement benefits	1,608,413	3,020,405	874,114	3,754,704
Capital leases	1,529,749	-	363,168	1,166,581
Qualified zone academy bonds	-	1,635,000	-	1,635,000
	<u>\$ 21,827,548</u>	<u>\$ 4,656,703</u>	<u>\$ 1,856,061</u>	<u>24,628,190</u>
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption			47,601	
Tax override			26,793	
General fund			770,000	
Community facilities district			1,094,508	
			<u>1,938,902</u>	
Amount to be provided for retirement of general long-term debt				<u>\$ 22,689,288</u>

**B. Bonded Debt**

The District has a total obligation of \$16,000 related to outstanding General Obligation Bonds, which represent an amount for bonds that remain unpaid but have matured.

**C. State and Public School Building Loans**

State school building loans outstanding as of June 30, 2000, are as follows:

Year Disbursed	Interest Rate	Balance Beginning of Year	Interest Charge	Repayment and State Credit Current Year	Outstanding End of Year
1977-80	4.5-5.5%	\$ 28,754	\$ 414	\$ 20,575	\$ 8,593
1977-80	4.9-5.5%	133,122	884	115,547	18,459
		<u>\$ 161,876</u>	<u>\$ 1,298</u>	<u>\$ 136,122</u>	<u>\$ 27,052</u>

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

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

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

D. Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2000, amounted to \$1,723,853.

E. Certificates of Participation

In February 1997, the Stockton Unified School District Financing Corporation issued certificates of participation in the amount of \$17,500,000 with interest rates ranging from 4.85 to 5.45 percent. At June 30, 2000, the principal balance outstanding was \$16,305,000.

The certificates mature through February 2022 as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 410,000	\$ 857,225	\$ 1,267,225
2002	430,000	836,725	1,266,725
2003	450,000	815,655	1,265,655
2004	470,000	793,605	1,263,605
2005	495,000	770,575	1,265,575
Thereafter	14,050,000	7,773,242	21,823,242
	<u>\$ 16,305,000</u>	<u>\$ 11,847,027</u>	<u>\$ 28,152,027</u>

F. Postemployment Benefits

The District provides postemployment health care benefits to age 65, 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, 244 employees meet those eligibility requirements. The District contributes 100% of the amount of premiums incurred by retirees and their dependents. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as premiums are paid. During the year, expenditures of \$874,114 were recognized for retirees' health care benefits.

The approximate accumulated future liability for the District at June 30, 2000, amounts to \$3,754,704. 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.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

**G. Capital Leases**

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

	General Fund		Total
	Site and Improvements	Communication and Other Equipment	
Balance, Beginning of Year	\$ 1,508,680	\$ 275,624	\$ 1,784,304
Payments	(377,170)	(82,371)	(459,541)
Balance, End of Year	<u>\$ 1,131,510</u>	<u>\$ 193,253</u>	<u>\$ 1,324,763</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	General Fund		Total
	Sites and Improvements	Communication and Other Equipment	
2001	\$ 377,170	\$ 82,056	\$ 459,226
2002	377,170	82,056	459,226
2003	377,170	29,141	406,311
Total	<u>\$ 1,131,510</u>	<u>\$ 193,253</u>	1,324,763
Less: Amount Representing Interest			(158,182)
Present Value of Minimum Lease Payments			<u>\$ 1,166,581</u>

**H. Qualified Zone Academy Bonds**

On June 1, 2000, the District issued \$1,635,000 in Qualified Zone Academy Bonds and entered into a purchase contract in the amount of \$1,637,501 with the Bank of Agriculture and Commerce (the Bank), whereby the Bank has agreed to finance the acquisition of certain improvements to the District's Weber Institute and sell the improvements to the District upon specified terms and conditions. Under the terms of the contract, the District has deposited \$770,000 with the Bank as collateral for the bonds, which the Bank will hold for the account of the District in the form of a certificate of deposit bearing interest at 6.304 percent per annum (compounded monthly), and payable on June 13, 2012. The certificate of deposit together with interest earnings will be sufficient to repay the Bonds, which mature on June 13, 2012.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### *NOTE #10 - INTERNAL SERVICE FUND - SELF-INSURANCE*

#### A. Trust Account

To facilitate the processing of dental claims, a revolving type of trust bank account was established. All claims arising are handled by the District's Independent Administrator, California Schools' Dental Coalition, who writes and issues checks in settlement of claims against the District. The \$200,000 trust account is pre-funded on a monthly basis by the District. This amount is combined with prepaid expense shown on the balance sheet.

#### B. Internal Service - Self-Insurance - Insurance Funds

The District maintains a Fire Deductible Insurance Fund and a Liability Deductible Insurance Fund for the self-insurance of the first \$100,000 per occurrence of fire claims and \$100,000 of liability claims. For liability claims between \$100,000 and \$1,000,000, the District participates in the Northern California Regional Excess Liability Fund, a JPA (see Note #13). For claims exceeding \$1,000,000 the District is insured by Schools' Excess Liability Fund.

#### C. Risk Management

The District maintains the Health Insurance Trust Fund to pay self-insurance claims and collect premiums for health insurance from the District Funds which have payrolls. The self-insurance claims and premiums are then paid out of the Health Insurance Trust Fund to commercial carriers.

#### D. Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based upon actual claims filed subsequent to year-end.

#### E. Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

The following represent the changes in approximate aggregate liabilities for the District from July 1, 1998 to June 30, 2000 (in thousands):

	<u>Health Care</u>	<u>Liability</u>
Liability Balance, July 1, 1998	\$ 852,419	\$ 618,000
Claims and changes in estimates	2,697,600	143,719
Claims payments	<u>(2,697,600)</u>	<u>(85,719)</u>
Liability Balance, July 1, 1999	852,419	676,000
Claims and changes in estimates	3,022,288	59,942
Claims payments	<u>(3,022,288)</u>	<u>(192,837)</u>
Liability Balance, June 30, 2000	<u>\$ 852,419</u>	<u>\$ 543,105</u>
Assets available to pay claims at June 30, 2000	<u>\$ 2,000,119</u>	<u>\$ 2,800,046</u>

*NOTE #11 - EMPLOYEE RETIREMENT SYSTEMS*

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

A. 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.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 1999-2000 was zero percent. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2000, 1999, and 1998 were \$0, \$0 and \$1,770,907, respectively, and equal 100% of the required contributions for each year.

### B. STRS

#### Plan Description

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

#### Funding Policy

Active plan members are required to contribute 8.0% 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% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal year ending June 30, 2000, 1999, and 1998 were \$8,708,741, \$7,869,363, and \$7,927,160, respectively, and equal 100% 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 \$5,913,499 (5.602 percent of salaries subject to STRS) and \$98,172 (.093 percent of salaries subject to STRS). 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.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### D. Defined Contribution Pension Plan

The District also contributes to a defined contribution pension plan. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account, as established by Federal law, all public sector employees who are not members of their employee's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. The District has elected to use the Plan as its alternative plan. Contribution made by the District and an employee vest immediately. The District is currently using the SISC defined contribution pension plan. During the year, the District's required and actual contributions amounted to \$126,728.

### *NOTE #12 - COMMITMENTS AND CONTINGENCIES*

#### A. Litigation

The District has been named as a defendant in a lawsuit alleging breach of contract. The potential verdict value is estimated by legal counsel to be approximately \$500,000. The District is vigorously defending the action.

The District is involved in various other litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the District's financial statements.

#### B. 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. Such audits could generate expenditure disallowances under terms of the grants. Furthermore, some programs such as court-ordered school desegregation have funding levels determined at later points in time by the State Controller's office. Therefore, changes in the total and pro-rated amounts of funds available will likely result in different funding amounts.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

**C. Construction Commitments**

As of June 30, 2000, the District had several construction projects in process. The outstanding construction commitment is as follows:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
9th Grade Class Size Reduction Program - Portables	\$ 431,620	November 2000
Weber Remodel, Phase II	1,527,117	November 2000
Modernization Projects 80/20		
Edison Elementary	994,480	August 2000
Monroe Elementary	944,221	November 2000
McKinley Elementary	656,312	November 2000
Kennedy Elementary	839,384	January 2001
Fillmore	957,794	January 2001
School for Adults	404,995	August 2000
Harrison Elementary	746,469	August 2000
Nightingale Elementary	843,500	August 2000
Total	<u>\$ 8,345,892</u>	

**D. Operating Leases**

The District is leasing portable classrooms from outside parties. The following is a schedule by years of minimum future rentals due from the District on operating leases as of June 30, 2000:

<u>Year Ending June 30,</u>	<u>Amount</u>
2001	\$ 343,544
2002	343,544
2003	343,544
2004	343,544
Total Minimum Future Rentals	<u>\$ 1,374,176</u>



# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### NOTE #13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the San Joaquin County Schools' Workers' Compensation Insurance Group (SJCSWCIG) and the Schools' Excess Liability Fund (SELF) public entity risk pools (JPAs). The District pays an annual premium to the applicable entity for its workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that they are not 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.

The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the SJCSWCIG.

A. <u>Entity</u>	San Joaquin County Schools' Workers' Compensation Insurance Group	Schools' Excess Liability Fund
B. <u>Purpose</u>	Arrange and provide for workers' compensation Insurance.	Provide property and liability insurance.
C. <u>Participants</u>	School districts/county schools' offices in San Joaquin County.	School districts/county offices.
D. <u>Governing Board</u>	One member of each participating district.	One member of each participating district.

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2000

### E. Condensed Audited Financial Information Follows

	SJCSWCIG June 30, 1999*	SELF June 30, 1999*
Assets	\$ 9,252,155	\$ 115,318,344
Liabilities	(6,895,042)	(69,952,987)
Fund Equity	<u>\$ 2,357,113</u>	<u>\$ 45,365,357</u>
Revenues	6,699,153	14,142,058
Expenses	(4,839,646)	(38,874,311)
Net Increase/(Decrease) in Fund Equity	<u>\$ 1,859,507</u>	<u>\$ (24,732,253)</u>
 F. <u>Payments for the Current Year</u>	 <u>\$ 2,861,114</u>	 <u>\$ 26,714</u>

\*Most recent information available.

None of the JPA's had long-term debts outstanding at June 30, 1999. The District's share of year-end assets, liabilities or fund equity has not been calculated.

### NOTE #14 - TAX AND REVENUE ANTICIPATION NOTES

On October 27, 1999, the District issued \$20,720,000 Tax and Revenue Anticipation Notes bearing interest at 3.63 percent. The notes mature January 26, 2001. Interest and principal were due and payable each month beginning February 29, 2000. By May 31, 2000, the District had placed 100% of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. The District has recorded the cash available to make the principal and interest payments as an investment and the corresponding liability as other current loans.

### NOTE #15 - EXPENDITURES (BUDGET VERSUS ACTUAL)

The expenditures of various District funds exceeded the budgeted amounts in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
Deferred Maintenance	<u>\$ 1,193,517</u>	<u>\$ 1,506,912</u>	<u>\$ 313,395</u>
Capital Facilities	<u>\$ 1,176,678</u>	<u>\$ 8,576,950</u>	<u>\$ 7,400,272</u>
State School Building Lease Purchase	<u>\$ 1,558,460</u>	<u>\$ 4,888,206</u>	<u>\$ 3,329,746</u>
County School Facilities	<u>\$ 2,266,528</u>	<u>\$ 4,212,322</u>	<u>\$ 1,945,794</u>

# STOCKTON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2000

### NOTE #16 – NEW ACCOUNTING PRONOUNCEMENTS

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

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

B. Basic Financial Statements which include:

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

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

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

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

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

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2002. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

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STOCKTON UNIFIED SCHOOL DISTRICT

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2000

	Adult Education	Cafeteria	Child Development	Deferred Maintenance
<b>ASSETS</b>				
Cash	\$ 2,000	\$ 63,049	\$ -	\$ -
Investments	3,296,214	3,278,412	267,727	1,766,636
Accounts receivable	301,475	1,284,464	7,493	1,116,794
Due from other funds	20,945	174	152,268	410,231
Stores inventory	-	497,447	-	-
Total Assets	<u>\$ 3,620,634</u>	<u>\$ 5,123,546</u>	<u>\$ 427,488</u>	<u>\$ 3,293,661</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	178,107	112,243	165,570	74,198
Due to other funds	65,562	161,141	130,476	-
Deferred revenue	572,480	-	2,798	-
Total Liabilities	<u>816,149</u>	<u>273,384</u>	<u>298,844</u>	<u>74,198</u>
<b>FUND EQUITY</b>				
Fund balances				
Reserved	-	498,918	-	-
Unreserved				
Undesignated	2,804,485	4,351,244	128,644	3,219,463
Total Fund Equity	<u>2,804,485</u>	<u>4,850,162</u>	<u>128,644</u>	<u>3,219,463</u>
Total Liabilities and Fund Equity	<u>\$ 3,620,634</u>	<u>\$ 5,123,546</u>	<u>\$ 427,488</u>	<u>\$ 3,293,661</u>

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

Total

\$ 65,049  
8,608,989  
2,710,226  
583,618  
497,447  
\$ 12,465,329

530,118  
357,179  
575,278  
1,462,575

498,918  
10,503,836  
11,002,754  
\$ 12,465,329

**STOCKTON 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		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments	\$ 2,423,724	\$ 2,552,699	\$ 128,975
Federal revenues	233,380	251,527	18,147
Other state revenues	459,845	-	(459,845)
Other local revenues	138,191	239,557	101,366
Total Revenues	<u>3,255,140</u>	<u>3,043,783</u>	<u>(211,357)</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	1,519,223	1,620,991	(101,768)
Classified salaries	274,912	250,304	24,608
Employee benefits	341,958	324,485	17,473
Books and supplies	779,123	225,085	554,038
Services and operating expenditures	278,308	191,913	86,395
Other outgo	156,114	154,017	2,097
Capital outlay	1,322,586	1,039,923	282,663
Total Expenditures	<u>4,672,224</u>	<u>3,806,718</u>	<u>865,506</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(1,417,084)</u>	<u>(762,935)</u>	<u>654,149</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>120,893</u>	<u>120,893</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(1,296,191)	(642,042)	654,149
FUND BALANCE, BEGINNING OF YEAR	3,446,527	3,446,527	-
FUND BALANCE, END OF YEAR	<u>\$ 2,150,336</u>	<u>\$ 2,804,485</u>	<u>\$ 654,149</u>

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



Cafeteria			Child Development		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,173,950	7,426,696	(747,254)	14,000	15,688	1,688
515,982	510,060	(5,922)	2,166,429	1,992,617	(173,812)
1,351,000	1,787,445	436,445	39,584	44,621	5,037
10,040,932	9,724,201	(316,731)	2,220,013	2,052,926	(167,087)
-	-	-	760,206	753,290	6,916
3,595,064	3,328,148	266,916	525,498	530,357	(4,859)
1,188,987	1,062,678	126,309	332,500	287,639	44,861
4,181,555	3,610,006	571,549	86,606	70,330	16,276
279,714	343,120	(63,406)	342,098	294,896	47,202
533,111	688,104	(154,993)	142,584	126,193	16,391
230,501	102,302	128,199	30,521	13,610	16,911
10,008,932	9,134,358	874,574	2,220,013	2,076,315	143,698
32,000	589,843	557,843	-	(23,389)	(23,389)
-	-	-	-	-	-
32,000	589,843	557,843	-	(23,389)	(23,389)
4,260,319	4,260,319	-	152,033	152,033	-
\$ 4,292,319	\$ 4,850,162	\$ 557,843	\$ 152,033	\$ 128,644	\$ (23,389)

**STOCKTON UNIFIED SCHOOL DISTRICT**

**SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000**

	Deferred Maintenance		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Revenue Limit Sources			
State apportionments	\$ -	\$ -	\$ -
Federal revenues	-	-	-
Other state revenues	629,096	962,518	333,422
Other local revenues	15,000	82,595	67,595
Total Revenues	644,096	1,045,113	401,017
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and operating expenditures	1,193,517	1,412,037	(218,520)
Other outgo	-	-	-
Capital outlay	-	94,875	(94,875)
Total Expenditures	1,193,517	1,506,912	(313,395)
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	(549,421)	(461,799)	87,622
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	423,602	833,833	410,231
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	(125,819)	372,034	497,853
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,847,429	2,847,429	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 2,721,610	\$ 3,219,463	\$ 497,853

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

		Total	
Budget	Actual	Variance Favorable (Unfavorable)	
\$ 2,423,724	\$ 2,552,699	\$ 128,975	
8,421,330	7,693,911	(727,419)	
3,771,352	3,465,195	(306,157)	
1,543,775	2,154,218	610,443	
<u>16,160,181</u>	<u>15,866,023</u>	<u>(294,158)</u>	
2,279,429	2,374,281	(94,852)	
4,395,474	4,108,809	286,665	
1,863,445	1,674,802	188,643	
5,047,284	3,905,421	1,141,863	
2,093,637	2,241,966	(148,329)	
831,809	968,314	(136,505)	
1,583,608	1,250,710	332,898	
<u>18,094,686</u>	<u>16,524,303</u>	<u>1,570,383</u>	
<u>(1,934,505)</u>	<u>(658,280)</u>	<u>1,276,225</u>	
<u>544,495</u>	<u>954,726</u>	<u>410,231</u>	
(1,390,010)	296,446	1,686,456	
<u>10,706,308</u>	<u>10,706,308</u>	<u>-</u>	
<u>\$ 9,316,298</u>	<u>\$ 11,002,754</u>	<u>\$ 1,686,456</u>	

**STOCKTON UNIFIED SCHOOL DISTRICT**

**DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000**

	Bond Interest and Redemption	Tax Override	Total
<b>ASSETS</b>			
Investments	\$ 47,601	\$ 26,237	\$ 73,838
Accounts receivable	-	556	556
Total Assets	\$ 47,601	\$ 26,793	\$ 74,394
 <b>FUND EQUITY</b>			
Fund balances			
Unreserved			
Undesignated	47,601	26,793	74,394
Total Fund Equity	47,601	26,793	74,394
Total Liabilities and Fund Equity	\$ 47,601	\$ 26,793	\$ 74,394

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

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**STOCKTON UNIFIED SCHOOL DISTRICT**

**DEBT SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Bond Interest and Redemption</u>		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Other state revenues	\$ -	\$ (6)	(6)
Other local revenues	2,442	2,336	(106)
Total Revenues	<u>2,442</u>	<u>2,330</u>	<u>(112)</u>
<b>EXPENDITURES</b>			
Debt service - interest and other	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	2,442	2,330	(112)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	45,271	45,271	-
<b>FUND BALANCE, END OF YEAR</b>	<u>47,713</u>	<u>47,601</u>	<u>(112)</u>

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

Tax Override			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 35,000	\$ 927	\$ (34,073)	\$ 35,000	\$ 921	\$ (34,079)
1,365,000	179,425	(1,185,575)	1,367,442	181,761	(1,185,681)
1,400,000	180,352	(1,219,648)	1,402,442	182,682	(1,219,760)
1,400,000	136,086	1,263,914	1,400,000	136,086	1,263,914
1,400,000	136,086	1,263,914	1,400,000	136,086	1,263,914
-	44,266	44,266	2,442	46,596	44,154
(17,473)	(17,473)	-	27,798	27,798	-
\$ (17,473)	\$ 26,793	\$ 44,266	\$ 30,240	\$ 74,394	\$ 44,154

**STOCKTON UNIFIED SCHOOL DISTRICT**

**CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000**

	Capital Facilities	State School Building	Community Facilities District	County School Facilities
<b>ASSETS</b>				
Investments	\$ 8,578,314	\$ 60,882	\$ 1,089,141	\$ 5,736,255
Accounts receivable	112,365	1,199,988	13,767	37,650
Due from other funds	835,617	265,173	-	-
Total Assets	<u>\$ 9,526,296</u>	<u>\$ 1,526,043</u>	<u>\$ 1,102,908</u>	<u>\$ 5,773,905</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	561,477	1,526,043	8,400	286,256
Due to other funds	1,900,173	-	-	-
Total Liabilities	<u>2,461,650</u>	<u>1,526,043</u>	<u>8,400</u>	<u>286,256</u>
<b>FUND EQUITY</b>				
Fund balances				
Unreserved				
Undesignated	<u>7,064,646</u>	-	<u>1,094,508</u>	<u>5,487,649</u>
Total Fund Equity	<u>7,064,646</u>	-	<u>1,094,508</u>	<u>5,487,649</u>
Total Liabilities and Fund Equity	<u>\$ 9,526,296</u>	<u>\$ 1,526,043</u>	<u>\$ 1,102,908</u>	<u>\$ 5,773,905</u>

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



Total

\$ 15,464,592  
1,363,770  
1,100,790  
\$ 17,929,152

2,382,176  
1,900,173  
4,282,349

13,646,803  
13,646,803

\$ 17,929,152

STOCKTON 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

	Capital Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenues	\$ 1,176,678	\$ 1,265,367	\$ 88,689
EXPENDITURES			
Current Expenditures			
Books and supplies	-	78,402	(78,402)
Services and operating expenditures	-	1,164,202	(1,164,202)
Capital outlay	905,845	459,653	446,192
Debt service - principal	-	-	-
Debt service - interest and other	-	874,552	(874,552)
Total Expenditures	905,845	2,576,809	(1,670,964)
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	270,833	(1,311,442)	(1,582,275)
OTHER FINANCING SOURCES/(USES)			
Operating transfers in	-	3,553,330	3,553,330
Operating transfers out	(270,833)	(6,000,141)	(5,729,308)
Other sources	-	-	-
Total Other Financing Sources/(Uses)	(270,833)	(2,446,811)	(2,175,978)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	-	(3,758,253)	(3,758,253)
FUND BALANCE, BEGINNING OF YEAR	10,822,899	10,822,899	-
FUND BALANCE, END OF YEAR	\$ 10,822,899	\$ 7,064,646	\$ (3,758,253)

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

State School Lease/Purchase			Community Facilities District		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 26,631	\$ 26,631	\$ 470,000	\$ 1,009,736	\$ 539,736
-	-	-	-	-	-
32,888	12,227	20,661	136,800	71,671	65,129
237,945	49,324	188,621	-	600	(600)
-	-	-	594,068	229,263	364,805
-	-	-	71,143	435,948	(364,805)
270,833	61,551	209,282	802,011	737,482	64,529
(270,833)	(34,920)	235,913	(332,011)	272,254	604,265
270,833	3,347,400	3,076,567	-	-	-
(1,287,627)	(4,826,655)	(3,539,028)	-	-	-
-	214,768	214,768	-	-	-
(1,016,794)	(1,264,487)	(247,693)	-	-	-
(1,287,627)	(1,299,407)	(11,780)	(332,011)	272,254	604,265
1,299,407	1,299,407	-	822,254	822,254	-
\$ 11,780	\$ -	\$ (11,780)	\$ 490,243	\$ 1,094,508	\$ 604,265

**STOCKTON 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**

	County School Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Other local revenues	\$ -	\$ 37,650	\$ 37,650
<b>EXPENDITURES</b>			
Current Expenditures			
Books and supplies	-	-	-
Services and operating expenditures	16,630	1,273,561	(1,256,931)
Capital outlay	2,249,898	2,938,761	(688,863)
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	<u>2,266,528</u>	<u>4,212,322</u>	<u>(1,945,794)</u>
<b>EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(2,266,528)</u>	<u>(4,174,672)</u>	<u>(1,908,144)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating transfers in	1,287,627	3,926,066	2,638,439
Operating transfers out	-	-	-
Other sources	6,030,598	5,736,255	(294,343)
Total Other Financing Sources/(Uses)	<u>7,318,225</u>	<u>9,662,321</u>	<u>2,344,096</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES</b>	5,051,697	5,487,649	435,952
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 5,051,697</u>	<u>\$ 5,487,649</u>	<u>\$ 435,952</u>

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

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,646,678	\$ 2,339,384	\$ 692,706
-	78,402	(78,402)
186,318	2,521,661	(2,335,343)
3,393,688	3,448,338	(54,650)
594,068	229,263	364,805
71,143	1,310,500	(1,239,357)
4,245,217	7,588,164	(3,342,947)
(2,598,539)	(5,248,780)	(2,650,241)
1,558,460	10,826,796	9,268,336
(1,558,460)	(10,826,796)	(9,268,336)
6,030,598	5,951,023	(79,575)
6,030,598	5,951,023	(79,575)
3,432,059	702,243	(2,729,816)
12,944,560	12,944,560	-
\$ 16,376,619	\$ 13,646,803	\$ (2,729,816)

**STOCKTON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS - INTERNAL SERVICE**

**COMBINING BALANCE SHEET**

**JUNE 30, 2000**

	Liability Insurance	Health Benefits Insurance	Total
<b>ASSETS</b>			
Investments	\$ 2,810,805	\$ 1,444,902	\$ 4,255,707
Accounts receivable	29,889	19,712	49,601
Due from other funds	3,539	1,940,519	1,944,058
Prepaid expenditures	5,152	487,478	492,630
Total Assets	\$ 2,849,385	\$ 3,892,611	\$ 6,741,996
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	49,301	80,601	129,902
Due to other funds	38	1,811,891	1,811,929
Claims liability	543,105	852,419	1,395,524
Total Liabilities	592,444	2,744,911	3,337,355
<b>FUND EQUITY</b>			
Retained earnings	2,256,941	1,147,700	3,404,641
Total Liabilities and Fund Equity	\$ 2,849,385	\$ 3,892,611	\$ 6,741,996

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

# STOCKTON UNIFIED SCHOOL DISTRICT

## PROPRIETARY FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS FOR THE YEAR ENDED JUNE 30, 2000

	<u>Liability Insurance</u>	<u>Health Benefits</u>	<u>Total</u>
OPERATING REVENUE			
Other local revenues	<u>\$ 1,060,024</u>	<u>\$ 17,716,070</u>	<u>\$ 18,776,094</u>
OPERATING EXPENSES			
Classified salaries	15,612	-	15,612
Employee benefits	4,564	-	4,564
Books and supplies	624	-	624
Services and other operating expenditures	894,872	17,679,006	18,573,878
Other outgo	<u>2,033</u>	<u>-</u>	<u>2,033</u>
Total Operating Expenses	<u>917,705</u>	<u>17,679,006</u>	<u>18,596,711</u>
OPERATING INCOME	142,319	37,064	179,383
NONOPERATING REVENUES			
Interest	<u>113,383</u>	<u>77,549</u>	<u>190,932</u>
NET INCOME	255,702	114,613	370,315
RETAINED EARNINGS, BEGINNING OF YEAR	<u>2,001,239</u>	<u>1,033,087</u>	<u>3,034,326</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 2,256,941</u>	<u>\$ 1,147,700</u>	<u>\$ 3,404,641</u>

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2000**

	Liability Insurance	Health Benefits Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 142,319	\$ 37,064	\$ 179,383
(Increase)/Decrease in:			
Accounts Receivable	(2,615)	(4,548)	(7,163)
Due from other funds	504,983	(1,936,341)	(1,431,358)
Prepaid expenditures	(5,152)	(59,453)	(64,605)
Increase/(Decrease) in:			
Accounts payable	(59,225)	(226,786)	(286,011)
Due to other funds	38	1,811,891	1,811,929
Claims liability	(132,895)	-	(132,895)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>447,453</b>	<b>(378,173)</b>	<b>69,280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	113,383	77,549	190,932
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>560,836</b>	<b>(300,624)</b>	<b>260,212</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,249,969</b>	<b>1,745,526</b>	<b>3,995,495</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,810,805</b>	<b>\$ 1,444,902</b>	<b>\$ 4,255,707</b>

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



**STOCKTON UNIFIED SCHOOL DISTRICT**

**FIDUCIARY FUND TYPES**

**AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**JUNE 30, 2000**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>ASSETS</b>				
Cash				
Edison High School	\$ 65,072	\$ 335,278	\$ 330,705	\$ 69,645
Franklin High School	124,483	281,829	269,138	137,174
Stagg High School	93,355	487,013	475,918	104,450
Woodruff Center ROC	21,617	6,313	10,602	17,328
General Activities	393,245	1,169,777	1,046,727	516,295
Scholarship Account	573,959	30,263	10,338	593,884
Total Cash	<u>1,271,731</u>	<u>2,310,473</u>	<u>2,143,428</u>	<u>1,438,776</u>
Accounts Receivable				
Scholarship Account	64,590	12,585	5,107	72,068
Total Assets	<u>\$ 1,336,321</u>	<u>\$ 2,323,058</u>	<u>\$ 2,148,535</u>	<u>\$ 1,510,844</u>
<b>LIABILITIES</b>				
Due to student groups				
Edison High School	\$ 65,072	\$ 335,278	\$ 330,705	\$ 69,645
Franklin High School	124,483	281,829	269,138	137,174
Stagg High School	93,355	487,013	475,918	104,450
Woodruff Center ROC	21,617	6,313	10,602	17,328
General Activities	393,245	1,169,777	1,046,727	516,295
Scholarship Account	638,549	42,848	15,445	665,952
Total Liabilities	<u>\$ 1,336,321</u>	<u>\$ 2,323,058</u>	<u>\$ 2,148,535</u>	<u>\$ 1,510,844</u>

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

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***SUPPLEMENTARY INFORMATION***

# STOCKTON 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
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education			
PL 81-874 Maintenance and Operations	84.041	[3]	18,809
Adult Basic Education	84.002	03055	233,380
Drug-Free Schools	84.184	03453	384,183
Eisenhower Math and Science	84.168	03207	293,428
Comprehensinve School Reform Demonstration Elementary and Secondary Education Act	84.332	03966	313,241
Title I - Basic [1]	84.010	03797	10,006,263
Title I - Program Improvement [1]	84.010	03798	5,350
Title III - Technology Literacy Challenge [1]	84.318	03285	886,136
Title VI -Innovative Education Strategies	84.010	03340	289,430
Title VI- Class Size Reduction [1]	84.340	03180	1,224,794
Emergency Immigrant Education	84.162	03159	267,837
Goals 2000			
Local Improvement Plan	84.276	03266	36,838
Reading Standards and Interventions	84.276	03264	395,587
Indian Education	84.060	10011	213,312
JROTC	CA22	[3]	112,929
Special Education - State Grants			
Local Assistance	84.027	03379	2,274,156
Low Incidence	84.027	03459	11,968
Preschool Local Entitlement	84.027	03682	294,359
Personnel Staff Development	84.027	03613	16,936
Workability	84.027	03705	52,476
Federal Preschool	84.173	03430	7,741
Infant Discretionary	84.173	03612	68,284
Early Intervention	84.181	03761	67,389
Carl D. Perkins Vocational and Applied Technology	84.048	03577	322,554
Total U.S. Department of Education			<u>17,797,380</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through California Department of Education			
National School Lunch Program [1]	10.555	03755	6,109,950
Basic School Breakfast Program [1]	10.553	03157	69,688
Especially Needy Breakfast [1]	10.553	03157	1,247,058
Commodities Received [1] [2]	10.555	03755	543,898
Child Care and Adult	10.558	03529	15,688
Total U.S. Department of Agriculture			<u>7,986,282</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Education			
Job training Partnership Act			
Yes Plus	17.250	03770	30,306
			<u>\$ 25,813,968</u>

[1] Major program.

[2] Not included as revenue on the financial statements.

[3] Information not available.

See accompanying note to supplementary information.

# STOCKTON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2000

	Annual ADA Amended	Second Period ADA		Increase/ (Decrease)
		Amended 1999-00	Amended 1998-99	
<b>ELEMENTARY</b>				
Kindergarten	2,866	2,866	2,810	56
First through third	8,991	9,013	9,015	(2)
Fourth through sixth	8,502	8,547	8,243	304
Seventh and eighth	4,773	4,809	4,721	88
Opportunity school	33	32	65	(33)
Home and hospital	14	12	11	1
Special education	795	783	808	(25)
Community day school	34	36	-	36
Total Elementary	<u>26,008</u>	<u>26,098</u>	<u>25,673</u>	<u>425</u>
<b>SECONDARY</b>				
Regular classes	6,537	6,690	6,629	61
Continuation education	302	305	323	(18)
Opportunity school	28	26	97	(71)
Home and hospital	17	16	10	6
Special education	450	441	436	5
Community day school	47	50	-	50
Total Secondary	<u>7,381</u>	<u>7,528</u>	<u>7,495</u>	<u>33</u>
Total K-12	<u>33,389</u>	<u>33,626</u>	<u>33,168</u>	<u>458</u>
<b>CLASSES FOR ADULTS</b>				
Concurrently enrolled	55	58	53	5
Not concurrently enrolled	1,228	1,221	1,020	201
Total Adult	<u>1,283</u>	<u>1,279</u>	<u>1,073</u>	<u>206</u>
Grand Total	<u>34,672</u>	<u>34,905</u>	<u>34,241</u>	<u>664</u>
<b>SUMMER SCHOOL/SUPPLEMENTAL INSTRUCTION - ANNUAL PUPIL HOURS OF ATTENDANCE</b>				
Elementary	199,085	178,452	73,077	105,375
Secondary standards	<u>305,253</u>	<u>300,094</u>	<u>274,522</u>	<u>25,572</u>
Total Hours	<u>504,338</u>	<u>478,546</u>	<u>347,599</u>	<u>130,947</u>

See accompanying note to supplementary information.

# STOCKTON UNIFIED SCHOOL DISTRICT

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

<u>Grade Level</u>	1986-87 Minutes <u>Requirement</u>	1982-83 Actual <u>Minutes</u>	1999-00 Actual <u>Minutes</u>	<u>Status</u>
Kindergarten	36,000	31,500	36,225	In Compliance
Grades 1 - 3	50,400	50,250	54,428	In Compliance
Grades 4 - 6	54,000	53,850	54,000	In Compliance
Grades 7 - 8	54,000	58,500	58,500	In Compliance
Grades 9 - 12	64,800	64,980	64,980	In Compliance

See accompanying note to supplementary information.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (J-200) and the audited financial statements.

FUND BALANCE / RETAINED EARNINGS	General Fund	Liability Insurance	School Facilities
Balance, June 30, 2000 (Form J-200)	\$23,338,356	\$ 2,400,046	\$ 5,773,905
Adjustments			
Increase in:			
Cash in county treasurer (fair market value adjustment)	533,261	-	-
Accounts payable	-	-	(286,256)
Claims liability	-	(143,105)	-
Balance, June 30, 2000 (Form J-200)			
Audited Financial Statements	<u>\$23,871,617</u>	<u>\$ 2,256,941</u>	<u>\$ 5,487,649</u>

GENERAL LONG-TERM LIABILITIES	General Long- Term Debt Account Group
Total Liabilities, June 30, 2000 (Form J-249)	\$ 19,733,999
Adjustments	
Increase in:	
Certificates of participation	631,796
State school building loans	1,299
Capital leases	52,191
Early retirement benefits	2,656,563
Qualified zone academy bonds	1,635,000
General obligation bonds	5,000
Decrease in:	
Accumulated vacation	(87,658)
Total Liabilities, June 30, 2000	
Audited Financial Statement	<u>\$ 24,628,190</u>

See accompanying note to supplementary information.

# STOCKTON UNIFIED SCHOOL DISTRICT

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

	(Budget) 2001 <sup>1</sup>	2000	1999	1998
GENERAL FUND				
Revenues	\$ 244,801,202	\$ 222,892,311	\$ 211,262,985	\$ 203,941,967
Other sources	-	454,028	738,177	1,030
Total Revenues and Other Sources	244,801,202	223,346,339	212,001,162	203,942,997
Expenditures	242,736,175	217,673,726	204,408,107	203,974,839
Other uses and transfers out	1,110,926	954,726	966,692	1,031,725
Total Expenditures and Other Uses	243,847,101	218,628,452	205,374,799	205,006,564
INCREASE/(DECREASE) IN FUND BALANCE	\$ 954,101	\$ 4,717,887	\$ 6,626,363	\$ (1,063,567)
ENDING FUND BALANCE	\$ 24,825,718	\$ 23,871,617	\$ 19,153,730	\$ 12,527,367
AVAILABLE RESERVES <sup>2</sup>	\$ 7,567,059	\$ 14,235,420	\$ 8,179,025	\$ 8,789,198
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	3.10%	6.51%	3.98%	4.29%
LONG-TERM DEBT	\$ 25,500,000	\$ 24,689,288	\$ 21,827,548	\$ 23,854,180
AVERAGE DAILY ATTENDANCE AT P-2 <sup>3</sup>	33,811	33,626	33,168	34,282

The general fund balance has increased by \$11,344,250 over the past two years. The fiscal year 2000-01 budget projects a further increase of \$954,101. For a district this size, the State recommends available reserves of at least 2 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years, and anticipates incurring an operating surplus during the 2000-01 fiscal year. Total long-term debt has increased by \$835,108 over the past two years.

Average Daily Attendance (ADA) reported in 1998 includes excused absences. Due to a change in attendance accounting in 1999, excused absences are no longer included in ADA. Additional growth of 185 ADA is anticipated during fiscal year 2000-2001.

<sup>1</sup> Budget 2001 is included for analytical purposes only and has not been subjected to audit.

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

<sup>3</sup> Excludes Adult Education ADA.

See accompanying note to supplementary information.



**STOCKTON UNIFIED SCHOOL DISTRICT**

**GENERAL FUND SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2000**

(Amounts in thousands)

	Actual Results for the Years					
	1999-2000		1998-99		1997-98	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal revenue	\$ 17,576	7.9	\$ 15,239	7.2	\$ 16,207	7.9
State and local revenue included in revenue limit	138,318	62.1	131,147	62.1	126,483	62.0
Other state revenue	58,286	26.1	57,220	27.1	54,299	26.6
Other local revenue	8,712	3.9	7,658	3.6	6,953	3.4
Total Revenues	<u>222,892</u>	<u>100.0</u>	<u>211,264</u>	<u>100.0</u>	<u>203,942</u>	<u>100.0</u>
<b>EXPENDITURES</b>						
Salaries and Benefits						
Certificated salaries	112,183	50.3	104,917	49.7	101,863	49.9
Classified salaries	35,628	16.0	33,579	15.9	32,790	16.1
Employee benefits	30,468	13.7	29,984	14.2	31,134	15.3
Total Salaries and Benefits	178,279	80.0	168,480	79.8	165,787	81.3
Books and supplies	10,608	4.8	9,196	4.4	7,651	3.8
Contracts and operating expenses	21,081	9.5	18,449	8.7	19,372	9.5
Capital outlay	5,575	2.5	6,021	2.8	8,741	4.3
Other outgoing	1,896	0.9	2,262	1.1	796	0.4
Debt service	234	0.1	571	0.3	1,628	0.8
Total Expenditures	<u>217,673</u>	<u>97.7</u>	<u>204,979</u>	<u>97.1</u>	<u>203,975</u>	<u>100.0</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>5,219</u>	<u>2.3</u>	<u>6,285</u>	<u>2.9</u>	<u>(33)</u>	<u>-</u>
OTHER FINANCING SOURCES/(USES)						
Operating transfers in	-	-	738	0.3	1	-
Operating transfers out	(955)	(0.4)	(396)	(0.2)	(1,032)	(0.5)
Other sources	454	0.2	-	-	-	-
INCREASE/(DECREASE) IN FUND BALANCE	4,717	2.1	6,627	3.0	(1,064)	(0.5)
FUND BALANCE, BEGINNING	19,154	8.6	12,527	5.9	13,591	6.7
FUND BALANCE, ENDING	<u>\$ 23,871</u>	<u>10.7</u>	<u>\$ 19,154</u>	<u>11.9</u>	<u>\$ 12,527</u>	<u>6.2</u>
BASE REVENUE LIMIT PER ADA	<u>\$ 4,354</u>		<u>\$ 4,294</u>		<u>\$ 3,804</u>	

See accompanying note to supplementary information.

**STOCKTON UNIFIED SCHOOL DISTRICT**

**CAFETERIA ACCOUNT SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2000**

(Amounts in thousands)

	Actual Results for the Years					
	1999-2000		1998-99		1997-98	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal - NSLP	\$ 7,427	76.4	\$ 6,951	77.5	\$ 6,576	79.2
State meal program	510	5.2	487	5.4	435	5.2
Food sales	1,614	16.6	1,353	15.1	1,172	14.1
Other	173	1.8	175	2.0	117	1.4
<b>Total Revenues</b>	<b>9,724</b>	<b>100.0</b>	<b>8,966</b>	<b>100.0</b>	<b>8,300</b>	<b>100.0</b>
<b>EXPENDITURES</b>						
Salaries and employee benefits	4,391	45.2	4,059	45.3	4,071	50.9
Food	3,610	37.1	3,280	36.6	3,039	38.0
Supplies	1,031	10.6	15	0.2	13	0.2
Other	102	1.0	961	10.7	876	11.0
<b>Total Expenditures</b>	<b>9,134</b>	<b>92.8</b>	<b>8,315</b>	<b>92.8</b>	<b>7,999</b>	<b>94.7</b>
<b>INCREASE IN FUND BALANCE</b>	<b>590</b>	<b>6.1</b>	<b>651</b>	<b>7.2</b>	<b>301</b>	<b>8.3</b>
<b>FUND BALANCE, BEGINNING</b>	<b>4,260</b>	<b>43.8</b>	<b>3,609</b>	<b>40.3</b>	<b>3,308</b>	<b>91.7</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 4,850</b>	<b>49.9</b>	<b>\$ 4,260</b>	<b>47.5</b>	<b>\$ 3,609</b>	<b>100.0</b>
<b>ENDING FUND BALANCE TO TOTAL REVENUES</b>		<b>49.9</b>		<b>47.5</b>		<b>43.5</b>

\* \* \* \* \*

**TYPE 'A' LUNCH/BREAKFAST PARTICIPATION**

	1999-2000		1998-99		1997-98	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>TYPE 'A' LUNCHES</b>						
Paid	357,941	10.5	320,226	9.9	265,573	8.6
Reduced price	188,209	5.5	166,827	5.1	124,902	4.1
Free	2,862,301	84.0	2,758,284	85.0	2,691,995	87.3
<b>Total Lunches</b>	<b>3,408,451</b>	<b>100.0</b>	<b>3,245,337</b>	<b>100.0</b>	<b>3,082,470</b>	<b>100.0</b>
<b>BREAKFAST</b>						
Paid	54,913	5.1	46,843	4.7	41,012	4.1
Reduced price	32,948	3.1	26,319	2.6	19,266	1.9
Free	989,145	91.8	928,893	92.7	948,670	94.0
<b>Total Breakfast</b>	<b>1,077,006</b>	<b>100.0</b>	<b>1,002,055</b>	<b>100.0</b>	<b>1,008,948</b>	<b>100.0</b>

See accompanying note to supplementary information.

# STOCKTON 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 accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

#### B. Schedule of Average Daily Attendance (ADA)

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

#### C. Schedule of Instructional Time

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

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

#### F. General Fund Selected Financial Information

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

#### G. Cafeteria Account Selected Financial Information

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

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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 Education  
Stockton Unified School District  
Stockton, California

We have audited the financial statements of Stockton Unified School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 3, 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 Stockton 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 Stockton 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 Education, management, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Vavrinek, Irine, Day & Co., LLP*

Pleasanton, California  
November 3, 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 Education  
Stockton Unified School District  
Stockton, California

Compliance

We have audited the compliance of Stockton 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. Stockton Unified School District's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Stockton Unified School District's management. Our responsibility is to express an opinion on Stockton 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 Stockton 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 Stockton Unified School District's compliance with those requirements.

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

*Varrinck, Irwin, Day & Co., LLP*

Pleasanton, California  
November 3, 2000





**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Education  
 Stockton Unified School District  
 Stockton, California

We have audited the financial statements of the Stockton Unified School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 3, 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, 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 Stockton Unified School District is responsible for the compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations of the following items:

	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting		
Attendance reporting	4	Yes
Staff development days	3	Yes
Kindergarten enrollment	4	Yes
Independent study	13	None
Continuation education	13	Yes
Adult education	8	Yes
Regional occupational centers/programs	5	Not Applicable
County Office of Education programs	9	Not Applicable
Incentives for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not Applicable
GANN limit calculation	2	Yes
Early retirement incentive program	5	Not Applicable

	Procedures in Controller's Audit Guide	Procedures Performed
Community day schools	8	None
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	Not Applicable
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 Community day school and Independent Study because the District's ADA did not meet the minimum threshold for testing as prescribed by the State Controller's *Standards and Procedures for Audits of California K-12 Educational Agencies*.

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

*Vaurisch, Fine, Day & Co., LLP*

Pleasanton, California  
November 3, 2000

**STOCKTON UNIFIED SCHOOL DISTRICT**

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

**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)	
Identification of major programs:	<u>No</u>

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I
84.340	Class Size Reduction
10.553, 10.555	Child Nutrition

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 668,364
Auditee qualified as low-risk auditee?	<u>No</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>

# **STOCKTON UNIFIED SCHOOL DISTRICT**

## **FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2000**

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2000**

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2000**

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

# STOCKTON UNIFIED SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2000

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

### *INTERNAL ACCOUNTING CONTROL*

#### *ATTENDANCE*

*Nightingale Elementary School, Roosevelt Elementary School,  
Model Alternative Education*

1. Finding (30000)

During our testing of the attendance system, in our sample month tested, it was noted that the report of gains and losses did not agree to the enrollment noted on the monthly attendance report. This appears to be immaterial for apportionment purposes.

Recommendation

The site should reconcile the two reports on a monthly basis to ensure the accuracy of the monthly attendance report since this report is used to prepare the District's attendance reports

Current Status

Implemented

2. Finding (30000)

During our testing of the cash receipting system it was noted that cash and checks are not being logged at the time they are received by the cashier. The transactions are posted at the time the cashier is ready to make a deposit to the county. As a result we were unable to determine if cash is being deposited in a timely manner.

Recommendation

The District should have the accounts receivable clerk log the cash and checks on a daily basis. The log should have the date the cash was received and the amount. The log should be reconciled to the deposit to the county to ensure that cash is being deposited intact and in a timely fashion.

Current Status

Implemented

