

**ALAMEDA UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2011**



**ALAMEDA UNIFIED SCHOOL DISTRICT  
OF ALAMEDA COUNTY**

**ALAMEDA, CALIFORNIA**

**JUNE 30, 2011**

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The District boundaries encompass the City of Alameda. There were no boundary changes during the year. The District provides education for grades K-12 and is currently operating ten elementary schools, two middle schools, three high schools, one continuation school, one adult school and one child development center. Four charter schools also operate within the District boundaries.

**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Ron Mooney	President	December 2012
Margie Sherratt	Vice President	December 2014
Mike McMahon	Trustee	December 2014
Trish Herrera Spencer	Trustee	December 2012
Niel Tam	Trustee	December 2012

**DISTRICT ADMINISTRATION**

Kirsten Vital  
*Superintendent*

Sean McPhetridge  
*Assistant Superintendent*

Robert Shemwell  
*Chief Business Officer*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
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# FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Alameda Unified School District  
Alameda, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Alameda Unified School District's management. Our responsibility is to express opinions 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 and 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 2010 – 11*. 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011 on our consideration of the Alameda Unified School 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. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

SAN DIEGO

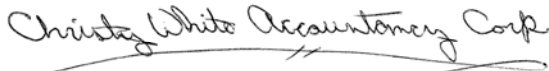
RANCHO CUCAMONGA

2727 Camino Del Rio South • Suite 219 • San Diego, CA 92108 | 8686 Haven Avenue • Suite 250 • Rancho Cucamonga, CA 91730  
tel. 619.270.8222 • [www.cwacpa.com](http://www.cwacpa.com) • fax. 619.260.9085

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The required supplementary information, such as management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 49 through 50 and the schedule of funding process on page 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the Combining Statements – Non-Major Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Christy White Accountancy Corp

Rancho Cucamonga, California  
December 15, 2011

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

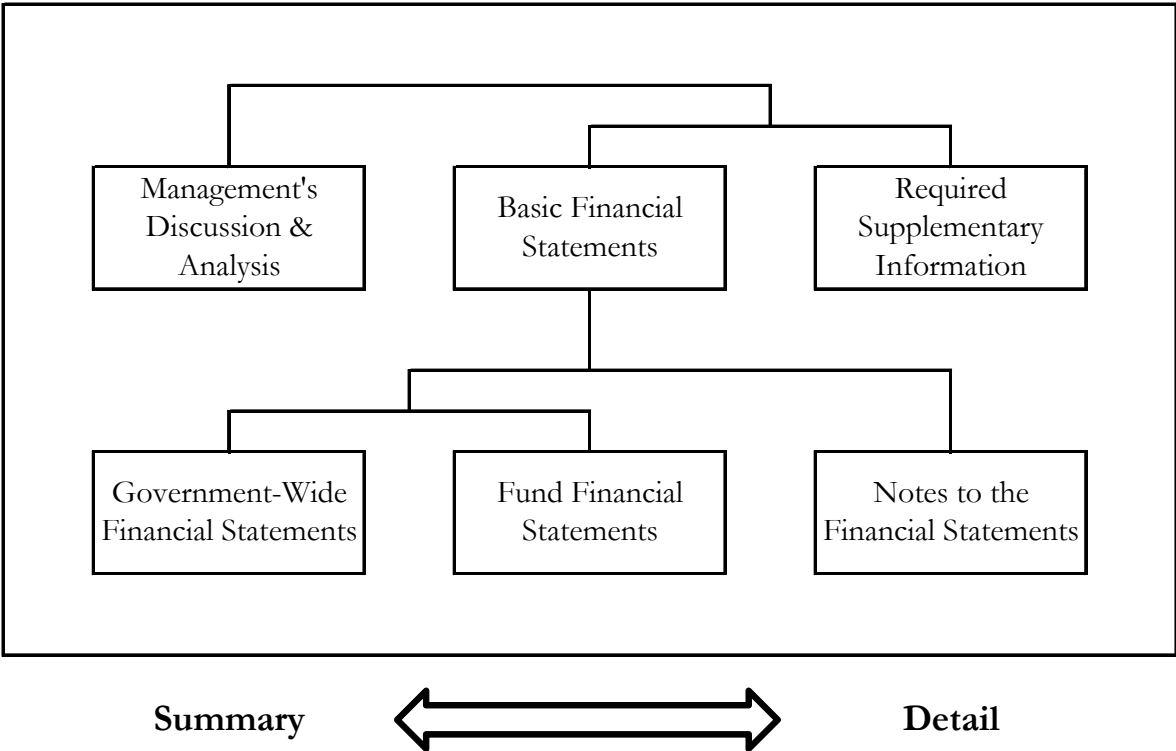
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net assets were \$19,920,788 at June 30, 2011. This was a decrease of \$5,671,361 over the prior year.
- ▶ Overall expenses were \$102,412,717, which exceeded revenues of \$96,741,356.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**





## OVERVIEW OF FINANCIAL STATEMENTS (*continued*)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$19,920,788 at June 30, 2011, as reflected in Table A-1 below. Of this amount, (\$1,671,239) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations.

**Table A-1**  
**Alameda Unified School District's Net Assets**

	Governmental Activities		Total
	Restated		Percentage
	2010	2011	Change
Current assets	\$ 37,157,157	\$ 44,187,797	19%
Noncurrent assets	91,813,717	85,791,119	-7%
<b>Total assets</b>	<b>128,970,874</b>	<b>129,978,916</b>	<b>1%</b>
Current liabilities	7,445,147	11,973,259	61%
Noncurrent liabilities	95,933,578	98,084,869	2%
<b>Total liabilities</b>	<b>103,378,725</b>	<b>110,058,128</b>	<b>6%</b>
Invested in capital assets, net of related debt	19,515,486	8,820,792	-55%
Restricted	7,175,971	12,771,235	78%
Unrestricted	805,827	(1,671,239)	-307%
<b>Total net assets</b>	<b>\$ 25,592,149</b>	<b>\$ 19,920,788</b>	<b>-22%</b>

District government-wide assets increased primarily due to one-time stimulus funding, and liabilities increased primarily due to State deferrals.

ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (*continued*)

**Changes in Net Assets**

As shown in Table A-2 below, the District's total revenues were \$96,741,356. The majority of the revenue comes from Revenue Limit and property taxes (75%). Federal and state aid for specific programs accounted for another 19% of total revenues. Miscellaneous local sources accounted for the remaining 6%. Revenues increased primarily due to ARRA funds received.

The total cost of all programs and services was \$102,412,717. The District's expenses are predominately related to educating and caring for students (64%). Pupil Services (including transportation and food) account for 6% of expenses. Administrative activities accounted for just 6% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 8% of all costs. The remaining expenses were for ancillary services, community services, and other outgo (16%). Expenditures increased primarily due to additional bond accretion recognized.

**Table A-2**  
**Changes in Alameda Unified School District's Net Assets**

	Governmental Activities		Total Percentage Change
	2010	2011	2010-11
<b>Revenues:</b>			
<i>Program revenues</i>			
Charges for services	\$ 883,722	\$ 861,408	-3%
Operating grants and contributions	18,742,315	18,657,386	0%
<i>General revenues</i>			
Property taxes	33,268,149	32,135,284	-3%
Federal and state aid not restricted for specific purposes	38,910,615	40,749,459	5%
Other revenues	2,771,851	4,337,819	56%
<b>Total revenues</b>	<b>94,576,652</b>	<b>96,741,356</b>	<b>2%</b>
<b>Expenses:</b>			
Instruction-related	70,432,548	65,182,125	-7%
Student support services	5,921,605	5,654,102	-5%
Maintenance and operations	7,254,498	7,818,410	8%
Administration	4,651,341	5,930,568	28%
Other expenses	11,645,159	17,827,512	53%
<b>Total expenses</b>	<b>99,905,151</b>	<b>102,412,717</b>	<b>3%</b>
<b>Change in net assets</b>	<b>\$ (5,328,499)</b>	<b>\$ (5,671,361)</b>	<b>6%</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
 JUNE 30, 2011

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (*continued*)

Changes in Net Assets (*continued*)

As reported in the Statement of Activities on page 12, the cost of all our governmental activities this year was \$102,412,717 (refer to Table A-3).

**Table A-3**  
**Net Costs of Alameda Unified School District's**  
**Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instructional services	\$ 65,182,125	\$ 50,802,586
Pupil support services	5,654,102	2,256,453
Maintenance and operations	7,818,410	7,763,798
Administration	5,930,568	5,397,686
Other expenses	17,827,512	16,673,400
<b>Total expenses</b>	<b>\$ 102,412,717</b>	<b>\$ 82,893,923</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2011**

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$37,097,502, which is greater than last year's ending fund balance of \$33,662,689. The District's General Fund had \$3,374,202 more in operating revenues than expenditures in 2010-2011.

**CURRENT YEAR BUDGET 2010-11**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2010-11 the District had invested \$85.8 million in a broad range of capital assets, including Land Improvements, Buildings, Vehicles, and Equipment.

**Table A-4  
Alameda Unified School District's Capital Assets**

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>Restated</b>		
	<b>2010</b>	<b>2011</b>	<b>2010-11</b>
Land	\$ 4,794,916	\$ 4,794,916	0%
Site improvements	62,987	35,993	-43%
Buildings	84,912,489	80,196,950	-6%
Furniture and equipment	801,103	763,260	-5%
Construction in progress	1,242,222	-	-100%
<b>Total capital assets</b>	<b>\$ 91,813,717</b>	<b>\$ 85,791,119</b>	<b>-7%</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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CAPITAL ASSET AND DEBT ADMINISTRATION (*continued*)

Long-Term Debt

At year-end, the District had \$102,469,703 in long-term debt, an increase of 3% from last year – as shown in Table A-5. (More detailed information about the District's long-term debt is presented in footnotes to the financial statements.)

Table A-5  
Alameda Unified School District's Long-Term Debt

	Governmental Activities		Total Percentage Change
	Restated		2010-11
	2010	2011	
General obligation bonds	\$ 96,747,843	\$ 96,926,382	0%
Certificates of participation	1,185,000	1,105,000	-7%
Capital leases	83,184	-	-100%
Compensated absences	941,214	556,960	-41%
PARS retirement	-	2,049,172	100%
Net OPEB obligations	859,521	1,832,189	113%
<b>Total long-term debt</b>	<b>\$ 99,816,762</b>	<b>\$ 102,469,703</b>	<b>3%</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2011**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

- At the state level, the budget situation continues to reflect challenging economic times. The 2011 State Budget was balanced on optimistic revenue projections and contains "trigger" language that would reduce school funding mid-year, should the state fail to meet those projections. In addition, one-time sources of federal funding from the American Recovery and Reinvestment Act and the Education Jobs Act are ending and to continue program services funded by these sources will require either new federal funding or a reallocation of district funds. State categorical program flexibility continues for the 2010-11 and 2011-12 fiscal years with no anticipated changes. School districts continue to be authorized to use funding from 42 Tier III categorical programs for any purpose. K-3 class size reduction penalties have been relaxed through 2012-13 and school agencies maintain the flexibility to shorten the school year until 2014-15.
  
- Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2011-12 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact District's Business Office at 2200 Central Avenue, Room 105-E, Alameda, California, 94501.

ALAMEDA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,833,701
Accounts receivable	17,228,723
Inventory	125,373
<b>Total current assets</b>	<b>44,187,797</b>
Capital assets, non-depreciable	4,794,916
Capital assets, depreciable, net	80,996,203
<b>Total non-current assets</b>	<b>85,791,119</b>
<b>Total Assets</b>	<b>129,978,916</b>
<b>LIABILITIES</b>	
Deficit cash	520,000
Accrued liabilities	5,399,076
Deferred revenue	1,669,349
Long-term liabilities, current portion	4,384,834
<b>Total current liabilities</b>	<b>11,973,259</b>
Long-term liabilities, non-current portion	98,084,869
<b>Total Liabilities</b>	<b>110,058,128</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,820,792
Restricted for	
Capital projects	4,106,988
Debt service	4,589,406
Educational programs	4,074,841
Unrestricted	(1,671,239)
<b>Total Net Assets</b>	<b>\$ 19,920,788</b>

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



ALAMEDA UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 53,497,357	\$ 348,616	\$ 11,811,241	\$ (41,337,500)
Instruction-related services				
Instructional supervision and administration	4,174,279	6,508	1,828,909	(2,338,862)
Instructional library, media, and technology	1,433,449	1,745	4,249	(1,427,455)
School site administration	6,077,040	15,435	362,836	(5,698,769)
Pupil services				
Home-to-school transportation	894,736	-	252,363	(642,373)
Food services	1,738,803	439,212	1,357,523	57,932
All other pupil services	3,020,563	26,353	1,322,198	(1,672,012)
General administration				
Centralized data processing	1,415,390	-	8,250	(1,407,140)
All other general administration	4,515,178	20,948	503,684	(3,990,546)
Plant services	7,818,410	2,536	52,076	(7,763,798)
Ancillary services	1,085,793	-	1,067,596	(18,197)
Community services	62,165	55	62,148	38
Interest on long-term debt	5,529,410	-	-	(5,529,410)
Transfer to other agencies	3,611,861	-	24,313	(3,587,548)
Depreciation (unallocated)	7,538,283	-	-	(7,538,283)
<b>Total Governmental Activities</b>	<b>\$ 102,412,717</b>	<b>\$ 861,408</b>	<b>\$ 18,657,386</b>	<b>(82,893,923)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				19,515,467
Property taxes, levied for debt service				4,912,647
Property taxes, levied for other specific purposes				7,707,170
Federal and state aid not restricted for specific purposes				40,749,459
Interest and investment earnings				231,936
Interagency revenues				1,529,395
Miscellaneous				2,576,488
<b>Subtotal, General Revenues</b>				<b>77,222,562</b>
<b>CHANGE IN NET ASSETS</b>				<b>(5,671,361)</b>
<b>Net Assets - Beginning, as previously reported</b>				<b>27,497,284</b>
<b>Restatement (Note 17)</b>				<b>(1,905,135)</b>
<b>Net Assets - Beginning, Restated</b>				<b>25,592,149</b>
<b>Net Assets - Ending</b>				<b>\$ 19,920,788</b>

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

**ALAMEDA UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011**

	<b>General Fund</b>	<b>Charter School Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,734,367	\$ -	\$ 4,591,650	\$ 9,507,684	\$ 26,833,701
Accounts receivable	16,530,368	200,000	139,263	359,092	17,228,723
Due from other funds	406,129	640,000	-	-	1,046,129
Stores inventory	-	-	-	125,373	125,373
<b>Total Assets</b>	<b>\$ 29,670,864</b>	<b>\$ 840,000</b>	<b>\$ 4,730,913</b>	<b>\$ 9,992,149</b>	<b>\$ 45,233,926</b>
<b>LIABILITIES</b>					
Deficit cash	\$ -	\$ 520,000	\$ -	\$ -	\$ 520,000
Accrued liabilities	4,644,835	-	6,621	249,490	4,900,946
Due to other funds	640,000	320,000	86,129	-	1,046,129
Deferred revenue	1,666,015	-	-	3,334	1,669,349
<b>Total Liabilities</b>	<b>6,950,850</b>	<b>840,000</b>	<b>92,750</b>	<b>252,824</b>	<b>8,136,424</b>
<b>FUND BALANCES</b>					
Non-spendable	50,000	-	-	125,373	175,373
Spendable					
Restricted					
Educational programs	3,157,283	-	-	917,558	4,074,841
Capital projects	-	-	-	4,106,988	4,106,988
Debt service	-	-	-	4,589,406	4,589,406
Assigned	4,191,361	-	4,638,163	-	8,829,524
Unassigned	15,321,370	-	-	-	15,321,370
<b>Total Fund Balances</b>	<b>22,720,014</b>	<b>-</b>	<b>4,638,163</b>	<b>9,739,325</b>	<b>37,097,502</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,670,864</b>	<b>\$ 840,000</b>	<b>\$ 4,730,913</b>	<b>\$ 9,992,149</b>	<b>\$ 45,233,926</b>

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

**ALAMEDA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT  
OF NET ASSETS  
JUNE 30, 2011**

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**Total Fund Balance - Governmental Funds** \$ 37,097,502

Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 133,250,728	
Accumulated depreciation	(47,459,609)	85,791,119

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Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(498,130)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	\$ (96,926,382)	
Certificates of participation payable	(1,105,000)	
Compensated absences	(556,960)	
PARS retirement	(2,049,172)	
Net OPEB obligation	(1,832,189)	(102,469,703)

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**Total Net Assets - Governmental Activities** \$ 19,920,788

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

**ALAMEDA UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Revenue limit sources					
State aid	\$ 29,419,598	\$ 1,575,817	\$ -	\$ -	\$ 30,995,415
Local sources	19,515,467	-	-	-	19,515,467
Transfers	(1,722,397)	-	-	-	(1,722,397)
Federal sources	6,711,578	391,210	-	1,415,607	8,518,395
Other state sources	14,558,822	137,654	-	1,498,092	16,194,568
Other local sources	16,468,784	517,691	464,694	5,788,739	23,239,908
<b>Total Revenues</b>	<b>84,951,852</b>	<b>2,622,372</b>	<b>464,694</b>	<b>8,702,438</b>	<b>96,741,356</b>
<b>EXPENDITURES</b>					
Current					
Instruction	50,015,005	966,886	-	1,140,524	52,122,415
Instruction-related services					
Instructional supervision and administration	3,939,178	-	-	116,250	4,055,428
Instructional library, media, and technology	1,433,449	-	-	-	1,433,449
School site administration	5,783,332	105	-	85,350	5,868,787
Pupil services					
Home-to-school transportation	875,581	-	-	-	875,581
Food services	-	-	-	1,663,367	1,663,367
All other pupil services	2,972,690	-	-	13,984	2,986,674
General administration					
Centralized data processing	1,269,065	-	-	-	1,269,065
All other general administration	4,076,804	-	-	115,546	4,192,350
Plant services	7,358,880	(3,324)	137,271	63,270	7,556,097
Facilities acquisition and maintenance	345,256	-	16,000	1,094,032	1,455,288
Ancillary services	1,070,596	-	-	-	1,070,596
Community services	62,165	-	-	-	62,165
Transfers to other agencies	1,617,850	1,994,011	-	-	3,611,861
Debt service					
Principal	163,184	-	-	3,550,000	3,713,184
Interest and other	261,944	-	-	1,108,292	1,370,236
<b>Total Expenditures</b>	<b>81,244,979</b>	<b>2,957,678</b>	<b>153,271</b>	<b>8,950,615</b>	<b>93,306,543</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>3,706,873</b>	<b>(335,306)</b>	<b>311,423</b>	<b>(248,177)</b>	<b>3,434,813</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	320,000	345,508	212,870	94,298	972,676
Transfers out	(652,671)	(320,000)	-	(5)	(972,676)
<b>Net Financing Sources (Uses)</b>	<b>(332,671)</b>	<b>25,508</b>	<b>212,870</b>	<b>94,293</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,374,202</b>	<b>(309,798)</b>	<b>524,293</b>	<b>(153,884)</b>	<b>3,434,813</b>
<b>Fund Balance - Beginning, as previously reported</b>	<b>14,317,929</b>	<b>309,798</b>	<b>4,113,870</b>	<b>11,259,367</b>	<b>30,000,964</b>
<b>Restatement (Note 17)</b>	<b>5,027,883</b>	<b>-</b>	<b>-</b>	<b>(1,366,158)</b>	<b>3,661,725</b>
<b>Fund Balance - Beginning, Restated</b>	<b>19,345,812</b>	<b>309,798</b>	<b>4,113,870</b>	<b>9,893,209</b>	<b>33,662,689</b>
<b>Fund Balance - Ending</b>	<b>\$ 22,720,014</b>	<b>\$ -</b>	<b>\$ 4,638,163</b>	<b>\$ 9,739,325</b>	<b>\$ 37,097,502</b>

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

**ALAMEDA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Net Change in Fund Balances - Governmental Funds** \$ 3,434,813

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay: \$	1,515,685	
Depreciation expense:	(7,538,283)	(6,022,598)

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Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

3,713,184

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds increased by \$430,635, and second, \$3,728,539 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(4,159,174)

Compensated absences:

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the PARS Retirement Plan earned was more than amounts used by \$2,049,172. Vacation used was more than the amounts earned by \$384,254.

(1,664,918)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(972,668)

<b>Change in net assets of Governmental Activities</b>	<b>\$ (5,671,361)</b>
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The accompanying notes are an integral part of these financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2011

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	Scholarship Trust Fund	ASB Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 462,472	\$ 490,668
<b>Total Assets</b>	<b>\$ 462,472</b>	<b>\$ 490,668</b>
<b>LIABILITIES</b>		
Due to other agencies/student groups	\$ -	\$ 490,668
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 490,668</b>
<b>NET ASSETS</b>		
Unrestricted	462,472	
<b>Total Net Assets</b>	<b>462,472</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 462,472</b>	

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

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	<u>Scholarship Trust Fund</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 3,701
<b>Total Additions</b>	<b>3,701</b>
<b>DELETIONS</b>	
Other deletions	340,315
<b>Total Deletions</b>	<b>340,315</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(336,614)</b>
<b>Net Assets - Beginning</b>	<b>799,086</b>
<b>Net Assets - Ending</b>	<b>\$ 462,472</b>

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

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**A. Financial Reporting Entity**

The District was unified in 1936, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the State and/or Federal agencies. The District operates ten K through fifth grade schools, two middle schools, three high schools, one continuation school, one adult school, and one child development center. Four charter schools also operate within the district boundaries.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Alameda Unified School District, this includes general operations, food service, and student related activities of the District.

**B. Component Unit**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District. The District has determined that there is one component unit that should be included in the District's financial reporting entity, the Academy of Alameda (Charter School).

For financial presentation purposes, the component unit's financial activity has been blended, or combined, with the financial data of the District. The Academy of Alameda was initially opened as under a Local Funding Mode, but converted to a Direct Funded School, with pass-through activity reported on the District's financials primarily presented in the Charter School Special Revenue Fund. As of June 30, 2011, the Charter School Special Revenue Fund has been closed out with all future charter activities being reported by the individual charter schools.



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

C. Other Related Entities

**Joint Powers Authority (JPA).** The District is associated with three JPAs. These organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 15 to the financial statements. These organizations are:

- Alameda County Schools Insurance Group (ACSIG)
- East Bay Schools Insurance Group (EBSIG)
- East Bay Regional Occupational Program (EBROP)

D. Basis of Presentation

**Government-Wide Statements.** The statement of net assets and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

*Fiduciary funds* are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.

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

D. Basis of Presentation (*continued*)

Major Governmental Funds

**General Fund.** The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

**Charter Schools Special Revenue Fund.** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

**Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Child Development Fund.** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code* Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code* Section 8328).

**Cafeteria Special Revenue Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (*Education Code* Sections 38091 and 38100).

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

D. Basis of Presentation (*continued*)

**Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Building Fund.** This fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are proceeds from the sale or lease-with-option-to-purchase of real property (Education Code Section 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

**Capital Facilities Fund.** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620–17626). The authority for these levies may be county/city ordinances (Government Code Sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).

**County School Facilities Fund.** This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**Debt Service Funds.** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Bond Interest and Redemption Fund.** This fund is used for the repayment of bonds issued for an LEA (Education Code sections 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund (Fund 21) of the LEA. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA. The county auditor maintains control over the LEA's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

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

D. Basis of Presentation (*continued*)

Fiduciary Funds

**Trust and Agency Funds.** Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Scholarship Trust Fund.** This fund is used to account for donations that are restricted for student scholarships.

**Student Body Fund.** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (Education Code Sections 48930–48938).

E. Basis of Accounting – Measurement Focus

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

All governmental activities of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

E. Basis of Accounting – Measurement Focus (*continued*)

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue limits and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the revenue limit (Form K-12 Annual) is made, and the District's actual tax receipts as reported by the county auditor is subtracted, the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded. The District recognizes property tax revenues actually received as reported on CDE's Principal Apportionment Tax Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

E. Basis of Accounting – Measurement Focus (*continued*)

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

**Deferred Revenue**

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

Certain grants received that have not met eligibility requirements are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, and Net Assets

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2011, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

**Cash and Cash Equivalents**

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles	8 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net assets.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

F. Assets, Liabilities, and Net Assets (*continued*)

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

F. Assets, Liabilities, and Net Assets (*continued*)

*Restricted* - 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. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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

F. Assets, Liabilities, and Net Assets (*continued*)

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2011. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The district-wide financial statements report \$12,771,235 of restricted net assets.

G. Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

H. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Changes in Accounting Principle

For the fiscal year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

	Governmental Activities	Fiduciary Funds	Total
Deposits in financial institutions	\$ 51,000	\$ 953,140	\$ 1,004,140
Cash in County	22,514,713	-	22,514,713
Investments	3,747,988	-	3,747,988
<b>Total</b>	<b>\$ 26,313,701</b>	<b>\$ 953,140</b>	<b>\$ 27,266,841</b>

B. Policies and Practices

The District is authorized under California Government Code 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; collateralized mortgage obligations; and the Alameda County Investment Pool.

**Investment in County Treasury** – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting 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). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

D. Interest Rate Risk (continued)

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Maturity</u>
County Pool	\$ 22,515,882	520 days
Money Market Funds	\$ 3,747,988	34 days

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not required to be rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, the District's bank balance of \$770,817 was insured, but \$211,694 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2011, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical Aid	\$ 1,109,823	\$ -	\$ -	\$ 200,312	\$ 1,310,135
State Government					
Apportionment	8,162,260	-	-	-	8,162,260
Categorical Aid	2,926,989	-	-	45,282	2,972,271
Lottery	714,089	-	-	-	714,089
Local Government					
Interest	35,532	-	7,624	8,544	51,700
Other Local Sources	3,581,675	200,000	131,639	104,954	4,018,268
<b>Total</b>	<b>\$ 16,530,368</b>	<b>\$ 200,000</b>	<b>\$ 139,263</b>	<b>\$ 359,092</b>	<b>\$ 17,228,723</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance July 01, 2010	Additions	Deductions	Balance June 30, 2011
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,794,916	\$ -	\$ -	\$ 4,794,916
Construction in progress	1,242,222	-	1,242,222	-
Total Capital Assets not Being Depreciated	6,037,138	-	1,242,222	4,794,916
Capital assets being depreciated				
Land improvements	2,484,749	-	-	2,484,749
Buildings & improvements	121,479,239	2,697,511	-	124,176,750
Furniture & equipment	1,733,917	60,396	-	1,794,313
Total Capital Assets Being Depreciated	125,697,905	2,757,907	-	128,455,812
Less Accumulated Depreciation				
Land improvements	2,421,762	26,994	-	2,448,756
Buildings & improvements	36,566,750	7,413,050	-	43,979,800
Furniture & equipment	932,814	98,239	-	1,031,053
Total Accumulated Depreciation	39,921,326	7,538,283	-	47,459,609
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 91,813,717</b>	<b>\$ (4,780,376)</b>	<b>\$ 1,242,222</b>	<b>\$ 85,791,119</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

NOTE 5 – INTERFUND TRANSACTIONS

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

Due To Other Funds	Due From Other Funds		
	General Fund	Charter School Fund	Total
General Fund	\$ -	\$ 640,000	\$ 640,000
Charter School Fund	320,000	-	320,000
Special Reserve Fund for Capital Outlay Projects	86,129	-	86,129
<b>Total Due From Other Funds</b>	<b>\$ 406,129</b>	<b>\$ 640,000</b>	<b>\$ 1,046,129</b>

The General Fund owed the Charter School Fund for a short term loan.	\$ 640,000
The Charter School Fund owed the General Fund for repayment of short term loan.	320,000
The Special Reserve Fund for Capital Outlay Projects owed the General Fund for redevelopment agency fees.	86,129
<b>Total</b>	<b>\$ 1,046,129</b>

B. Operating Transfers

Interfund Transfers Out	Interfund Transfers In				Total
	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ 345,508	\$ 212,865	\$ 94,298	\$ 652,671
Charter School Fund	320,000	-	-	-	320,000
Non-Major Governmental Funds	-	-	5	-	5
<b>Total Interfund Transfers</b>	<b>\$ 320,000</b>	<b>\$ 345,508</b>	<b>\$ 212,870</b>	<b>\$ 94,298</b>	<b>\$ 972,676</b>

The General Fund transferred to the Charter School Fund for short term loan.	\$ 345,508
The General Fund transferred to the Non-Major Child Development Fund for operations support.	77,747
The General Fund transferred to the Non-Major Cafeteria Fund for correction of prior year indirect costs.	16,551
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for redevelopment agency fees.	212,865
The Charter School Fund transferred to the General Fund for repayment of short term loan.	320,000
The Non-Major County School Facilities Fund transferred to the Special Reserve Fund for Capital Outlay Projects to close the fund.	5
<b>Total</b>	<b>\$ 972,676</b>



ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2011, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Payroll	\$ 2,626,471	\$ 6,621	\$ 202,913	\$ 2,836,005
Construction	-	-	28,914	28,914
Vendors payable	2,018,364	-	17,663	2,036,027
<b>Total</b>	<b>\$ 4,644,835</b>	<b>\$ 6,621</b>	<b>\$ 249,490</b>	<b>\$ 4,900,946</b>
Unmatured interest on long-term debt				498,130
				<b>\$ 5,399,076</b>

NOTE 7 – TAX REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2010, the District issued \$9,500,000 Tax Revenue Anticipation Notes (TRANS). The TRANS had an interest rate of 2.0% and matured June 30, 2011. The TRANS are issued to supplement cash flow. The District is not required to make any additional payments on the note.

NOTE 8 – DEFERRED REVENUE

The District periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The deferred revenue totals at June 30, 2011, consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 1,666,015	\$ 3,334	\$ 1,669,349
<b>Total</b>	<b>\$ 1,666,015</b>	<b>\$ 3,334</b>	<b>\$ 1,669,349</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

NOTE 9 – LONG-TERM DEBT

A. Long-Term Debt Summary

	Restated Balance July 01, 2010	Accretion/ Additions	Deductions	Balance June 30, 2011	Balance Due In One Year
<b>Governmental Activities</b>					
General Obligation (GO) Bonds	\$ 96,747,843	\$ 3,728,539	\$ 3,550,000	\$ 96,926,382	\$ 3,890,000
Certificates of Participation (COPs)	1,185,000	-	80,000	1,105,000	85,000
Capital leases	83,184	-	83,184	-	-
Compensated absences	941,214	-	384,254	556,960	-
PARS retirement	-	2,049,172	-	2,049,172	409,834
Net OPEB obligation	859,521	972,668	-	1,832,189	-
<b>Total</b>	<b>\$ 99,816,762</b>	<b>\$ 6,750,379</b>	<b>\$ 4,097,438</b>	<b>\$ 102,469,703</b>	<b>\$ 4,384,834</b>

B. Bonded Debt

Issue Date	Maturity Date	Interest Rate	Original Issue	Restated Bonds Outstanding June 30, 2010	Accretion	Redeemed	Bonds Outstanding June 30, 2011
May 23, 2002	July 1, 2014	5.50%	\$34,325,000	\$ 17,000,000	\$ -	\$ 3,045,000	\$ 13,955,000
October 13, 2004	August 1, 2029	2.50% - 5.48%	40,998,093	52,937,315	2,559,814	410,000	55,087,129
June 21, 2005	August 1, 2036	3.25% - 5.09%	21,997,233	26,810,528	1,168,725	95,000	27,884,253
				<b>\$ 96,747,843</b>	<b>\$ 3,728,539</b>	<b>\$ 3,550,000</b>	<b>\$ 96,926,382</b>

**General Obligation Refunding Bonds, Series 2002**

On May 23, 2002, the District issued \$34,325,000 of General Obligation Refunding Bonds, Series 2002 with an interest rate of 5.50%. The bonds were issued for the purpose of refunding the District's 1992 General Obligation Refunding Bonds, Series A. The bonds mature through July 1, 2014. Principal balance outstanding at June 30, 2011 amounted to \$13,955,000.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 9 – LONG-TERM DEBT (continued)

**B. Bonded Debt (continued)**

**Election 2004**

In an election held March 2, 2004, the voters authorized the District to issue and sale \$63,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing the construction, renovation, and repair of District facilities, as specified in a list submitted to the voters of the District. There were two issuances under this election:

- Series A, which was issued on October 13, 2004 for \$40,998,093 with interest rates ranging from 2.50% to 5.48%. The original issuance consisted of \$3,000,000 in current interest serial bonds and \$37,998,093 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2011 amounted to \$55,087,129.
- Series B, which was issued on June 21, 2005 for \$21,997,233 with interest rates ranging from 3.25% to 5.09%. The original issuance consisted of \$4,565,000 in current interest serial bonds and \$17,432,233 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2011 amounted to \$27,884,253.

**C. Debt Service Requirements to Maturity – Bonds**

The bonds mature through 2037 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,890,000	\$ 917,480	\$ 4,807,480
2013	4,245,000	710,371	4,955,371
2014	4,625,000	485,380	5,110,380
2015	4,662,634	629,133	5,291,767
2016	3,479,118	2,092,999	5,572,117
2017 - 2021	16,372,068	14,315,351	30,687,419
2022 - 2026	14,770,145	21,232,192	36,002,337
2027 - 2031	11,688,226	30,585,228	42,273,454
2032 - 2036	11,958,363	36,861,637	48,820,000
2037	174,773	5,075,228	5,250,001
Accretion	21,061,055	(21,061,055)	-
	<u>\$ 96,926,382</u>	<u>\$ 91,843,944</u>	<u>\$ 188,770,326</u>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

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**NOTE 9 – LONG-TERM DEBT (continued)**

**D. Certificates of Participation (COPs)**

The Certificates of Participation were executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2000, by and among U.S. Bank Trust National Association, as trustee, the California School Boards Association Finance Corporation and the District, to finance the acquisition of relocatable modular classrooms, fund a debt service reserve fund and pay the costs related to the execution and delivery of the Certificates. The Certificates were issued in the amount of \$1,820,000 with interest rates ranging from 4.35% to 5.8%. Debt service payments for the Certificates are made from the General Fund. As of June 30, 2011, the principal balance outstanding was \$1,105,000.

**E. Debt Service Requirements to Maturity – COPs**

The certificates mature through 2020 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 85,000	\$ 62,863	\$ 147,863
2013	90,000	58,358	148,358
2014	95,000	53,498	148,498
2015	100,000	48,273	148,273
2016	105,000	42,673	147,673
2017 - 2020	630,000	107,121	737,121
	<u>\$ 1,105,000</u>	<u>\$ 372,786</u>	<u>\$ 1,477,786</u>

**F. Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2011, amounted to \$556,960.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 9 – LONG-TERM DEBT (continued)

G. PARS Supplementary Retirement Plan

During the fiscal year 2010-11, the District offered a supplementary retirement incentive. Public Agency Retirement Services (PARS) is providing the Supplementary Retirement Plan under Section 403(b) of the Internal Revenue Code. The benefits provided under the plan shall be funded as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2012	\$ 409,834
2013	409,834
2014	409,834
2015	409,835
2016	409,835
	<u>\$ 2,049,172</u>

H. Other Postemployment Benefits (OPEB)

The District follows GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The District's annual required contribution for the year ended June 30, 2011, was \$1,176,000 with net interest and other adjustments of \$7,000 for a net annual OPEB cost of \$1,183,000 and contributions made by the District during the year were \$210,332, which resulted in an increase to net OPEB obligation of \$972,668. The ending OPEB balance at June 30, 2011 was \$1,832,189. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

**NOTE 10 – FUND BALANCES**

Fund balances are composed of the following elements:

	<b>General Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable				
Non-restricted				
Reserve for revolving cash	\$ 50,000	\$ -	\$ -	\$ 50,000
Reserve for stores inventory	-	-	125,373	125,373
Spendable				
Restricted				
Educational programs				
Federal	148,171	-	-	148,171
State	2,144,220	-	66,231	2,210,451
Local	864,892	-	107	864,999
Cafeteria	-	-	851,220	851,220
Capital projects	-	-	4,106,988	4,106,988
Debt service	-	-	4,589,406	4,589,406
Assigned				
Vacation Liability	556,960	-	-	556,960
Mental Health	500,000	-	-	500,000
Tier III Programs	1,231,417	-	-	1,231,417
Adult Education	144,757	-	-	144,757
Deferred Maintenance	1,758,227	-	-	1,758,227
Capital Outlay	-	4,638,163	-	4,638,163
Unassigned				
Unassigned	15,321,370	-	-	15,321,370
<b>Total</b>	<b>\$ 22,720,014</b>	<b>\$ 4,638,163</b>	<b>\$ 9,739,325</b>	<b>\$ 37,097,502</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, sufficient to cover any deficit plus the required 3% reserve.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
 (OPEB)

A. Plan Description

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Alameda Unified School District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Membership in the Plan consisted of the following:

Retirees and beneficiaries receiving benefits	356
Active plan members	575
Total	<u>931</u>
 Number of participating employers	 1

B. Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the District contributed \$210,332 to the Plan, all of which was used for current premiums.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
 (OPEB) (continued)

C. Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the Plan:

Annual required contribution	\$	1,176,000
Interest on net OPEB obligation		43,000
Adjustment to annual required contribution		(36,000)
Annual OPEB cost (expense)		1,183,000
Contributions made		(210,332)
Increase in net OPEB obligation		972,668
Net OPEB obligation, beginning of the year		859,521
Net OPEB obligation, end of the year	\$	1,832,189

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009, 2010 and 2011 were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	\$ 1,004,000	68%	\$ 215,234
2010	\$ 1,005,695	36%	\$ 859,521
2011	\$ 1,183,000	18%	\$ 1,832,189

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was not funded. This results in an unfunded actuarial accrued liability (UAAL) of \$17,200,000. The covered payroll (annual payroll of active employees covered by the plan) was \$53,210,015, and the ratio of UAAL to the covered payroll was 32 percent.



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
(OPEB) (continued)

**D. Funded Status and Funding Progress (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions included an inflation rate of 5 percent per year. For medical costs a 4 percent trend rate was used. Finally, payroll is assumed to increase 3.25 percent per year. A level percentage of payroll method was used to allocate amortization cost by year, with a 30 year open amortization period.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

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**NOTE 12 – 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 California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

**A. CalSTRS**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2010-11	\$ 2,911,760	100%
2009-10	\$ 3,593,528	100%
2008-09	\$ 3,500,572	100%

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,505,998 to CalSTRS (4.267% of salaries subject to CalSTRS in 2010-11).

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

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**NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS (continued)**

**B. CalPERS**

**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 95811.

**Funding Policy**

Active plan members are required to contribute 7.0% 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 the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011 was 10.707% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2010-11	\$ 1,430,514	100%
2009-10	\$ 1,403,467	100%
2008-09	\$ 1,257,473	100%

**C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

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**NOTE 13 – PARCEL TAXES**

In an election held March 9, 2011, the voters approved, by 68.43%, the Measure A parcel tax. The parcel tax replaces the two existing school parcel taxes (the previous Measure A and Measure H). Residential and commercial property owners will pay \$0.32 per square foot on buildings, with a maximum tax of \$7,999 per parcel. Properties with no buildings on them will pay \$299. Revenues raised by Measure A are authorized to be used only for those educational programs and activities set forth in the eleven specific categories set forth in the Measure A ballot language.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

**C. Construction Commitments**

As of June 30, 2011, the District had no commitments with respect to the unfinished capital projects.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2011**

**NOTE 15 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of three joint powers authorities (JPAs). The first is the Alameda County Schools Insurance Group (ACSIG) to provide workers' compensation insurance coverage, the next is the East Bay School Insurance Group (EBSIG) to provide liability and property insurance, and the final is the East Bay Regional Occupational Program (EBROP) to provide ROP activities. The relationship is such that the JPAs 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 financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2011, the District made payments of \$1,169,475 and \$630,862, to ACSIG and EBSIG, respectively.

**NOTE 16 – PRIOR PERIOD RESTATEMENTS**

The prior period adjustments of fund balances and net assets consist of the following:

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Bond Interest & Redemption Fund	Governmental Activities
2010 Fund Balance/Net Assets	\$ 14,317,929	253,644	\$ 1,793,552	\$ 2,831,462	\$ 807,277	\$ 27,497,284
Decrease In:						
Cash in County	-	(379,770)	(1,919,279)	(2,826,880)	-	-
Cash in Banks	-	(1,000)	-	-	-	-
Accounts Receivable	-	(405,074)	(3,273)	(4,582)	-	-
Accounts Payable	-	232,200	-	-	-	-
Due To Other Funds	-	300,000	129,000	-	-	-
Capital Assets	-	-	-	-	-	(1,994,181)
Accumulated Depreciation	-	-	-	-	-	973,279
Increase In:						
Cash in County	5,125,929	-	-	-	-	-
Cash in Banks	1,000	-	-	-	-	-
Cash with Fiscal Agent	149,225	-	-	-	3,512,500	3,661,725
Accounts Receivable	412,929	-	-	-	-	-
Accounts Payable	(232,200)	-	-	-	-	-
Due To Other Funds	(429,000)	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	(4,545,958)
<b>Restated Fund Balance/Net Assets</b>	<b>\$ 19,345,812</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,319,777</b>	<b>\$ 25,592,149</b>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**ALAMEDA UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 25,636,324	\$ 28,517,910	\$ 29,419,598	\$ 901,688
Local sources	20,862,650	20,304,750	19,515,467	(789,283)
Transfers	(1,777,322)	(1,791,232)	(1,722,397)	68,835
Federal sources	4,401,833	7,709,187	6,711,578	(997,609)
Other state sources	12,050,296	13,168,803	14,558,822	1,390,019
Other local sources	14,353,466	15,839,009	16,468,784	629,775
<b>Total Revenues</b>	<b>75,527,247</b>	<b>83,748,427</b>	<b>84,951,852</b>	<b>1,203,425</b>
<b>EXPENDITURES</b>				
Certificated salaries	39,878,472	41,399,619	39,278,822	2,120,797
Classified salaries	11,872,125	12,354,719	12,004,429	350,290
Employee benefits	11,828,241	12,090,096	12,568,184	(478,088)
Books and supplies	2,128,149	7,311,148	2,662,387	4,648,761
Services and other operating expenditures	12,937,218	14,545,622	12,628,371	1,917,251
Capital outlay	520,000	542,664	367,525	175,139
Other outgo				
Excluding transfers of indirect costs	1,396,947	1,834,239	1,850,806	(16,567)
Transfers of indirect costs	(146,661)	(146,661)	(115,545)	(31,116)
<b>Total Expenditures</b>	<b>80,414,491</b>	<b>89,931,446</b>	<b>81,244,979</b>	<b>8,686,467</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(4,887,244)</b>	<b>(6,183,019)</b>	<b>3,706,873</b>	<b>9,889,892</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	440,000	4,181,945	320,000	(3,861,945)
Transfers out	(760,000)	(4,394,810)	(652,671)	3,742,139
<b>Net Financing Sources (Uses)</b>	<b>(320,000)</b>	<b>(212,865)</b>	<b>(332,671)</b>	<b>(119,806)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,207,244)</b>	<b>(6,395,884)</b>	<b>3,374,202</b>	<b>9,770,086</b>
<b>Fund Balance - Beginning, Restated</b>	<b>18,917,909</b>	<b>18,917,909</b>	<b>19,345,812</b>	<b>427,903</b>
<b>Fund Balance - Ending</b>	<b>\$ 13,710,665</b>	<b>\$ 12,522,025</b>	<b>\$ 22,720,014</b>	<b>\$ 10,197,989</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 CHARTER SCHOOLS SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 2,780,585	\$ 2,880,585	\$ 1,575,817	\$ (1,304,768)
Federal sources	154,980	473,155	391,210	(81,945)
Other state sources	325,954	325,954	137,654	(188,300)
Other local sources	1	320,419	517,691	197,272
<b>Total Revenues</b>	<b>3,261,520</b>	<b>4,000,113</b>	<b>2,622,372</b>	<b>(1,377,741)</b>
<b>EXPENDITURES</b>				
Certificated salaries	-	-	1,691	(1,691)
Employee benefits	-	-	(13,329)	13,329
Books and supplies	1	1	(2,559)	2,560
Services and other operating expenditures	3,319,013	1,019,134	977,864	41,270
Other outgo				
Excluding transfers of indirect costs	-	2,880,585	1,994,011	886,574
<b>Total Expenditures</b>	<b>3,319,014</b>	<b>3,899,720</b>	<b>2,957,678</b>	<b>942,042</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(57,494)</b>	<b>100,393</b>	<b>(335,306)</b>	<b>(435,699)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	320,000	320,000	345,508	25,508
Transfers out	-	(320,000)	(320,000)	-
<b>Net Financing Sources (Uses)</b>	<b>320,000</b>	<b>-</b>	<b>25,508</b>	<b>25,508</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>262,506</b>	<b>100,393</b>	<b>(309,798)</b>	<b>(410,191)</b>
<b>Fund Balance - Beginning</b>	<b>309,798</b>	<b>309,798</b>	<b>309,798</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 572,304</b>	<b>\$ 410,191</b>	<b>\$ -</b>	<b>\$ (410,191)</b>



**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) FUNDING PROGRESS AND  
EMPLOYER CONTRIBUTION  
FOR THE YEAR ENDED JUNE 30, 2011**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
June 30, 2008	\$ -	\$ 12,133,000	\$ 12,133,000	0%	\$ 48,423,588	25%
June 30, 2011	\$ -	\$ 17,200,000	\$ 17,200,000	0%	\$ 53,210,015	32%

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**SUPPLEMENTARY  
INFORMATION**

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**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
Passed through California Department of Education (CDE):			
No Child Left Behind Act (NCLB):			
Title I, Part A Cluster:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14416	\$ 1,315,388
ARRA Title I, Part A, Basic Grants Low Income and Neglected	84.389	15005	608,003
Subtotal			<u>1,923,391</u>
Title I, Part B, Even Start Family Literacy Program	84.213	14331	104,113
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	415,071
ARRA Title II, Part D, Enhancing Education Through Technology (EETT) Formula Grants	84.386	15019	26,265
Title III Cluster:			
Title III, Immigrant Education Program	84.365	15146	70,930
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	469,592
Subtotal			<u>540,522</u>
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	309,435
Title V, Part B, Public Charter Schools Grant Program (PCSGP)	84.282	14531	252,400
Title X Cluster:			
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	41,848
ARRA Title X McKinney-Vento Homeless Assistance	84.387	15007	1,027
Subtotal			<u>42,875</u>
ARRA: State Fiscal Stabilization Fund (SFSF)	84.394	25008	1,166,197
Education Jobs Fund (SB 847)	84.410	25152	99,926
Federal Impact Aid	84.041	10015	60,714
Adult Education Cluster:			
Adult Basic Education & ESL	84.002A	14508	90,191
Adult Secondary Education	84.002	13978	7,485
English Literacy & Civics Education Local Grant	84.002A	14109	53,077
Subtotal			<u>150,753</u>
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,578,380
ARRA IDEA Part B, Sec 611, Basic Local Assistance	84.391	15003	536,311
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	61,692
ARRA IDEA Part B, Sec 619, Preschool Grants	84.392	15000	21,357
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	107,580
ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	84.391	15002	29,556
Subtotal			<u>2,334,876</u>
IDEA Early Intervention Grants, Part C	84.181	23761	90,457
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	48,456
<b>Total U. S. Department of Education</b>			<u>7,565,451</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13396	955,522
Especially Needy Breakfast	10.553	13526	139,870
Meal Supplements	10.555	13528	84,348
Commodities	10.555	13389	94,474
Subtotal			<u>1,274,214</u>
Equipment Assistance Grants	10.579	14906	30,003
CCFP Family Day Care Sponsor Admin	10.558	13665	17,542
<b>Total U. S. Department of Agriculture</b>			<u>1,321,759</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Passed through CDE:			
Child Development Cluster:			
Child Development: Quality Improvement Activities	93.575	14130	581
Child Development: ARRA Quality Improvement Activities	93.713	15010	16,491
Subtotal			<u>17,072</u>
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	103,458
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>120,530</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Flood Control Projects	12.106	*	2,105
<b>Total Federal Expenditures</b>			<u>\$ 9,009,845</u>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2011**

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	<b>Second Period Report</b>	<b>Annual Report</b>
<b>ELEMENTARY</b>		
Kindergarten	689	690
First through third	2,138	2,138
Fourth through sixth	1,823	1,823
Seventh through eighth	937	941
Special day class	192	189
Total Elementary	5,779	5,781
<b>SECONDARY</b>		
Regular classes	2,806	2,800
Continuation education	160	153
Special day class	160	163
Total Secondary	3,126	3,116
Average Daily Attendance Total	8,905	8,897

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2011**

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Grade Level	1982 - 83	1982 - 83	1986 - 87	1986 - 87	2010-11	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced	Actual Minutes		
Kindergarten	31,680	30,800	36,000	35,000	41,230	175	Complied
Grade 1	42,240	41,067	50,400	49,000	53,065	175	Complied
Grade 2	42,240	41,067	50,400	49,000	53,065	175	Complied
Grade 3	42,240	41,067	50,400	49,000	53,065	175	Complied
Grade 4	54,560	53,044	54,000	52,500	53,540	175	Complied
Grade 5	54,560	53,044	54,000	52,500	53,540	175	Complied
Grade 6	54,560	53,044	54,000	52,500	59,032	175	Complied
Grade 7	54,560	53,044	54,000	52,500	59,032	175	Complied
Grade 8	54,560	53,044	54,000	52,500	59,032	175	Complied
Grade 9	58,060	56,447	64,800	63,000	63,590	175	Complied
Grade 10	58,060	56,447	64,800	63,000	63,590	175	Complied
Grade 11	58,060	56,447	64,800	63,000	63,590	175	Complied
Grade 12	58,060	56,447	64,800	63,000	63,590	175	Complied

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>2012 (Budget)</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>GENERAL FUND:</b>				
Revenues	\$ 84,760,808	\$ 84,951,852	\$ 84,118,174	\$ 93,046,944
Transfers in	852,846	320,000	300,000	-
<b>Total</b>	<b>85,613,654</b>	<b>85,271,852</b>	<b>84,418,174</b>	<b>93,046,944</b>
Expenditures	87,466,512	81,244,979	86,136,791	85,594,998
Other uses and transfers out	1,009,543	652,671	369,463	828,820
<b>Total</b>	<b>88,476,055</b>	<b>81,897,650</b>	<b>86,506,254</b>	<b>86,423,818</b>
<b>INCREASE/(DECREASE)</b>				
IN FUND BALANCE	\$ (2,862,401)	\$ 3,374,202	\$ (2,088,080)	\$ 6,623,126
ENDING FUND BALANCE	\$ 19,857,613	\$ 22,720,014	\$ 19,345,812	\$ 21,433,892
AVAILABLE RESERVES <sup>1</sup>	\$ 3,931,679	\$ 15,321,370	\$ 14,422,888	\$ 2,812,452
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO	4.4%	18.7%	16.7%	3.3%
LONG-TERM DEBT	N/A	\$ 102,469,703	\$ 95,270,804	\$ 95,669,085
AVERAGE DAILY ATTENDANCE AT P-2	8,847	8,905	9,397	9,550

The General Fund balance has increased by \$1,286,122 over the past two years. The fiscal year 2011-2012 budget projects a decrease of \$2,862,401 (12.6 percent). For a district this size, the state recommends available reserves of at least three percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2011-2012 fiscal year. Total long term obligations have increased by \$6,800,618 over the past two years.

Average daily attendance has decreased by 645 ADA over the past two years. Additional decline of 58 ADA is anticipated during the 2011-2012 fiscal year.

<sup>1</sup> Available reserves consist of all unassigned fund balance within the General Fund and the Reserve for Economic Uncertainty.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Bond Interest & Redemption Fund
<b>FUND BALANCE</b>					
Balance June 30, 2011, Unaudited Actuals	\$ 14,948,450	\$ 144,757	\$ 1,758,227	\$ 5,719,355	\$ 990,643
Increase in:					
Cash and cash equivalents	8,105,276	-	-	-	3,598,763
Accounts receivable	77,433	-	-	-	-
Accrued liabilities	(380,308)	-	-	-	-
Decrease in:					
Cash and cash equivalents	-	(363,455)	(1,879,864)	(5,712,732)	-
Accounts receivable	-	(59,789)	(11,021)	(6,623)	-
Due from other funds	(67,148)	(36,311)	-	-	-
Accrued liabilities	-	247,650	132,658	-	-
Due to other funds	36,311	67,148	-	-	-
<b>Audited financial statement</b>	<b>\$ 22,720,014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,589,406</b>

*The Adult Education Fund, Deferred Maintenance Fund, and Special Reserve Fund for Other than Capital Outlay Projects balance have been reclassified for financial statements purposes with the implementation of GASB Statement 54. However, the California School Accounting Manual permits the District to present the fund separate from the General Fund for budgetary and interim reporting purposes.*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2011**

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<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
Nea Community Learning Center	Active	Not Included
Academy of Alameda	Active	Not Included*
Alameda Community Learning Center	Active	Not Included
Bay Area School of Enterprise	Active	Not Included

\* The Academy of Alameda began the year as a locally funded charter school, during the year they converted to a direct funded charter school with all fund activity closed out by June 30, 2011.



ALAMEDA UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 JUNE 30, 2011

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 59,180	\$ 698,260	\$ -	\$ -
Accounts receivable	-	49,493	229,451	-	-
Stores inventory	-	-	125,373	-	-
<b>Total Assets</b>	\$ -	\$ 108,673	\$ 1,053,084	\$ -	\$ -
<b>LIABILITIES</b>					
Accrued liabilities	\$ -	\$ 42,335	\$ 73,157	\$ -	\$ -
Deferred revenue	-	-	3,334	-	-
<b>Total Liabilities</b>	-	42,335	76,491	-	-
<b>FUND BALANCES</b>					
Non-spendable	-	-	125,373	-	-
Spendable					
Restricted					
Educational programs	-	66,338	851,220	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Total Fund Balances</b>	-	66,338	976,593	-	-
<b>Total Liabilities and Fund Balance</b>	\$ -	\$ 108,673	\$ 1,053,084	\$ -	\$ -

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET (continued)  
 JUNE 30, 2011**

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	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds
\$	3,396,984	\$ 773,429	\$ -	\$ 4,579,831	\$ 9,507,684
	6,089	64,484	-	9,575	359,092
	-	-	-	-	125,373
<b>\$</b>	<b>3,403,073</b>	<b>\$ 837,913</b>	<b>\$ -</b>	<b>\$ 4,589,406</b>	<b>\$ 9,992,149</b>
\$	133,998	\$ -	\$ -	\$ -	\$ 249,490
	-	-	-	-	3,334
	133,998	-	-	-	252,824
	-	-	-	-	125,373
	-	-	-	-	917,558
	3,269,075	837,913	-	-	4,106,988
	-	-	-	4,589,406	4,589,406
	3,269,075	837,913	-	4,589,406	9,739,325
<b>\$</b>	<b>3,403,073</b>	<b>\$ 837,913</b>	<b>\$ -</b>	<b>\$ 4,589,406</b>	<b>\$ 9,992,149</b>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
<b>REVENUES</b>					
Federal sources	\$ -	\$ 17,739	\$ 1,397,868	\$ -	\$ -
Other state sources	-	1,346,427	104,004	-	-
Other local sources	-	120,735	459,397	-	-
<b>Total Revenues</b>	-	1,484,901	1,961,269	-	-
<b>EXPENDITURES</b>					
Current					
Instruction	-	1,140,524	-	-	-
Instruction-related services					
Instructional supervision and administration	-	116,250	-	-	-
School site administration	-	85,350	-	-	-
Pupil services					
Food services	-	-	1,663,367	-	-
All other pupil services	-	13,984	-	-	-
General administration					
All other general administration	-	54,461	61,085	-	-
Plant services	-	54,742	-	-	-
Facilities acquisition and maintenance	-	31,538	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
<b>Total Expenditures</b>	-	1,496,849	1,724,452	-	-
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	-	(11,948)	236,817	-	-
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	77,747	16,551	-	-
Transfers out	-	-	-	-	-
<b>Net Financing Sources (Uses)</b>	-	77,747	16,551	-	-
<b>NET CHANGE IN FUND BALANCE</b>					
<b>Fund Balance - Beginning, as previously reported</b>	253,644	539	723,225	1,793,552	2,831,462
<b>Restatement (Note 17)</b>	(253,644)	-	-	(1,793,552)	(2,831,462)
<b>Fund Balance - Beginning, Restated</b>	-	539	723,225	-	-
<b>Fund Balance - Ending</b>	\$ -	\$ 66,338	\$ 976,593	\$ -	\$ -

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE (continued)  
 FOR THE YEAR ENDED JUNE 30, 2011**

<b>Building Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest &amp; Redemption Fund</b>	<b>Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,415,607
4	-	-	47,657	1,498,092
20,715	307,628	-	4,880,264	5,788,739
20,719	307,628	-	4,927,921	8,702,438
-	-	-	-	1,140,524
-	-	-	-	116,250
-	-	-	-	85,350
-	-	-	-	1,663,367
-	-	-	-	13,984
-	-	-	-	115,546
8,528	-	-	-	63,270
1,062,494	-	-	-	1,094,032
-	-	-	3,550,000	3,550,000
-	-	-	1,108,292	1,108,292
1,071,022	-	-	4,658,292	8,950,615
(1,050,303)	307,628	-	269,629	(248,177)
-	-	-	-	94,298
-	-	(5)	-	(5)
-	-	(5)	-	94,293
(1,050,303)	307,628	(5)	269,629	(153,884)
4,319,378	530,285	5	807,277	11,259,367
-	-	-	3,512,500	(1,366,158)
4,319,378	530,285	5	4,319,777	9,893,209
\$ 3,269,075	\$ 837,913	\$ -	\$ 4,589,406	\$ 9,739,325

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2011**

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**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 financial statements.

The following schedule provides reconciliation between revenues reported on the Governmental Funds - Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2011.

	CFDA	
	<u>Number</u>	<u>Amount</u>
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 8,518,395
ARRA: State Fiscal Stabilization Fund (SFSF)	84.394	621,085
CCFP Claims - Centers and Family Day Care	10.558	(3,757)
CCFP Family Day Care Sponsor Admin	10.558	(72,351)
Child Development: Quality Improvement Activities	93.575	(667)
Medi-Cal Billing Option	93.778	<u>(52,860)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 9,009,845</u>

**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. This 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 46200 through 46206.

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

**D. 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.

**E. Schedule of Annual Financial and Budget Report with Audited Financial Statements**

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

**F. Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

**G. Combining Statements – Non-Major Governmental Funds**

These statements provide information on the District's non-major funds.

**H. Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**INDEPENDENT AUDITORS' 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 Trustees  
Alameda Unified School District  
Alameda, California

We have audited the financial statements of Alameda Unified School District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Alameda Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the Schedule of Audit Findings and Questioned Costs as Finding #2011-1 to #2011-6 that we consider to be significant deficiencies in internal control over financial reporting. *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.

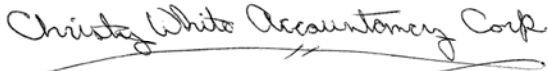


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alameda 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Alameda Unified School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Alameda Unified School District's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Christy White Accountancy Corp". The signature is written in black ink and is positioned above a horizontal line.

Rancho Cucamonga, California  
December 15, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Alameda Unified School District  
Alameda, California

**Compliance**

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Alameda Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Alameda Unified School District's management. Our responsibility is to express an opinion on Alameda Unified School District's compliance based on our audit.

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

In our opinion, Alameda Unified School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

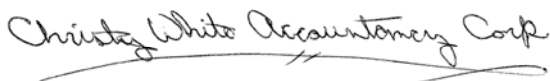
## Internal Control over Compliance

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Alameda Unified School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses* as defined above.

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



Rancho Cucamonga, California  
December 15, 2011

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Trustees  
Alameda Unified School District  
Alameda, California

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Alameda Unified School District's management. Our responsibility is to express an opinion on Alameda Unified School District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Alameda 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 Alameda Unified School District's compliance with the state laws and regulations referred to above.

In connection with the audit referred to above, we selected and tested transactions and records to determine Alameda Unified School District's compliance with the state laws and regulations applicable to the following items:

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No, see below
Continuation Education	10	Yes
Instructional Time for:		
School Districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not Applicable
Contemporaneous Records of Attendance; for charter schools	1	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	3	Not Applicable

We did not perform testing for Independent Study because ADA was below the required threshold for testing.

In our opinion, Alameda Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2011.

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

*Christy White Accountancy Corp*

Rancho Cucamonga, California  
December 15, 2011

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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.010, 84.389 (ARRA)</u>	<u>Title I, Part A Cluster (including ARRA)</u>
<u>84.394 (ARRA)</u>	<u>State Fiscal Stabilization Fund (ARRA)</u>
<u>84.027, 84.027A, 84.173, 84.391 (ARRA), 84.392 (ARRA)</u>	<u>Special Education Cluster (including ARRA)</u>
<u>93.778</u>	<u>Medi-Cal Billing Option</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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FIVE DIGIT CODE

30000

AB 3627 FINDING TYPE

Internal Control

**FINDING #2011-01: CASH IN COUNTY TREASURY RECONCILIATION (30000)**

**Criteria:** The District is on a separate general ledger reporting system from the County Office of Education which makes the reconciliation between the cash balances per the District's general ledger and the Alameda County Treasury's report an important control in ensuring the District cash balances are properly stated.

**Condition:** We noted during our audit that the District is not preparing timely reconciliations between ending Cash in County balances per the General Ledger and ending balances per the Alameda County Treasury.

**Cause:** Insufficient controls over reconciliation of Cash in County treasury.

**Effect:** The potential for irregularities in the cash balances to go undetected.

**Questioned Costs:** None

**Recommendation:** We recommend the District reconcile all Cash in County balances on a monthly basis to ensure that the balances are properly stated.

**District Response:**

The District has begun to reconcile all cash in county balances on a monthly basis.



**ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FINDING #2011-02: DISTRICT BANK ACCOUNTS (30000)**

**Criteria:** To maintain control over all District bank accounts, the District should keep a complete listing of all accounts opened under the District's tax identification number, including; bank name and address, account number and names of signors on the account.

**Condition:** During our audit of student body funds, it was noted that the District held cash in trust accounts at Encinal High School that were not reported on the District's financial statements.

**Cause:** Insufficient control over District bank accounts.

**Effect:** The potential for District accounts to exist without District knowledge

**Questioned Costs:** None

**Recommendation:** We recommend that the District send a letter to all banks in the Alameda area and request information on all accounts opened in the District's tax identification number. The District should also contact each school site and obtain a complete listing of all known bank accounts. These accounts should then be reconciled to the District's financial statements and any new accounts should be added to the financial statements, with activity monitored periodically.

**District Response:** The District has addressed this issue in the 11-12 fiscal year and will verify that all accounts are properly reflected on District financial statements and summaries provided during the audit visit.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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**FINDING #2011-03: CASH DISBURSEMENTS – PURCHASE ORDERS (30000)**

**Criteria:** Proper internal control processes over the cash disbursement cycle include obtaining an approved purchase order prior to the purchase of goods or services. Approval of a purchase order should include verification of available budget, proper account coding, and compliance with laws and regulations.

**Condition:** During our testing of internal controls over cash disbursements, it was noted that nineteen (19) of forty-eight (48) items tested had invoices dated prior to the purchase order date.

**Cause:** Insufficient controls over the cash disbursement cycle.

**Effect:** The potential for disbursements to exceed established budgets and lack the proper approvals.

**Questioned Costs:** None

**Recommendation:** The District should ensure expenditures are going through the proper purchase order system prior to the purchase of goods and services, this includes purchase requisitions being approved, confirmation that funds are properly budgeted for and available, and the final purchase order is approved and distributed to all appropriate parties.

**District Response:** The District CBO and Fiscal Office staff met with site personnel to review purchasing policies and procedures. In 2011-12 the District policies and procedures will be strictly enforced.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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**FINDING #2011-04: CASH CLEARING BANK RECONCILIATION (30000)**

**Criteria:** Procedures over the cash collection cycle should include timely and accurate reconciliation of the District's cash clearing bank account, as well as timely clearing of the cash clearing bank account to the District's Cash in County Treasury accounts.

**Condition:** During our review of the District's cash clearing bank account reconciliation for June 30, 2011, it was noted that a check written on June 29, 2011 was not included as an outstanding item. Furthermore, it was noted that the cash clearing account is not being properly cleared on a timely basis.

**Cause:** Insufficient controls over the cash collection and bank account reconciliation processes.

**Effect:** The potential for cash balances to be inaccurately stated and for cash receipts to be recorded in the incorrect period.

**Questioned Costs:** None

**Recommendation:** We recommend that the district review the cash clearing account bank reconciliation to verify that the bank reconciliation is being prepared correctly. We also recommend that the District clear the cash clearing account on a regular basis and clear the account to a minimal balance.

**District Response:** The District has reviewed the cash clearing reconciliation process and will continue to enforce the importance of accurate reconciliation.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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**FINDING #2011-05: PAYROLL COMPUTER ACCESS (30000)**

**Criteria:** Proper segregation of duties should exist between Human Resources and the Payroll departments in order to minimize the opportunity to establish fictitious employees.

**Condition:** While auditing payroll we found that employees in the Payroll department have the ability to setup new employees in the system. Furthermore, unclaimed checks sent back to the district are returned directly to Payroll.

**Cause:** Improper segregation of duties between Payroll and Human Resources.

**Effect:** Potential for fraudulent behavior within the Payroll department due to a lack of proper segregation of duties.

**Questioned Costs:** None

**Recommendation:** We recommend that the District restrict the permissions in the systems so that employees in the Payroll department are unable to setup new employees. This access should be restricted to the Human Resources department solely. We also recommend that any unclaimed checks and the signature sheet should then be returned the next day to either the Human Resources department or the Fiscal Services Director's office and not to Payroll department.

**District Response:** The District has clearly delineated the payroll and human resources functions. A newly established Human Resources Coordinator position will continue to monitor these functions.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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FINDING #2011-06: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

**Criteria:** Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

*Bay Farm Elementary School*

- The ASB bookkeeper is a signor on the bank account, showing a lack of segregation of duties.
- Cash receipts tested did not contain adequate supporting documentation to reconcile cash received to sales made.
- Four out of five cash disbursements tested did appear to be an appropriate use of student funds, but were instead used for staff meetings and office supplies.

*Edison Elementary School*

- Bank deposits are being made by an individual who is not employed by the District.
- The ASB bookkeeper is a signor on the bank account, showing a lack of segregation of duties.
- Cash receipts tested did not contain adequate supporting documentation to reconcile cash received to sales made.
- One out of five cash disbursements tested was missing supporting documentation.

*Alameda High School*

- Twelve of Fifteen cash receipts tested did not contain adequate supporting documentation to reconcile cash received to sales made.
- One out of fifteen cash disbursements tested was not properly approved by the ASB Advisor.
- One out of fifteen cash disbursements tested was not supported by an invoice indicating the amount to be paid.

*Lincoln Middle School*

- Two out of ten cash receipts tested did not contain adequate supporting documentation to reconcile cash received to sales made.
- One out of ten cash receipts tested was not deposited timely.
- One out of ten cash receipts tested showed a large overage of cash collected when compared to the items sold.
- One out of ten cash disbursements tested was not supported by a final invoice indicating the amount to be paid, but was instead paid off of an estimate.

**Cause:** Insufficient controls over student body activities.

**Effect:** The potential for irregularities in accounting to go undetected.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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FINDING #2011-06: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

**Questioned Costs:** None

**Recommendation:** The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**District Response:** The District has provided workshops, written procedures and extensive training to all school sites. Additionally, a dedicated fiscal manager has been assigned the task of monitoring the student body accounting.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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*There were no federal award findings or questioned costs in 2010-11.*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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*There were no state award findings or questioned costs in 2010-11.*



**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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*Prior Year Audit Finding #2010-1: Credit Cards (30000)*

During our testing of credit cards, we noted that 2 of 5 tested expenditures did not have proper supporting documentation such as itemized receipts, purchase orders, or documentation as to reason for expense. Auditor could not determine if these expenses were for proper District activities.

**Recommendation:** We recommend that the district establish policies to ensure that all purchases made with a district credit card, are supported with itemized receipts other appropriate forms of supporting documentation.

**Current Status:** Implemented.

*Prior Year Audit Finding #2010-2: Cash in County Treasury Reconciliation (30000)*

We noted during our audit that the District prepares a reconciliation to agree ending Cash in County balances per the General Ledger to ending balances per the Alameda County Treasury. These reconciliations should be prepared monthly however, when we requested them for the year-end audit in September of 2010, the reconciliations for April, May and June of the prior fiscal year had not been prepared. They were later furnished to us in October, subsequent to the District's year end closing process as well our audit fieldwork dates.

**Recommendation:** We recommend that the district reconcile all Cash in County activity on a regular basis to better ensure that the balances are controlled and accounted for.

**Current Status:** Not Implemented, see current year findings and recommendations #2011-01

*Prior Year Audit Finding #2010-3: Child Development Cash Receipts Internal Control (30000)*

Lack of segregation of duties exists at Woodstock Child Development Center. The office manager's duty is to handle the billing process as well as record keeping. On occasion, the office manager will assist in the collection of fees. Employees who process bills and performs record keeping should not have the ability to collect fees as well.

**Recommendation:** The employee who is responsible for the billing and record keeping process should not have the ability to collect fees as well. The collection of fees should be assigned to another employee and someone other than the office manager should assist in collection of fees if necessary.

**Current Status:** Implemented.

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-4: Human Resources Internal Control (30000)*

Human resources are not tracking some of the step and column pay rates of the employees. They keep the initial step and column at which an employee is hired at but not thereafter. Human resources tracks which employees should go up or down in each evaluation period, however, this information is not updated in the employee's file. This causes human resources to not be able to reconcile their records to match the rate each employee should be paid at.

**Recommendation:** Human resources should track the step and column of each employee to assure employees are not getting paid more than what they are authorized for. Procedures that would act as a compensating control should to assure payroll is paying employees at correct step and column should be in place.

**Current Status:** Implemented

*Prior Year Audit Finding #2010-5: Encinal High School Associated Student Body Funds (30000)*

During our audit, the District was unable to furnish financial statements, bank statements or reconciliations to support Encinal High School's reported ending balance of \$84,505 at June 30, 2010. On December 6, 2010, the District did obtain a bank statement as of June 30, 2010 for Encinal High School and was able to confirm that their ending cash balance is materially accurate. However, there is a lack of internal controls over the inflows and outflows of cash to arrive at the reported ending fund balance.

**Recommendation:** We recommend that the District obtain the bank statements, financial statements and reconciliations for the 2009-10 fiscal year. We also recommend that the cash receipts and disbursement supporting documentation be evaluated to determine if all amounts collected were deposited and that all expenditures made appear appropriate. Lastly, we recommend that the Encinal High School establish sound internal controls over cash receipts and disbursements going forward and the District monitor the activity on a monthly basis to ensure the procedures are adhered to.

**Current Status:** Implemented

*Prior Year Audit Finding #2010-6: District Bank Accounts Internal Control (30000)*

During our audit of student body funds, we found that are District owned trust accounts at Encinal High School that are not being reported in the District's financial statements. In fact, the District was unaware that these accounts existed until 2010-11 fiscal year. There is potential for other bank/trust accounts to exist that the District is unaware of and therefore not monitoring.

**Recommendation:** We recommend that the District send a letter to banks in the area of Alameda and request the information of all accounts in the District's name. The District could also contact each of the sites for a listing of all known bank accounts. These accounts should be reconciled to the District's financial statements and any other new accounts noted be added to the Districts financial statements and its activity monitored periodically.

**Current Status:** Not Implemented, see current year findings and recommendations #2011-02.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011**

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***Prior Year Audit Finding #2010-7: Indirect Costs (30000)***

In our expenditure testing, we recalculated and tested indirect cost rates. The Cafeteria Fund actual indirect cost rates exceeded the District's approved rate in 2009-10. Per Education Code Section 38101(c), indirect costs should be charged at the lesser of the school district's prior year indirect cost rate or the statewide average indirect cost rate for high school and unified school districts for the second prior fiscal year. For the Cafeteria Fund, the District needed to use their rate of 3.22%. The Cafeteria Fund's actual indirect cost rate was calculated to be 4.5%, resulting in an \$18,805 over-charge of indirect costs in 2009-10.

**Recommendation:** We recommend that the District decrease transfers of indirect costs to the allowable rate, and reimburse the Cafeteria Fund for the amount of indirect costs overcharged in the 2010-11 school year.

**Current Status:** Implemented

***Prior Year Audit Finding #2010-8: ASB Cash Receipts ACLC (30000)***

Four (4) of 5 cash receipts tested at Alameda Community Learning Center did not have adequate supporting documentation to reconcile actual cash received to the cash that is being deposited. A clear audit trail from point of sale/receipt to deposit is not being documented.

**Recommendation:** All expenditures should be documented with support, including receipts, invoices, or in case of a scholarship award similar to the above, a statement signed by the selection committee indicating the student and scholarship amount determined.

**Current status:** School has since closed.

***Prior Year Audit Finding #2010-9: Debit Card Controls ACLC (30000)***

Five of five debit card transactions tested at the Alameda Community Learning Center totaling \$460,363 did not contain supporting documentation to support the purpose of the transaction or show approval of the purchase.

**Recommendation:** We recommend ACLC establish a policy for proper preapproval of debit card use, as well as requiring proper supporting documentation for all expenditures made.

**Current Status:** School has since closed.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2011**

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*Prior Year Audit Finding #2010-10: Inventory of Equipment ACLC (20000)*

During our audit of the Alameda Community Learning Center Charter, we found that the charter does properly track fixed asset inventory maintained by the school.

**Recommendation:** We recommend ACLC establish a policy for inventorying of assets exceeding a certain dollar amount to properly record and track them on a regular basis. This will also allow for the monitoring of potential theft of items and proper reporting in the Charter's financial statements.

**Current Status:** School has since closed.

*Prior Year Audit Finding #2010-11: Reporting Controls ACLC (30000)*

Two checking accounts and one money market account were not reported for the School by the District on the general ledger or unaudited actuals for the fiscal year ended June 30, 2010. The District reports no prior knowledge of these banks accounts or their activity. The "general" account is used to make deposits of local revenues, as well as issue checks and uses a debit card for purchases. This activity was not reported to the District and therefore not reported on the general ledger. As the District was not aware of these bank accounts it also was not aware of any local revenues and expenses made through these bank accounts, and therefore, not all local revenues and expenses were recorded in the unaudited actuals prepared by the District.

We understand that starting in fiscal year 2010-11, the District will no longer provide business services and EdTec will take over these functions.

**Recommendation:** The School should ensure that EdTec is aware of all open bank accounts in the School's name. These bank accounts should be reconciled on a monthly basis and reported into the general ledger to be audited at the end of the fiscal year. Also, the School should report all local revenues and expenses to the District to ensure that all activity gets recorded in the general ledger as well as the unaudited actuals.

**Current Status:** School has since closed.

*Prior Year Audit Finding #2010-12: Cash Disbursements Purchase Orders (30000)*

Sixteen (16) of sixty-eight (68) cash disbursements tested contained supporting documentation which contained invoices dated before the purchase order date. Of the 68, 1 item tested did not contain any supporting documentation to support the expenditure. This questions that the expenditures may not be appropriate for AUSD purposes as well as funds may not have been budgeted for and proper approvals are not being obtained.

**Recommendation:** Ensure expenditures are going through the proper purchase order system prior to the purchase of goods/services. This will confirm purchase requisitions are approved, budgeted funds are sufficient and the final purchase order is signed and distributed to all affected parties. Having approval requisitions is a key control but final approval of the purchase order is also important as encumbering the expenditure in the financial system.

**Current Status:** Not Implemented, see current year findings and recommendations #2011-03.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011**

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*Prior Year Audit Finding #2010-13: Journal Entries (30000)*

During our audit, we noted numerous errors in the completeness and accuracy of journal entry posting to the general ledger for 2009-10 fiscal year as follows:

- The Cafeteria Fund inventory was materially overstated
- Prior year audit adjustments were not booked
- The redevelopment agencies revenue was not properly accrued
- An accounts payable for CalPERS was improperly reversed in 2009-10 when the payment was made in 2010-11
- Redevelopment agency funds earned in 2008-09 were improperly recorded twice when received in 2009-10 and then the correction was misreported

**Recommendation:** We recommend that the District increase review procedures to ensure the accuracy and completeness of all journal entries posted to the general ledger.

**Current Status:** Implemented

*Prior Year Audit Finding #2010-14: Associated Student Body Funds (30000)*

We made inquiries with the ASB/student store clerks at Alameda High School, Encinal High School, Lincoln Middle School, Wood Middle School, Earhart Elementary School, Alameda Community Learning Center, and Lum Elementary School in order to gain an understanding of the internal controls and procedures relating to the activities of student organizations, during the 2009-10 fiscal year. Additionally, we haphazardly selected and tested cash receipts and cash disbursements from each site, noting the following observations.

Missing documentation to support individual cash receipt transactions

We noted that supporting documentation (revenue potentials, tally sheets, pre-numbered receipts, etc.) was not available to substantiate deposits made related to various fundraisers/selling activities:

- Alameda HS – 4 out of 15 selections, \$734 unsupported cash receipts
- Encinal HS – 9 out of 15 selections, \$13,108 unsupported cash receipts
- Lincoln MS – 11 out of 15 selections, \$22,175 unsupported cash receipts
- Wood MS – 10 out of 10 selections, \$8,996 unsupported cash receipts
- Lum ES – 5 out of 5 selections, \$6,445 unsupported cash receipts
- Alameda Community Learning Center – 4 out of 5 selections, \$500 unsupported cash receipts

Cash receipts not deposited timely

At Lincoln MS, we noted six instances where cash receipts were not deposited timely:

- Dance Ticket Sales: \$1,389. Cash collected on 9/11/09 Deposited 10/7/09
- PE Clothes Sales: \$13,837. Cash collected on 9/18/09 Deposited 10/7/09
- Agenda Sales: \$8.50. Check dated 8/24/09 Deposited 12/16/09
- Yearbook Sales: \$2,652. Cash collected on 9/14/09 Deposited 10/7/09
- Cheerleading Snack Bar Sales: \$780. Cash collected on 1/8/10 Deposited 2/11/10
- Basketball Gate Sales: \$235. Cash collected on 1/8/09 Deposited 2/11/10

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-14: Associated Student Body Funds (30000) (continued)*

Lack of physical control over the storage and deposit of cash receipts

At Wood MS, we noted that money collected by a teacher went missing. The teacher reported this to the principal and a police report was filed. The teacher was Paul Moreno and the amount missing was estimated to be several hundred dollars.

Expenditures lacking approval

We noted that approval forms bearing the minimum three required signatures (Site Administrator, ASB Advisor, and Student Representative) were not available to substantiate disbursements made from student funds:

- Lincoln MS – 15 out of 15 selections, \$26,059 non-approved cash disbursements
- Wood MS – 10 out of 10 selections, \$10,307 non-approved cash disbursements

Expenditures lacking supporting documentation

We noted that supporting documentation in the form of receipts or invoices was not available to substantiate disbursements made from student funds:

- Alameda HS – 4 out of 15 selections, \$223 unsupported cash disbursements
- Wood MS – 2 out of 10 selections, \$2,549 unsupported cash disbursements

Questionable or inappropriate expenditures

We noted expenditures which appear to be inappropriate uses of student funds:

- Alameda HS – 3 out of 15 selections
  - Purchase of curriculum textbooks (\$1,244.90, check #16766)
  - Payment for coach's dinner, including alcoholic beverages (\$112.00, check #17114)
  - Payment for repairs to athletic department vehicles (\$1,764.95, check #17101)
- Encinal HS – 3 out of 15 selections
  - Payment of three FasTrack tickets for driving violations, (\$29, check #29; \$74, check #7245; \$74, check #7441)
- Wood MS – 1 out of 10 selections
  - Purchase of visitor passes for front office, \$108.95, check #3808

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-14: Associated Student Body Funds (30000) (continued)*

Documentation/reporting/internal control requirement deficiencies

We noted that various documentation preparation and maintenance and internal control guidelines were not being met:

- Alameda HS
  - Inventories of the used PE uniforms that are collected and resold to students are not performed
- Encinal HS
  - Independent contractor information is not obtained and W-9 forms are not filled out.
  - Inventories of the student store are not performed
- Lincoln MS
  - Club constitutions are not on file
- Wood MS
  - Financial statements are not prepared
  - An annual budget is not prepared
  - Minutes of student council meetings are not taken or maintained
  - Bank reconciliations are not prepared
- Earhart ES & Lum ES
- Alameda Community Learning Center
  - Budget is not prepared or adopted by the student council
  - Checks have only one signature line, rather than the required two for elementary school ASBs

**Recommendation:** Work with the ASB staff and students to ensure proper procedures are established and followed for ASB activity.

**Current Status:** Not implemented, see current year findings and recommendations #2011-06.

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-15: Attendance Accounting (10000)*

**Condition:** After reviewing absent notes at Wood Middle School, it appears that some students who are absent are being incorrectly recorded in the attendance system as present. This appears to be a procedural issue with regards to the recording of absent notes and the monitoring of attendance data reported.

**Context:** Two out of fifteen absent notes tested show that absences were recorded incorrectly as present.

**Criteria:** Absence notes and other source documents of attendance should be correctly recorded in the District's attendance system per Education Code Section 46000 et seq. Auditors are required to verify compliance in Section 19817.1 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

**Questioned Cost:** The District's 2009-10 P-2 report was overstated by the 2 student noted above, attendance days. Given 136 days in the 2009-10 P-2 attendance period and a 2009-10 base revenue limit per ADA of \$6,368.14, the fiscal impact of the ADA overstatement is \$93.65.

**Effect:** This occurrence presents an overstatement of ADA.

**Cause:** The likely cause is an error made by the attendance clerk.

**Recommendation:** We recommend that the District review all of the absent notes for 2009-10 fiscal year and adjust P2 and Annual attendance reports accordingly. Going forward, we recommend that the site prepare single period present reports to help monitor inaccuracies reported in the attendance system and review the daily attendance for reasonableness.

**Current Status:** Implemented



ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-16: Review of Attendance Records (10000)*

**Condition:** While reviewing the attendance register and weekly teacher signed rosters at Wood Middle School, it appears a teacher incorrectly make a student present for one period when the attendance register shows the student as absent. This appears to be a procedural issue with respect to teachers not accurately recording attendance, reviewing their weekly attendance for accuracy, and the attendance office not monitoring the single-period present students.

**Context:** One of nine students tested was marked present for one period when they were in fact absent for the entire day.

**Criteria:** Attendance records found on the attendance register should accurately trace to attendance sources documents and weekly rosters signed by teachers which indicate approval and accuracy of attendance records. Per Education Code Section 46000 et seq., source documents of attendance should be correctly recorded in the District's attendance system. Auditors are required to verify compliance in Section 19817.1 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

**Questioned Cost:** The District's 2009-10 P-2 report was overstated by the 1 student attendance day. Given 136 days in the 2009-10 P-2 attendance period and a 2009-10 base revenue limit per ADA of \$6,368.14, the fiscal impact of the ADA overstatement is \$46.82.

**Effect:** This occurrence presents an overstatement of ADA and also due to it being procedural, allows for the possibility of other overstatements to be present.

**Cause:** Teachers are not taking attendance accurately

**Recommendation:** Records should be reviewed to recalculate how much P2 and Annual Attendance reports are off and revise accordingly. Attendance personnel should be reviewing the attendance register for irregular attendance records.

**Current Status:** Implemented

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Finding #2010-17: Encinal High School Attendance Accounting (10000)*

**Condition:** Weekly signed attendance registers to indicate approval of attendance records were not consistently being obtained for all teachers on a timely basis. Due to no findings in other testing areas of absent notes and verification that other teachers for these students were reviewing, and signing their rosters, we feel that there is no questioned ADA impact. However, going forward, all teachers need to print, review and sign attendance rosters to ensure accuracy of reporting, as required by the State of California.

**Context:** 17 of 72 weekly attendance registers were missing at Encinal High School over the span of a two week testing range.

**Criteria:** In accordance with California *Education Code* Section 44809 and *California Code of Regulations*, Title 5, Section 401, the CDE is required to approve the forms and procedures that constitute LEAs attendance accounting systems. For online attendance accounting systems, approval is given to systems that provide for teachers signing and dating a weekly printout of attendance records entered online during the previous week.

**Questioned Cost:** None due to mitigating controls noted in the Condition above which include period attendance being used and therefore other teachers were accurately reporting attendance, as well as absent not testing indicating the students tested were accurately reported in the attendance system.

**Effect:** Backup to support verification of attendance not available as required. There is potential for errors in the attendance system to go unnoticed since the certificated personnel are not reviewing the accuracy of what is being reported.

**Cause:** Clerical or internal control deficiencies in filing and storing school records.

**Recommendation:** We believe there are alternative procedures that mitigate the risk of inaccurate attendance records including attendance being taken each period for all students, parent notes, and parent call logs. We recommend that the attendance personnel implement procedures to ensure all certificated personnel are printing reviewing and signing weekly attendance rosters and providing them to the front office attendance personnel.

**Current Status:** Implemented

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011**

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*Prior Year Audit Finding #2010-18: School Accountability Report Card (72000)*

**Condition:** The 2008-09 School Accountability Report Cards prepared for the schools noted below are inaccurate with regard to facilities condition indications.

- Lum Elementary: Mech/Vac and Restrooms – SARC states good but FIT states fair.
- Encinal High: Interior Surfaces, Drinking Fountains, and Overall Cleanliness – SARC states good but FIT states fair.
- Alameda High: Structural Damage – SARC states poor but FIT states fair, School Grounds – SARC states good but FIT states fair.
- Island High: Electrical and roofs – SARC states good but FIT states fair.
- Earhart Elementary: Playground/School Grounds – SARC states good but FIT states fair.

**Criteria:** School facilities conditions assessments as indicated in a school’s annual School Accountability Report Card (SARC) should match the information indicated in a facility inspection tool (FIT) evaluation instrument developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, per Education Code Sections 33126(b)(8) and 17002.

**Questioned Cost:** None

**Effect:** The 2008-09 SARCs for Alameda High, Encinal High, Island High, Lum Elementary, and Earhart Elementary are inaccurate as to facilities condition.

**Cause:** FIT information is not being properly recorded into the SARCs.

**Recommendation:** The District needs to ensure that all FITs are properly completed in a timely manner, and the SARCs accurately reflect the facilities conditions as notes on the FIT forms.

**Current Status:** Implemented

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2011**

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*Prior Year Audit Finding #2010-19: After School Education and Safety Program Attendance (40000)*

**Condition:** Three of the school sites tested (Chipman Middle, Ruby Bridges Elementary, Washington Elementary) have a net three students served under-reported in the first half of 2009-10.

The SASI attendance reports for the ASES program which were provided to the auditor did not reconcile to the corresponding weekly sign in/out sheets. For 5 of 20 students tested on the week of December 14-18, reported attendance did not reconcile to the corresponding in/out sheets.

**Criteria:** Reported numbers of students served by school site in the After School Education and Safety (ASES) program should properly reconcile to the supporting documentation per Education Code Sections 8482.3 and 8484.

**Questioned Cost:** The ASES program funding is not affected as long as the pupil participation level is maintained at 85% or greater. As the net three students served under-reported did not cause the program attendance to fall below the 85% of the projected attendance, there is no questioned cost.

**Effect:** Inaccurate attendance reporting to the State

**Cause:** Teachers enter attendance into SASI system at the end of each day based on the sign in/out sheets. At the end of each week teachers sign weekly attendance reports from the system certifying the attendance. It appears, however, that teachers aren't closely reviewing these weekly reports to ensure they match the actual attendance as noted on the sign in/out sheets.

**Recommendation:** The District should ensure all ASES teachers reconcile weekly attendance reports to the sign in/out sheets before they sign to certify attendance.

**Current Status:** Implemented

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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*Prior Year Audit Current Status Finding #2010-20: Annual Report (10000)*

**Criteria:** Annual attendance report should be supported by written contemporaneous documents that document all pupil attendance included in the charter school's ADA calculations (California Education Code Section 46303).

**Condition:** We found that the annual attendance report for the Alameda Community Learning Center, which was submitted to the State, did not match supporting documentation.

**Questioned cost:** None as the District revised annual report, on behalf of the Charter.

**Effect:** Possible loss of apportionment funding due to inaccurate amount of ADA reported.

**Cause:** The School contracts with Alameda Unified School District to prepare monthly attendance reports. The District made an error when completing the Annual Report. Because of this error, the Annual Attendance Report had to be revised.

**Recommendation:** We recommend the Charter review the attendance reports prior to submission to the state for accuracy and reasonableness.

**Current Status:** School has since closed.