

**SAN FRANCISCO UNIFIED SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**2003 MEASURE A GENERAL OBLIGATION BOND**  
**FUND**  
**JUNE 30, 2005**



**Vavrinek, Trine, Day & Co., LLP**  
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Board of Trustees and  
Citizen's Bond Oversight Committee  
**San** Francisco Unified School District

We have audited the accompanying balance sheet of the 2003 Measure **A** General Obligation Bond Fund (the Fund), of the San Francisco Unified School District, as of June 30, 2005, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

As discussed in Note 1, the **financial** statements present the financial activity of the **Fund** only, and do not purport to, and do not, present the financial position and results of operations of the San Francisco Unified School District as a whole, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2005, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Vavrinek Trine Day + Co. LLP*

Palo Alto, California  
December 13, 2005

**SAN FRANCISCO UNIFIED SCHOOL DISTRICT**

**2003 MEASURE A GENERAL OBLIGATION BOND FUND  
BALANCE SHEET  
JUNE 30, 2005**

**ASSETS**

Cash and investments	\$ 51,642,164
Accounts receivable - Interest	181,563
Total Assets	<u>\$ 51,823,727</u>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts payable	\$ 2,092,986
Total Liabilities	<u>2,092,986</u>

**FUND BALANCE**

Fund balance	
Undesignated	49,730,741
Total Fund Equity	<u>49,730,741</u>
Total Liabilities and Fund Equity	<u>\$ 51,823,727</u>

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

**SAN FRANCISCO UNIFIED SCHOOL DISTRICT**

**2003 MEASURE A GENERAL OBLIGATION BOND FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30,2005**

<b>REVENUES AND OTHER SOURCES</b>	
Proceeds from issuance of bonds	\$ 58,000,000
Interest	852,950
Total Revenues	<u>58,852,950</u>
<b>EXPENDITURES</b>	
Current Expenditures	
Classified salaries	209,536
Employee benefits	74,354
Supplies & Equipment	22,566
Services and operating expenditures	2,688,236
Capital outlay	6,127,517
Total Expenditures	<u>9,122,209</u>
<b>EXCESS OF REVENUE</b>	
<b>OVER EXPENDITURES</b>	49,730,741
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 49,730,741</u></u>

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

# SAN FRANCISCO UNIFIED SCHOOL DISTRICT

## 2003 MEASURE A GENERAL OBLIGATION BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 2003 Measure A General Obligation Bond **fund** (the Fund) of the **San** Francisco Unified School District conform to accounting principles generally accepted **in the** United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

#### A. Financial Reporting Entity

The financial statements include the financial activity of the 2003 Measure A General Obligation Bond Fund only. The Fund was established to account for the expenditures of general obligation bonds issued under the Measure A Bond Election of 2003. These financial statements are not intended to present the financial position and results of operations of the San Francisco Unified School District as a whole, in conformity with accounting principles generally accepted in the United States of America. The authorized issuance amount of the bonds is \$295,000,000. The first series of bonds in the amount of \$58,000,000 were sold on October 19, 2004.

#### B. 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.

The financial statements of the Fund are accounted for using the flow of current **financial** resources measurement focus and the modified accrual basis of accounting. Using this measurement focus, only current assets and current liabilities are included in the balance sheet. Long-term debt is not included as a liability of the Fund, but is disclosed separately in the notes to financial statements. Under the modified accrual basis of accounting, 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.

#### C. Use of Estimates

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

**SAN FRANCISCO UNIFIED SCHOOL DISTRICT**

**2003 MEASURE A GENERAL OBLIGATION BOND FUND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**NOTE 2 – INVESTMENTS**

Investments at June 30, 2005 held on behalf of the building fund of the San Francisco Unified School District consists of deposits in the County of San Francisco Treasury:

	Reported Amount	Fair Value
Deposits with county treasurer	<u>\$ 51,642,164</u>	<u>\$ 51,843,568</u>

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

**NOTE 3 – GENERAL LONG-TERM DEBT**

General obligation bonds issued and outstanding are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	\$ 2,135,000	\$ 2,197,213	\$ 4,332,213
2007	2,180,000	2,154,513	4,334,513
2008	2,225,000	2,110,913	4,335,913
2009	2,290,000	2,044,163	4,334,163
2010	2,360,000	1,975,463	4,335,463
2011-2015	13,390,000	8,277,413	21,667,413
2016-2020	16,065,000	5,605,888	21,670,888
2021-2025	15,485,000	1,849,638	17,334,638
	<u>\$ 56,130,000</u>	<u>\$ 82,345,200</u>	<u>\$ 82,345,200</u>

Repayment of the Bonds will be funded by a separate property tax override levied on property residing within the District boundaries. Property tax revenues will be collected and disbursed out of a separate Bond Interest and Redemption Fund under the control of the San Francisco County Controller's Office. This fund is not included as part of these financial statements. General school district revenues will not be required to fund the debt service on the bond.