

**FRESNO UNIFIED SCHOOL DISTRICT**  
**MEASURE M GENERAL OBLIGATION BONDS**  
**FINANCIAL STATEMENTS**  
June 30, 2023

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
FINANCIAL STATEMENTS  
June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Fresno Unified School District  
Fresno, California

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the Measure M General Obligation Bonds (the "Bonds") activity of Fresno Unified School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure M General Obligation Bonds activity, of Fresno Unified School District, as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fresno Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure M General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Fresno Unified School District, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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(Continued)

## ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fresno Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 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 grant agreements and other matters for the Bonds activity. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance for the Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Bonds activity.



Crowe LLP

Sacramento, California  
November 13, 2023

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
BALANCE SHEET  
June 30, 2023

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**ASSETS**

Cash in County Treasury (Note 2)	\$ 146,405,943
Receivables	<u>1,101,181</u>
Total assets	<u>\$ 147,507,124</u>

**LIABILITIES AND FUND BALANCE**

Accounts payable	\$ 4,772,365
Due to other funds (Note 3)	<u>1,331,266</u>
Total liabilities	<u>6,103,631</u>
Fund balance:	
Fund balance – restricted (Note 4)	<u>141,403,493</u>
Total liabilities and fund balance	<u>\$ 147,507,124</u>

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See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE  
For the Year Ended June 30, 2023

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Revenues:	
State sources	\$ 10,184,559
Interest income	3,407,162
Net decrease in fair market value of Cash in County Treasury	<u>(5,540,625)</u>
Total revenues	<u>8,051,096</u>
Expenditures:	
Current:	
Classified salaries and employee benefits	1,299,878
Books and supplies	690,519
Contracted services	8,909,766
Capital outlay	<u>18,636,563</u>
Total expenditures	<u>29,536,726</u>
Deficiency of revenues under expenditures	(21,485,630)
Other financing sources (uses):	
Debt issuance premiums	497,250
Proceeds from the sale of bonds	125,000,000
Transfers out	<u>(644,845)</u>
Total other financing sources (uses)	124,852,405
Change in fund balance	103,366,775
Fund balance, July 1, 2022	<u>38,036,718</u>
Fund balance, June 30, 2023	<u>\$ 141,403,493</u>

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See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Financial Reporting Entity: The financial statements include the activity and balances of the Measure M General Obligation Bonds, only. These financial statements are not intended to present the financial position and results of operations of Fresno Unified School District as a whole.

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

Budgets and Budgetary Accounting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Board of Education must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

The District's Board of Education and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents: For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Fresno County Treasury are considered cash equivalents.

Receivables: Receivables are made up principally of amounts due from local and state agencies for shared project reimbursements and funding. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2023.

Accounting Estimates: The presentation 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 during the reporting period. Actual results could differ from those estimates.

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FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2023 consisted of \$146,405,943 held in the County Treasury investment pool.

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury. The County pools and invests the cash. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Interest earned is deposited annually into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

In accordance with applicable state laws, the Fresno County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2023, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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

Interest Rate Risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing their exposure to fair value arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

**NOTE 3 – INTERFUND ACTIVITIES**

Interfund activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

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(Continued)



FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 3 – INTERFUND ACTIVITIES (Continued)**

Interfund Receivables/Payables: Interfund receivable and payable balances are a result of balances owed by the Measure M Fund to other funds to reimburse those funds for expenditures incurred in prior to the issuance of general obligation bonds authorized under Measure M. There were no interfund receivable balances at June 30, 2023. At June 30, 2023, interfund payable balances were as follows:

	<u>Interfund Payable</u>
General Fund	\$ 273,856
Deferred Maintenance Fund	154
County School Facilities Fund	86,604
Special Reserve Fund	<u>970,652</u>
	<u>\$ 1,331,266</u>

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

Interfund transfers for the 2022-2023 fiscal year were as follows:

Transfer from the Building Fund (Measure M) to the General Fund to contribute to restricted routine maintenance.	<u>\$ 644,845</u>
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**NOTE 4 – FUND BALANCE CLASSIFICATION**

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

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

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(Continued)

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 5 – PURPOSE OF BOND ISSUANCE**

**Bond Authorization:** By approval of the proposition for Measure M by at least 55% of the registered voters voting on the proposition at an election held on March 3, 2020, Fresno Unified School District was authorized to issue and sell bonds of up to \$325,000,000 in aggregate principal amount.

**Purpose of Bonds:** The proceeds of the Bonds may be used:

*“To provide quality schools; increase safety/security; attract/retain teachers; improve career education, technology, science classrooms; remove lead/asbestos; upgrade heating/air conditioning; renovate, repair, construct, acquire, equip facilities; shall Fresno Unified School District’s measure authorizing \$325 million in bonds requiring audits/oversight, legal rates, all funds for local schools, projected levy of \$60 per \$100,000 of assessed valuation, \$24.1 million annually while bonds are outstanding, be approved?”*

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

**Bond Project List:** The Bond Project List, which is an integral part of the proposition, lists the specific projects the District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at individual campuses. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering and similar planning costs, construction management and customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Education cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

**NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES**

The bonds are general obligations of the District, and Fresno County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

**Measure M:** On June 16, 2021, the District issued Measure M General Obligation Bonds, Series A, in the amount of \$80,000,000.

On August 30, 2022, the District issued Measure M General Obligation Bonds, Series B, in the amount of \$125,000,000.

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

Board of Education  
Fresno Unified School District  
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure M General Obligation Bonds (the "Bonds") activity of Fresno Unified School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's Measure M General Obligation Bonds activity financial statements, and have issued our report thereon dated November 13, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fresno Unified School District's internal control over Measure M General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fresno Unified School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno Unified School District's Measure M General Obligation Bonds activity financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Sacramento, California  
November 13, 2023

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2023

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No matters were reported.

FRESNO UNIFIED SCHOOL DISTRICT  
MEASURE M GENERAL OBLIGATION BONDS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2023

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No matters were reported.