

# ALAMEDA UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2013

San Diego

Los Angeles

San Francisco  
Bay Area

christy  white  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

ALAMEDA UNIFIED SCHOOL DISTRICT  
OF ALAMEDA COUNTY

ALAMEDA, CALIFORNIA

JUNE 30, 2013

---

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>
Niel Tam	President	December 2016
Trish Herrera-Spencer	Vice President	December 2016
Mike McMahon	Clerk	December 2014
Barbara Kahn	Trustee	December 2016
Margie Sherratt	Trustee	December 2014

**DISTRICT ADMINISTRATORS**

Kirsten Vital  
*Superintendent*

Barbara Adams, Ed.D.  
*Assistant Superintendent*

Robert Shemwell  
*Chief Business Officer*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	16
Fiduciary Funds – Statement of Net Position.....	18
Fiduciary Funds – Statement of Changes in Net Position.....	19
Notes to Financial Statements .....	20

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule .....	45
Schedule of Funding Progress .....	46
Notes to Required Supplementary Information.....	47

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards.....	48
Schedule of Average Daily Attendance (ADA).....	49
Schedule of Instructional Time.....	50
Schedule of Financial Trends and Analysis.....	51
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	52
Schedule of Charter Schools .....	53
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet.....	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	55
Notes to Supplementary Information.....	56

**ALAMEDA UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

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* ..... 58  
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133 ..... 60  
Report on State Compliance..... 62

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results ..... 65  
Financial Statement Findings..... 66  
Federal Award Findings and Questioned Costs ..... 67  
State Award Findings and Questioned Costs..... 68  
Summary Schedule of Prior Audit Findings ..... 69

---

---

## **FINANCIAL SECTION**

---

---

## INDEPENDENT AUDITORS' REPORT

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

### Corporate Office:

2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

*Licensed by the California  
State Board of Accountancy*

Governing Board  
Alameda Unified School District  
Alameda, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Alameda Unified School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 45, and the schedule of funding progress on page 46 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of 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* in considering Alameda Unified School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
December 9, 2013



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

**INTRODUCTION**

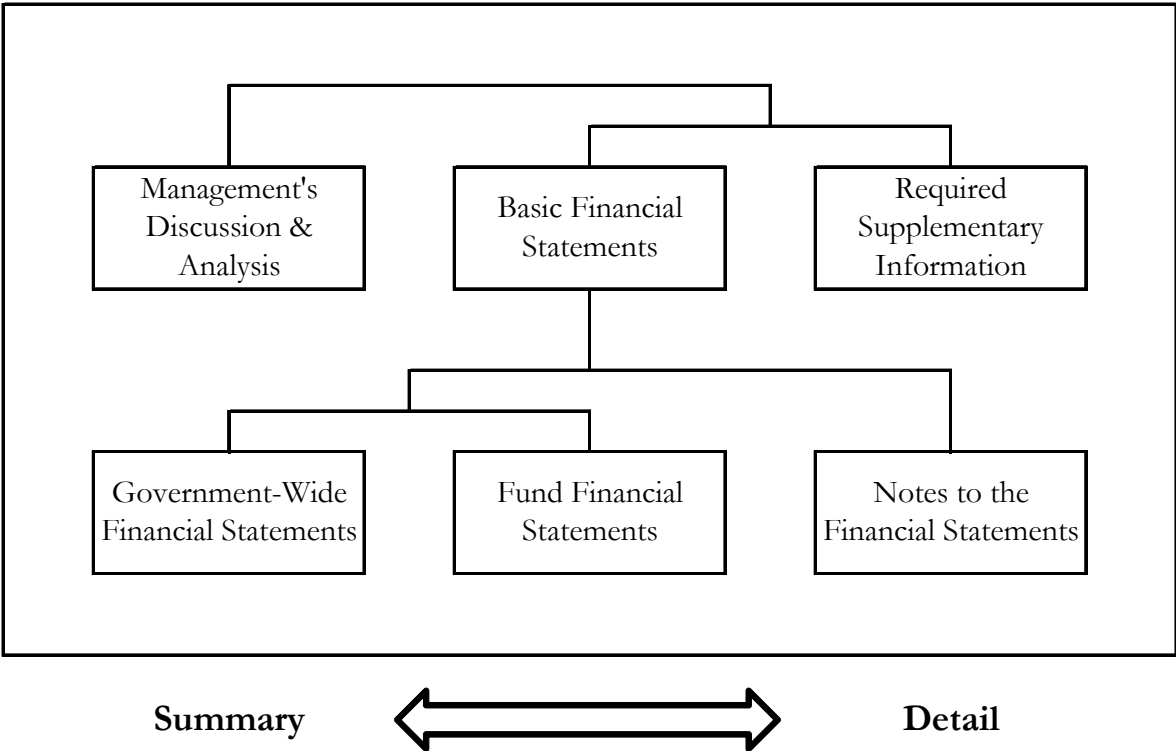
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net position was \$14,315,442 at June 30, 2013. This was a decrease of \$7,835,458 from the prior year.
- ▶ Overall revenues were \$100,269,804 which were exceeded by expenses of \$108,105,262.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**



**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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 position 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 position and how it has changed. Net Position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position 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  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's combined net position was \$14,315,442 at June 30, 2013, as reflected in Table A-1 below. Of this amount, a deficit of \$12,522,943 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 38,125,957	\$ 47,436,370	\$ (9,310,413)
Capital assets	84,647,805	83,857,625	790,180
<b>Total Assets</b>	<b>122,773,762</b>	<b>131,293,995</b>	<b>(8,520,233)</b>
<b>LIABILITIES</b>			
Current liabilities	6,383,463	11,549,903	(5,166,440)
Long-term liabilities	102,074,857	97,593,192	4,481,665
<b>Total Liabilities</b>	<b>108,458,320</b>	<b>109,143,095</b>	<b>(684,775)</b>
<b>NET POSITION</b>			
Net investment in capital assets	15,987,478	13,595,039	2,392,439
Restricted	10,850,907	15,737,795	(4,886,888)
Unrestricted	(12,522,943)	(7,181,934)	(5,341,009)
<b>Total Net Position</b>	<b>\$ 14,315,442</b>	<b>\$ 22,150,900</b>	<b>\$ (7,835,458)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table A-2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	2013	2012	Net Change
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 436,914	\$ 587,874	\$ (150,960)
Operating grants and contributions	17,244,858	19,093,242	(1,848,384)
Capital grants and contributions	2,003,438	-	2,003,438
General revenues			
Property taxes	40,083,081	37,748,854	2,334,227
Unrestricted federal and state aid	38,126,044	39,165,672	(1,039,628)
Other	2,375,469	3,082,950	(707,481)
<b>Total Revenues</b>	<b>100,269,804</b>	<b>99,678,592</b>	<b>591,212</b>
<b>EXPENSES</b>			
Instruction	59,049,626	56,115,097	2,934,529
Instruction-related services	11,882,828	12,165,576	(282,748)
Pupil services	7,147,716	6,217,406	930,310
General administration	7,044,637	5,949,415	1,095,222
Plant services	12,036,358	9,742,706	2,293,652
Ancillary and community services	1,898,558	1,978,089	(79,531)
Debt service	8,571,536	4,806,805	3,764,731
Other Outgo	474,003	473,386	617
<b>Total Expenses</b>	<b>108,105,262</b>	<b>97,448,480</b>	<b>10,656,782</b>
<b>Change in net position</b>	<b>(7,835,458)</b>	<b>2,230,112</b>	<b>(10,065,570)</b>
<b>Net Position - Beginning</b>	<b>22,150,900</b>	<b>19,920,788</b>	<b>2,230,112</b>
<b>Net Position - Ending</b>	<b>\$ 14,315,442</b>	<b>\$ 22,150,900</b>	<b>\$ (7,835,458)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

**Changes in Net Position (continued)**

The total cost of all our governmental activities this year was \$108,105,262, while net cost of activities was \$88,420,052 (refer to Table A-3). The amount that our taxpayers ultimately financed for these activities through taxes was only \$40,083,081 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$58,319,098).

**Table A-3  
Cost of Services**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 59,049,626	\$ 45,974,187
Instruction-related services	11,882,828	10,650,521
Pupil services	7,147,716	4,341,061
General administration	7,044,637	6,201,773
Plant services	12,036,358	11,817,724
Ancillary and community services	1,898,558	817,995
Debt service	8,571,536	8,571,536
Transfers to other agencies	474,003	45,255
<b>Total Expenses</b>	<b>\$ 108,105,262</b>	<b>\$ 88,420,052</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR 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 \$32,036,199, which is less than last year's ending fund balance of \$41,031,127. The District's General Fund had \$2,042,076 less in operating revenues than expenditures for the year ended June 30, 2013.

**CURRENT YEAR BUDGET 2012-13**

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.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2012-13 the District had invested \$84,647,805 in capital assets, net of accumulated depreciation.

**Table A-4**  
**Governmental Activities**

	2013	2012	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 4,794,916	\$ 4,794,916	\$ -
Construction in progress	1,242,712	412,465	830,247
Land improvements	3,669,882	2,639,408	1,030,474
Buildings & improvements	128,458,214	125,038,166	3,420,048
Furniture & equipment	2,946,591	2,167,383	779,208
Accumulated depreciation	(56,464,510)	(51,194,713)	(5,269,797)
<b>Total Capital Assets</b>	<b>\$ 84,647,805</b>	<b>\$ 83,857,625</b>	<b>\$ 790,180</b>

**Long-Term Liabilities**

At year-end, the District had \$102,074,857 in long-term liabilities, a decrease of 0.3% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

**Table A-5**  
**Governmental Activities**

	2013	2012	Net Change
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 96,847,951	\$ 96,961,148	\$ (113,197)
Total certificates of participation	930,000	1,020,000	(90,000)
Early retirement incentive	1,229,504	1,639,338	(409,834)
Compensated absences	309,500	334,750	(25,250)
Net OPEB obligation	2,757,902	2,382,790	375,112
<b>Total Long-term Liabilities</b>	<b>\$ 102,074,857</b>	<b>\$ 102,338,026</b>	<b>\$ (263,169)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**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.

Assembly Bill 97 (Chapter 47, Statutes of 2013), as amended by Senate Bills 91 and 97, enacted landmark legislation reform in California school district finance by creating the new Local Control Funding Formula (LCFF). The District is analyzing the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21.

Factors related to LCFF that the District is in the process of evaluating include estimates of new funding in the next budget year and beyond; creation of the Local Control and Accountability Plan (LCAP) for fiscal year 2014-15 that aims to link student accountability measurements to funding allocations; ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, meeting new compliance and audit requirements.

The State's economy "mirrors the slow growth of the nation", this is according to the UCLA Newsroom reporting on the September 2013 Anderson Economic Forecast. "While the economy is returning to normal, it is still operating well below what would have been expected prior to the recession." The ability of the State to fund the new LCFF is largely dependent on the strength of the State's economy and remains uncertain.

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 2013-14 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office at 2060 Challenger Drive; Alameda, California 94501.

ALAMEDA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 24,912,194
Accounts receivable	13,135,962
Inventory	77,801
Capital assets, not depreciated	6,037,628
Capital assets, net of accumulated depreciation	78,610,177
<b>Total Assets</b>	<b>122,773,762</b>
<b>LIABILITIES</b>	
Accrued liabilities	5,787,508
Unearned revenue	595,955
Long-term liabilities, current portion	5,129,834
Long-term liabilities, non-current portion	96,945,023
<b>Total Liabilities</b>	<b>108,458,320</b>
<b>NET POSITION</b>	
Net investment in capital assets	15,987,478
Restricted:	
Capital projects	5,538,551
Debt service	1,271,520
Educational programs	4,040,836
Unrestricted	(12,522,943)
<b>Total Net Position</b>	<b>\$ 14,315,442</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, 2013**

Function/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 59,049,626	\$ 75,713	\$ 10,996,288	\$ 2,003,438	\$ (45,974,187)
Instruction-related services					
Instructional supervision and administration	3,298,584	8,184	824,376	-	(2,466,024)
Instructional library, media, and technology	1,570,286	2,099	48,352	-	(1,519,835)
School site administration	7,013,958	6,889	342,407	-	(6,664,662)
Pupil services					
Home-to-school transportation	988,376	-	257,482	-	(730,894)
Food services	2,043,903	265,381	1,439,143	-	(339,379)
All other pupil services	4,115,437	1,975	842,674	-	(3,270,788)
General administration					
Centralized data processing	1,613,119	844	19,448	-	(1,592,827)
All other general administration	5,431,518	18,933	803,639	-	(4,608,946)
Plant services	12,036,358	39,138	179,496	-	(11,817,724)
Ancillary services	1,820,558	1,188	1,005,705	-	(813,665)
Community services	78,000	-	73,670	-	(4,330)
Interest on long-term debt	8,571,536	-	-	-	(8,571,536)
Other Outgo	474,003	16,570	412,178	-	(45,255)
<b>Total Governmental Activities</b>	<b>\$ 108,105,262</b>	<b>\$ 436,914</b>	<b>\$ 17,244,858</b>	<b>\$ 2,003,438</b>	<b>(88,420,052)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					22,133,119
Property taxes, levied for debt service					5,235,161
Property taxes, levied for other specific purposes					12,714,801
Federal and state aid not restricted for specific purposes					38,126,044
Interest and investment earnings					73,681
Interagency revenues					335,796
Miscellaneous					1,965,992
<b>Subtotal, General Revenue</b>					<b>80,584,594</b>
<b>CHANGE IN NET POSITION</b>					<b>(7,835,458)</b>
<b>Net Position - Beginning</b>					<b>22,150,900</b>
<b>Net Position - Ending</b>					<b>\$ 14,315,442</b>

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013

---

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,498,918	\$ 7,413,276	\$ 24,912,194
Accounts receivable	12,813,010	322,952	13,135,962
Due from other funds	12,498	4,807	17,305
Stores inventory	-	77,801	77,801
<b>Total Assets</b>	<b>\$ 30,324,426</b>	<b>\$ 7,818,836</b>	<b>\$ 38,143,262</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 5,219,286	\$ 274,517	\$ 5,493,803
Due to other funds	4,807	12,498	17,305
Unearned revenue	488,210	107,745	595,955
<b>Total Liabilities</b>	<b>5,712,303</b>	<b>394,760</b>	<b>6,107,063</b>
<b>FUND BALANCES</b>			
Nonspendable	50,000	77,801	127,801
Restricted	3,504,632	7,346,275	10,850,907
Assigned	1,916,470	-	1,916,470
Unassigned	19,141,021	-	19,141,021
<b>Total Fund Balances</b>	<b>24,612,123</b>	<b>7,424,076</b>	<b>32,036,199</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 30,324,426</b>	<b>\$ 7,818,836</b>	<b>\$ 38,143,262</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 POSITION  
JUNE 30, 2013**

---

**Total Fund Balance - Governmental Funds** \$ 32,036,199

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

Capital assets:

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

Capital assets	\$ 141,112,315	
Accumulated depreciation	<u>(56,464,510)</u>	84,647,805

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 unmatrued interest owing at the end of the period was:

(293,705)

Long-term liabilities:

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

Total general obligation bonds	\$ 96,847,951	
Total certificates of participation	930,000	
Early retirement incentive	1,229,504	
Compensated absences	309,500	
Net OPEB obligation	<u>2,757,902</u>	(102,074,857)

**Total Net Position - Governmental Activities** \$ 14,315,442

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 BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Revenue limit sources	\$ 47,951,726	\$ -	\$ 47,951,726
Federal sources	4,805,644	1,660,767	6,466,411
Other state sources	15,849,359	3,388,058	19,237,417
Other local sources	19,430,702	7,183,548	26,614,250
<b>Total Revenues</b>	<b>88,037,431</b>	<b>12,232,373</b>	<b>100,269,804</b>
<b>EXPENDITURES</b>			
Current			
Instruction	55,016,879	1,006,446	56,023,325
Instruction-related services			
Instructional supervision and administration	2,932,032	134,779	3,066,811
Instructional library, media, and technology	1,482,187	-	1,482,187
School site administration	6,559,753	85,230	6,644,983
Pupil services			
Home-to-school transportation	936,015	-	936,015
Food services	-	2,108,356	2,108,356
All other pupil services	3,904,560	-	3,904,560
General administration			
Centralized data processing	1,755,855	-	1,755,855
All other general administration	4,611,456	192,322	4,803,778
Plant services			
Facilities acquisition and maintenance	1,701,724	4,205,947	5,907,671
Ancillary services	1,709,642	-	1,709,642
Community services	73,782	-	73,782
Transfers to other agencies	469,553	-	469,553
Debt service			
Principal	-	4,335,000	4,335,000
Interest and other	1,850	4,548,454	4,550,304
<b>Total Expenditures</b>	<b>90,079,507</b>	<b>19,185,225</b>	<b>109,264,732</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>(2,042,076)</b>	<b>(6,952,852)</b>	<b>(8,994,928)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	51,145	-	51,145
Transfers out	-	(51,145)	(51,145)
<b>Net Financing Sources (Uses)</b>	<b>51,145</b>	<b>(51,145)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,990,931)</b>	<b>(7,003,997)</b>	<b>(8,994,928)</b>
<b>Fund Balance - Beginning</b>	<b>26,603,054</b>	<b>14,428,073</b>	<b>41,031,127</b>
<b>Fund Balance - Ending</b>	<b>\$ 24,612,123</b>	<b>\$ 7,424,076</b>	<b>\$ 32,036,199</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 BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**Net Change in Fund Balances - Governmental Funds** \$ (8,994,928)

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:	\$	6,437,328	
Depreciation expense:		(5,269,797)	1,167,531

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:

4,335,000

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. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

106,121

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(4,131,803)

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, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

25,250

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:

(375,112)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

409,834

Cost write-off for canceled capital projects:

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work-in-progress must be written off to expense. Costs written off for canceled projects were:

(377,351)

**Change in Net Position of Governmental Activities**

\$ (7,835,458)

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

---

	<u>Trust Funds</u>	<u>Agency Funds</u>
	<u>Private-Purpose</u>	<u>Student Body</u>
	<u>Trust Fund</u>	<u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 623,135	\$ 403,625
<b>Total Assets</b>	<u>623,135</u>	<u>\$ 403,625</u>
<b>LIABILITIES</b>		
Due to student groups	-	\$ 403,625
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 403,625</u>
<b>NET POSITION</b>		
Unrestricted	623,135	
<b>Total Net Position</b>	<u>\$ 623,135</u>	

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

---

	<u>Trust Funds</u>
	<u>Private-Purpose</u>
	<u>Trust Fund</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 5,938
<b>DEDUCTIONS</b>	
Other trust activities	29,567
<b>CHANGE IN NET POSITION</b>	<u>(23,629)</u>
<b>Net Position - Beginning</b>	646,764
<b>Net Position - Ending</b>	<u>\$ 623,135</u>

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



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Alameda Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. 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 the District, this includes general operations, food service, and student-related activities.

B. Component Units

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. The District has no such component units.

C. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). 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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. **Basis of Presentation** (*continued*)

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds. 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 District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. 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 the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Non-Major Governmental Funds**

**Special Revenue 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. The District maintains the following special revenue funds:

**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 the District 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 shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*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 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 District and the developer. Interest earned in the Capital Facilities Fund 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.*).

**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*).

**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 the District (*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 of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District'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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. 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 District'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.

**Foundation Private-Purpose Trust Fund:** This fund is used to account separately for gifts or bequests per *Education Code Section 41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

**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*).

D. 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 Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets 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 net position should be reported as restricted when constraints placed on its 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 position restricted for other activities results from special revenue funds and the restrictions on their use.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2013

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned revenue**

Unearned 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 unearned revenue is removed from the balance sheet and revenue is recognized.

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

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

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Fund Balance and Net Position

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value.

**Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**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**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, Fund Balance and Net Position (continued)

**Capital Assets (continued)**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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 capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<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 position.

**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 recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

**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.

*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.

*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.



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Fund Balance** (*continued*)

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.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. 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 in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. 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.

H. 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 not been included as revenue and expenditures as required under generally accepted accounting principles.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2013

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

**GASB Statement No. 61** – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement is effective for periods beginning after June 15, 2012. The District has implemented GASB Statement No. 61 for the year ended June 30, 2013.

**GASB Statement No. 62** – In December 2010, GASB issued Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 62 for the year ended June 30, 2013.

**GASB Statement No. 63** - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definition of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 63 for the year ended June 30, 2013.

**GASB Statement No. 65** – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The District has not yet determined the impact on the financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Cash in county	\$ 23,037,384	\$ -
Cash on hand and in banks	1,675,585	1,026,760
Cash with fiscal agent	149,225	-
Cash in revolving fund	50,000	-
<b>Total cash and cash equivalents</b>	<b>\$ 24,912,194</b>	<b>\$ 1,026,760</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 County Investment Pool.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2013

---

NOTE 2 – CASH AND INVESTMENTS (*continued*)

**B. Policies and Practices (continued)**

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Alameda County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

**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 the investment types permitted by California Government Code.

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 2 – CASH AND INVESTMENTS (continued)

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 Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$22,971,626 and an amortized book value of \$23,037,384. The average weighted maturity for this pool is 525 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 investments in the County Treasury are not required to be rated. As of June 30, 2013, the pooled investments in the County Treasury were not 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. 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, 2013, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government			
Categorical aid	\$ 1,092,929	\$ 238,467	\$ 1,331,396
State Government			
Apportionment	5,145,238	-	5,145,238
Categorical aid	3,206,827	30,645	3,237,472
Lottery	824,490	-	824,490
Local Government			
Other local sources	2,543,526	53,840	2,597,366
<b>Total</b>	<b>\$ 12,813,010</b>	<b>\$ 322,952</b>	<b>\$ 13,135,962</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,794,916	\$ -	\$ -	\$ 4,794,916
Construction in progress	412,465	1,207,598	377,351	1,242,712
Total Capital Assets not Being Depreciated	5,207,381	1,207,598	377,351	6,037,628
Capital assets being depreciated				
Land improvements	2,639,408	1,030,474	-	3,669,882
Buildings & improvements	125,038,166	3,420,048	-	128,458,214
Furniture & equipment	2,167,383	779,208	-	2,946,591
Total Capital Assets Being Depreciated	129,844,957	5,229,730	-	135,074,687
Less Accumulated Depreciation				
Land improvements	2,449,401	30,023	-	2,479,424
Buildings & improvements	47,559,589	5,117,430	-	52,677,019
Furniture & equipment	1,185,723	122,344	-	1,308,067
Total Accumulated Depreciation	51,194,713	5,269,797	-	56,464,510
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 83,857,625</b>	<b>\$ 1,167,531</b>	<b>\$ 377,351</b>	<b>\$ 84,647,805</b>

Depreciation expense has been allocated to governmental activities as follows:

<b>Governmental Activities</b>	
Instruction	\$ 3,244,141
Instructional supervision and administration	233,985
Instructional library, media, and technology	88,842
School site administration	373,942
Home-to-school transportation	52,566
Food services	350
All other pupil services	212,905
Centralized data processing	96,664
All other general administration	260,310
Plant services	590,478
Ancillary services	111,375
Community services	4,239
	<u>\$ 5,269,797</u>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2013 were as follows:

Due To Other Funds	Due From Other Funds		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 4,807	\$ 4,807
Non-Major Governmental Funds	12,498	-	12,498
<b>Total Due From Other Funds</b>	<b>\$ 12,498</b>	<b>\$ 4,807</b>	<b>\$ 17,305</b>

The Non-Major Child Development Fund owed the General Fund for payroll charges.	\$	1,387
The Non-Major Cafeteria Fund owed the General Fund for payroll charges.		1,185
The Non-Major Building Fund owed the General Fund for paving project.		9,790
The Non-Major Special Reserve Fund for Capital Outlay Projects owed the General Fund for payroll charges		136
The General Fund owed the Non-Major Child Development Fund for payroll charges.		2,568
The General Fund owed the Non-Major Cafeteria Fund for payroll charges.		1,922
The General Fund owed the Non-Major Special Reserve Fund for Capital Outlay Projects for payroll charges		317
<b>Total</b>	<b>\$</b>	<b>17,305</b>

B. Operating Transfers

Interfund transfers for the year ended June 30, 2013 consisted of the following:

The Non-Major Child Development Fund transferred \$51,145 to the General Fund to repay a contribution made.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2013 consisted of the following:

	General Fund	Non-Major Governmental Funds	Government- wide	Total Governmental Activities
Payroll	\$ 912,029	\$ 55,033	\$ -	\$ 967,062
Construction	-	130,895	-	130,895
Vendors payable	2,081,177	88,589	-	2,169,766
Due to other governments	2,226,080	-	-	2,226,080
Unmatured interest	-	-	293,705	293,705
<b>Total</b>	<b>\$ 5,219,286</b>	<b>\$ 274,517</b>	<b>\$ 293,705</b>	<b>\$ 5,787,508</b>

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2013, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 123,605	\$ -	\$ 123,605
State categorical sources	8,210	65,277	73,487
Local sources	356,395	42,468	398,863
<b>Total</b>	<b>\$ 488,210</b>	<b>\$ 107,745</b>	<b>\$ 595,955</b>

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2013 consisted of the following:

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 96,961,148	\$ 4,131,803	\$ 4,245,000	\$ 96,847,951	\$ 4,625,000
Certificates of participation	1,020,000	-	90,000	930,000	95,000
Early retirement incentive	1,639,338	-	409,834	1,229,504	409,834
Compensated absences	334,750	-	25,250	309,500	-
Net OPEB obligation	2,382,790	375,112	-	2,757,902	-
<b>Total</b>	<b>\$ 102,338,026</b>	<b>\$ 4,506,915</b>	<b>\$ 4,770,084</b>	<b>\$ 102,074,857</b>	<b>\$ 5,129,834</b>

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 01, 2012	Additions	Deductions	Outstanding June 30, 2013
Series 2002 Refunding	May 23, 2002	July 1, 2014	5.50%	\$ 34,325,000	\$ 10,740,000	\$ -	\$ 3,390,000	\$ 7,350,000
Election 2004, Series A	October 13, 2004	August 1, 2029	2.50% - 5.48%	40,998,093	57,216,100	2,835,500	735,000	59,316,600
Election 2004, Series B	June 21, 2005	August 1, 2036	3.25% - 5.09%	21,997,233	29,005,048	1,296,303	120,000	30,181,351
					<b>\$ 96,961,148</b>	<b>\$ 4,131,803</b>	<b>\$ 4,245,000</b>	<b>\$ 96,847,951</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, 2013 amounted to \$7,350,000.



ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (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, 2013 amounted to \$59,316,600.
- 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, 2013 amounted to \$30,181,351.

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2037 as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 4,625,000	\$ 583,693	\$ 5,208,693
2015	4,662,634	732,946	5,395,580
2016	3,479,118	2,093,000	5,572,118
2017	3,401,745	2,348,698	5,750,443
2018	3,343,833	2,594,578	5,938,411
2019 - 2023	15,710,879	17,002,490	32,713,369
2024 - 2028	14,199,048	24,181,940	38,380,988
2029 - 2033	11,175,171	33,909,829	45,085,000
2034 - 2037	7,132,899	28,032,101	35,165,000
Accretion	29,117,624	(29,117,624)	-
Total	\$ 96,847,951	\$ 82,361,651	\$ 179,209,602

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 8 – LONG-TERM DEBT (continued)

C. 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, 2013, the principal balance outstanding was \$930,000.

D. Debt Service Requirements to Maturity - COPs

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 95,000	\$ 53,498	\$ 148,498
2015	100,000	48,273	148,273
2016	105,000	42,673	147,673
2017	110,000	36,688	146,688
2018	115,000	30,363	145,363
2019 - 2020	405,000	40,071	445,071
Total	\$ 930,000	\$ 251,566	\$ 1,181,566

E. 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 Ended June 30,</u>	<u>Payment</u>
2014	\$ 409,834
2015	409,835
2016	409,835
Total	\$ 1,229,504

F. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2013 amounted to \$309,500. This amount is included as part of long-term liabilities in the government-wide financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

NOTE 8 – LONG-TERM DEBT (continued)

G. 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, 2013, was \$1,360,000 with net interest and other adjustments of \$20,871 for a net annual OPEB cost of \$1,380,871. The District made contributions during the year of \$1,005,759, which resulted in an increase to net OPEB obligation of \$375,112. The ending OPEB balance at June 30, 2013 was \$2,757,902. See Note 10 for additional information regarding the OPEB obligation and postemployment benefit plan.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2013:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 50,000	\$ -	\$ 50,000
Stores inventory	-	77,801	77,801
Total non-spendable	50,000	77,801	127,801
Restricted			
Educational programs	3,504,632	66,869	3,571,501
Capital projects	-	5,538,551	5,538,551
Debt service	-	1,271,520	1,271,520
All others	-	469,335	469,335
Total restricted	3,504,632	7,346,275	10,850,907
Assigned			
Innovative Schools	544,143	-	544,143
Swimming Pool Emergency Fund	70,000	-	70,000
Attendance System	104,459	-	104,459
Committed Furniture Purchases	534,893	-	534,893
MAA Reimbursement	416,664	-	416,664
Site Based Lost Books & Student Books	9,041	-	9,041
Technology Projects	220,000	-	220,000
Adult Education	17,270	-	17,270
Total assigned	1,916,470	-	1,916,470
Unassigned			
Reserve for economic uncertainties	2,800,000	-	2,800,000
Remaining unassigned	16,341,021	-	16,341,021
Total unassigned	19,141,021	-	19,141,021
<b>Total</b>	<b>\$ 24,612,123</b>	<b>\$ 7,424,076</b>	<b>\$ 32,036,199</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 9 – FUND BALANCES (continued)**

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.

**NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description and Contribution Information**

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the 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 of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	290
Active plan members	1,009
Total *	<u>1,299</u>

Number of participating employers	1
-----------------------------------	---

\*As of July 1, 2012 actuarial study

**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 2013, the District contributed \$1,005,759 to the Plan, all of which was used for current premiums.

As of June 30, 2013, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (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 the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (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	\$ 1,360,000
Interest on net OPEB obligation	119,140
Adjustment to annual required contribution	(98,269)
Annual OPEB cost (expense)	<u>1,380,871</u>
Contributions made	<u>(1,005,759)</u>
Increase (decrease) in net OPEB obligation	375,112
Net OPEB obligation, beginning of the year	2,382,790
Net OPEB obligation, end of the year	<u>\$ 2,757,902</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2013 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 1,380,871	73%	\$ 2,757,902
2012	\$ 1,186,652	54%	\$ 2,382,790
2011	\$ 1,183,000	18%	\$ 1,832,189

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ -	\$ 15,276,000	\$ 15,276,000	0%	\$ 58,630,900	26%

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, investment returns, 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 financial statements, presents multiyear 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 of 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 July 1, 2012, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions included an inflation rate of 4.5 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, 2013**

---

**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer 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).

**California State Teachers' Retirement System (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 2013 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>
2012-13	\$ 3,305,830	100%
2011-12	\$ 3,153,950	100%
2010-11	\$ 2,911,760	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 \$2,771,406 to CalSTRS (5.176% of 2010-11 creditable compensation subject to CalSTRS).

ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

---

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees’ Retirement System (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 2013 was 11.417% 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:

	Contribution	Percent of Required Contribution
2012-13	\$ 1,704,906	100%
2011-12	\$ 1,430,514	100%
2010-11	\$ 1,403,467	100%



**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 12 – 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 13 – 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, 2013.

**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, 2013.

**C. Construction Commitments**

As of June 30, 2013, the District had commitments with respect to unfinished capital projects of \$592,281.

**NOTE 14 – 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.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

**ALAMEDA UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources	\$ 43,841,850	\$ 47,701,516	\$ 47,951,726	\$ 250,210
Federal sources	4,126,629	4,814,246	4,614,027	(200,219)
Other state sources	12,751,343	13,539,065	13,652,077	113,012
Other local sources	18,334,561	19,107,444	19,279,436	171,992
<b>Total Revenues</b>	<b>79,054,383</b>	<b>85,162,271</b>	<b>85,497,266</b>	<b>334,995</b>
<b>EXPENDITURES</b>				
Certificated salaries	43,274,534	42,164,090	43,155,142	(991,052)
Classified salaries	12,822,135	12,786,166	13,045,773	(259,607)
Employee benefits	13,177,124	13,391,539	13,449,696	(58,157)
Books and supplies	2,967,076	8,469,271	3,146,241	5,323,030
Services and other operating expenditures	13,598,036	13,769,332	12,760,259	1,009,073
Capital outlay	426,679	1,026,035	1,354,412	(328,377)
Other outgo				
Excluding transfers of indirect costs	106,786	469,034	469,553	(519)
Transfers of indirect costs	(182,073)	(178,467)	(192,322)	13,855
<b>Total Expenditures</b>	<b>86,190,297</b>	<b>91,897,000</b>	<b>87,188,754</b>	<b>4,708,246</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(7,135,914)</b>	<b>(6,734,729)</b>	<b>(1,691,488)</b>	<b>5,043,241</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	313,523	313,523
Transfers out	(604,279)	(604,279)	(480,000)	124,279
<b>Net Financing Sources (Uses)</b>	<b>(604,279)</b>	<b>(604,279)</b>	<b>(166,477)</b>	<b>437,802</b>
<b>NET CHANGE IN FUND BALANCE</b>				
	<b>(7,740,193)</b>	<b>(7,339,008)</b>	<b>(1,857,965)</b>	<b>5,481,043</b>
<b>Fund Balance - Beginning</b>	<b>16,200,087</b>	<b>16,200,087</b>	<b>16,200,087</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 8,459,894</b>	<b>\$ 8,861,079</b>	<b>\$ 14,342,122</b>	<b>\$ 5,481,043</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments of \$1,826,648 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAAL as a Percentage of Covered Payroll</b>
July 1, 2012	\$ -	\$ 15,276,000	\$ 15,276,000	0%	\$ 58,630,900	26%
July 1, 2010	\$ -	\$ 17,200,000	\$ 17,200,000	0%	\$ 53,210,015	32%
June 30, 2008	\$ -	\$ 12,133,000	\$ 12,133,000	0%	\$ 48,423,588	25%

See accompanying note to required supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District’s budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Funding Progress**

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2013, the District incurred the following excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 42,164,090	\$ 43,155,142	\$ 991,052
Classified salaries	\$ 12,786,166	\$ 13,045,773	\$ 259,607
Employee benefits	\$ 13,391,539	\$ 13,449,696	\$ 58,157
Capital outlay	\$ 1,026,035	\$ 1,354,412	\$ 328,377
Other outgo			
Excluding transfers of indirect costs	\$ 469,034	\$ 469,553	\$ 519

---

---

**SUPPLEMENTARY  
INFORMATION**

---

---

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,516,896
Title I, Part B, Even Start Family Literacy Program	84.213	14331	10,979
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	5,918
Adult Education Cluster			
Adult Education: Adult Secondary Education	84.002	13978	26,627
Adult Education: Adult Basic Education & ESL	84.002A	14508	112,197
Adult Education: English Literacy and Civics Education	84.002A	14109	52,793
Subtotal Adult Education Cluster			<u>191,617</u>
Title II, Part A, Teacher Quality	84.367	14341	318,407
Title III Cluster			
Title III, Immigrant Education Program	84.365	15146	18,645
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	180,848
Subtotal Title III Cluster			<u>199,493</u>
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	252,083
Title VIII, Impact Aid	84.041	10015	48,634
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,608,716
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	219,528
Part B, Preschool Grants	84.173	13430	52,450
IDEA Quality Assurance & Focused Monitor	84.027A	13693	37,011
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	90,512
Subtotal Special Education Cluster			<u>2,008,217</u>
IDEA Early Intervention Grants	84.181	23761	90,934
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	64,875
Title X, McKinney-Vento Homeless Assistance	84.196	14332	67,773
<b>Total U. S. Department of Education</b>			<u><u>4,775,826</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13390	6,650
Severe Need School Breakfast Program	10.553	13526	123,947
National School Lunch Program	10.555	13391	988,924
Commodities	10.555	*	99,019
Subtotal Child Nutrition Cluster			<u>1,218,540</u>
CCFP Family Day Care Sponsor Admin	10.558	13665	442,226
<b>Total U. S. Department of Agriculture</b>			<u><u>1,660,766</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	110,037
<b>Total U. S. Department of Health &amp; Human Services</b>			<u><u>110,037</u></u>
U. S. DEPARTMENT OF DEFENSE:			
Flood Control Projects	12.106	*	1,255
<b>Total U.S. Department of Defense</b>			<u>1,255</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 6,547,884</u></u>

\* - PCS Number not available or not applicable

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
 FOR THE YEAR ENDED JUNE 30, 2013**

---

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>ELEMENTARY</b>		
Kindergarten	750	750
First through third	2,124	2,127
Fourth through sixth	1,907	1,904
Seventh through eighth	993	991
Special education	171	170
Total Elementary	5,945	5,942
<b>SECONDARY</b>		
Regular classes	2,697	2,695
Continuation education	151	147
Special education	131	131
Total Secondary	2,979	2,973
Average Daily Attendance Total	8,924	8,915

See accompanying note to supplementary information.



**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Grade Level	1982-83		1986-87		2012-13 Actual Minutes	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced			
Kindergarten	31,680	30,800	36,000	35,000	39,820	180	Complied
Grade 1	42,240	41,067	50,400	49,000	52,323	180	Complied
Grade 2	42,240	41,067	50,400	49,000	52,323	180	Complied
Grade 3	42,240	41,067	50,400	49,000	52,323	180	Complied
Grade 4	54,560	53,044	54,000	52,500	54,425	180	Complied
Grade 5	54,560	53,044	54,000	52,500	54,425	180	Complied
Grade 6	54,560	53,044	54,000	52,500	59,550	180	Complied
Grade 7	54,560	53,044	54,000	52,500	59,550	180	Complied
Grade 8	54,560	53,044	54,000	52,500	59,550	180	Complied
Grade 9	58,060	56,447	64,800	63,000	64,820	180	Complied
Grade 10	58,060	56,447	64,800	63,000	64,820	180	Complied
Grade 11	58,060	56,447	64,800	63,000	64,820	180	Complied
Grade 12	58,060	56,447	64,800	63,000	64,820	180	Complied

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014 (Budget)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 86,132,137	\$ 85,810,789	\$ 88,034,645	\$ 84,122,878
Expenditures And Other Financing Uses	92,849,168	87,668,754	86,738,008	83,061,498
Net change in Fund Balance	\$ (6,717,031)	\$ (1,857,965)	\$ 1,296,637	\$ 1,061,380
Ending Fund Balance	\$ 7,625,091	\$ 14,342,122	\$ 16,200,087	\$ 14,948,450
Available Reserves*	\$ 12,490,343	\$ 19,141,021	\$ 18,197,453	\$ 15,321,370
Available Reserves As A Percentage Of Outgo	13.45%	21.83%	20.98%	18.45%
Long-term Debt	\$ 96,945,023	\$ 102,074,857	\$ 102,338,026	\$ 102,469,703
Average Daily Attendance At P-2	8,975	8,924	8,889	8,905

The General Fund balance has decreased by \$606,328 over the past two years. The fiscal year 2013-14 budget projects a decrease of \$6,717,031. For a District this size, the State recommends available reserves of at least 3% 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 2013-14 fiscal year. Total long term obligations have decreased by \$394,846 over the past two years.

Average daily attendance has increased by 19 ADA over the past two years. Additional increase of 51 ADA is anticipated during the 2013-14 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

On behalf payments of \$1,826,648 are not included in this schedule.

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2013, annual financial and budget report fund balance	\$ 14,342,122	\$ 18,356	\$ 1,562,786	\$ 8,688,859
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fund balance transfer (GASB 54)	10,270,001	(18,356)	(1,562,786)	(8,688,859)
Net adjustments and reclassifications	10,270,001	(18,356)	(1,562,786)	(8,688,859)
June 30, 2013, audited financial statement fund balance	<u>\$ 24,612,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
The Academy of Alameda	Active	No
Alameda Community Learning Center	Active	No
Bay Area School of Enterprise	Active	No
Nea Community Learning Center	Active	No

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 129,795	\$ 353,433	\$ 140,685	\$ 2,234,259	\$ -	\$ 3,286,689	\$ 1,268,415	\$ 7,413,276
Accounts receivable	16,705	259,587	-	5,399	-	38,156	3,105	322,952
Due from other funds	2,568	1,922	-	-	-	317	-	4,807
Stores inventory	-	77,801	-	-	-	-	-	77,801
<b>Total Assets</b>	<b>\$ 149,068</b>	<b>\$ 692,743</b>	<b>\$ 140,685</b>	<b>\$ 2,239,658</b>	<b>\$ -</b>	<b>\$ 3,325,162</b>	<b>\$ 1,271,520</b>	<b>\$ 7,818,836</b>
<b>LIABILITIES</b>								
Accrued liabilities	\$ 15,535	\$ 101,954	\$ 130,895	\$ 19,392	\$ -	\$ 6,741	\$ -	\$ 274,517
Due to other funds	1,387	1,185	9,790	-	-	136	-	12,498
Unearned revenue	65,277	42,468	-	-	-	-	-	107,745
<b>Total Liabilities</b>	<b>82,199</b>	<b>145,607</b>	<b>140,685</b>	<b>19,392</b>	<b>-</b>	<b>6,877</b>	<b>-</b>	<b>394,760</b>
<b>FUND BALANCES</b>								
Non-spendable	-	77,801	-	-	-	-	-	77,801
Restricted	66,869	469,335	-	2,220,266	-	3,318,285	1,271,520	7,346,275
<b>Total Fund Balances</b>	<b>66,869</b>	<b>547,136</b>	<b>-</b>	<b>2,220,266</b>	<b>-</b>	<b>3,318,285</b>	<b>1,271,520</b>	<b>7,424,076</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 149,068</b>	<b>\$ 692,743</b>	<b>\$ 140,685</b>	<b>\$ 2,239,658</b>	<b>\$ -</b>	<b>\$ 3,325,162</b>	<b>\$ 1,271,520</b>	<b>\$ 7,818,836</b>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>								
Federal sources	\$ -	\$ 1,660,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,660,767
Other state sources	1,247,744	89,865	-	-	2,000,000	-	50,449	3,388,058
Other local sources	151,291	317,971	5,128	914,058	3,438	600,027	5,191,635	7,183,548
<b>Total Revenues</b>	<b>1,399,035</b>	<b>2,068,603</b>	<b>5,128</b>	<b>914,058</b>	<b>2,003,438</b>	<b>600,027</b>	<b>5,242,084</b>	<b>12,232,373</b>
<b>EXPENDITURES</b>								
Current								
Instruction	1,006,446	-	-	-	-	-	-	1,006,446
Instruction-related services								
Instructional supervision and administration	134,779	-	-	-	-	-	-	134,779
School site administration	85,230	-	-	-	-	-	-	85,230
Pupil services								
Food services	-	2,108,356	-	-	-	-	-	2,108,356
General administration								
All other general administration	93,535	98,787	-	-	-	-	-	192,322
Plant services	31,822	-	-	124,523	2,003,438	408,908	-	2,568,691
Facilities acquisition and maintenance	-	231,550	2,737,869	19,392	-	1,217,136	-	4,205,947
Debt service								
Principal	-	-	-	90,000	-	-	4,245,000	4,335,000
Interest and other	-	-	-	60,958	-	-	4,487,496	4,548,454
<b>Total Expenditures</b>	<b>1,351,812</b>	<b>2,438,693</b>	<b>2,737,869</b>	<b>294,873</b>	<b>2,003,438</b>	<b>1,626,044</b>	<b>8,732,496</b>	<b>19,185,225</b>
<b>Excess (Deficiency) of Revenues</b>								
<b>Over Expenditures</b>	<b>47,223</b>	<b>(370,090)</b>	<b>(2,732,741)</b>	<b>619,185</b>	<b>-</b>	<b>(1,026,017)</b>	<b>(3,490,412)</b>	<b>(6,952,852)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers out	(51,145)	-	-	-	-	-	-	(51,145)
<b>Net Financing Sources (Uses)</b>	<b>(51,145)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,145)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,922)</b>	<b>(370,090)</b>	<b>(2,732,741)</b>	<b>619,185</b>	<b>-</b>	<b>(1,026,017)</b>	<b>(3,490,412)</b>	<b>(7,003,997)</b>
<b>Fund Balance - Beginning</b>	<b>70,791</b>	<b>917,226</b>	<b>2,732,741</b>	<b>1,601,081</b>	<b>-</b>	<b>4,344,302</b>	<b>4,761,932</b>	<b>14,428,073</b>
<b>Fund Balance - Ending</b>	<b>\$ 66,869</b>	<b>\$ 547,136</b>	<b>\$ -</b>	<b>\$ 2,220,266</b>	<b>\$ -</b>	<b>\$ 3,318,285</b>	<b>\$ 1,271,520</b>	<b>\$ 7,424,076</b>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2013**

---

**NOTE 1 – PURPOSE OF SCHEDULES**

**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 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, 2013 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2013.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 6,466,411
Medi-Cal Billing Option	93.778	81,473
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 6,547,884</u>

**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.

**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*. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION, continued  
JUNE 30, 2013

---

NOTE 1 – PURPOSE OF SCHEDULES (continued)

**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.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**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.

**Combining Statements – Non-Major Funds**

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

**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)



---

---

**OTHER INDEPENDENT  
AUDITORS' REPORTS**

---

---

**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**

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

*Licensed by the California  
State Board of Accountancy*

Independent Auditors' Report

Governing Board  
Alameda Unified School District  
Alameda, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Alameda Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alameda Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alameda Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2013-1)

### **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 Response to Findings**

Alameda Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Alameda Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Christy White Associates*

San Diego, California  
December 9, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

*Licensed by the California  
State Board of Accountancy*

Independent Auditors' Report

Governing Board  
Alameda Unified School District  
Alameda, California

**Report on Compliance for Each Major Federal Program**

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 Alameda Unified School District's major federal programs for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Alameda Unified School District's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Alameda Unified School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
December 9, 2013

## REPORT ON STATE COMPLIANCE

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

### Corporate Office:

2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

*Licensed by the California  
State Board of Accountancy*

### Independent Auditors' Report

Governing Board  
Alameda Unified School District  
Alameda, California

#### **Report on State Compliance**

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 Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Alameda Unified School District's state programs for the fiscal year ended June 30, 2013, as identified below.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's state programs based on our audit of the types of compliance requirements referred to above. 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 the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, 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 that could have a direct and material effect on the state programs noted below 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 on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Alameda Unified School District's compliance with those requirements.

*Opinion on State Compliance*

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2013.

*Procedures Performed*

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:

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	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
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
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

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	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	4	Not Applicable

We did not perform testing for Independent Study because the total ADA was below materiality levels.

*Christy White Associates*

San Diego, California  
December 9, 2013



---

---

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

---

---

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</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>Unmodified</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>
84.027, 84.027A, 84.173	Special Education Cluster
84.367	Title II, Part A Teacher Quality
	Title IV, Part B, 21st Century
	Community Learning Centers
84.287	Program
	CCFP Family Day Care Sponsor
10.558	Admin

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u>Yes</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>Unmodified</u>

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

---

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

FINDING #2013-1: 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:

*Lincoln Middle School*

- 2 out of 10 cash receipts tested were not deposited timely.
- 1 out of 10 cash disbursements tested was approved after purchase was made.

*Alameda High School*

- 10 out of 15 cash receipts tested were not supported by appropriate documentation, such as tally sheets, collection reports, or ticket sales summaries.

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

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

**Perspective:** Testing was performed at a sample of the District's student body accounts.

**Recommendation:** We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections and those collections are deposited within 2 weeks of the event. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. We also recommend that the District verify when bank accounts have been closed and that the remaining funds are deposited appropriately. 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 will continue to provide support to site personnel to review and enforce student body accounting policies and procedures.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

---

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*There were no federal award findings or questioned costs for the year ended June 30, 2013.*

ALAMEDA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

---

FIVE DIGIT CODE

10000  
40000  
41000  
60000  
61000  
70000  
71000  
72000

AB 3627 FINDING TYPE

Attendance  
State Compliance  
CalSTRS  
Miscellaneous  
Classroom Teacher Salaries  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

*There were no state award findings or questioned costs for the year ended June 30, 2013.*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINDING #2012-01: EXPENDITURES (30000)**

**Criteria:** Internal controls over expenditures should include a purchase order and verification of receipt of goods. During our audit of Alameda Unified School District, it was noted that expenditures tested were lacking purchase orders and invoices to support the amount paid.

**Condition:** In testing expenditures, the following exceptions were noted:

- Eight (8) of 56 expenditures tested were found to have purchase orders dated after the invoice date.
- One (1) of 56 expenditures tested did not have a purchase order.

**Cause:** Insufficient controls over disbursements.

**Effect:** Purchases that are not approved through a purchase order put the District at risk of making inappropriate expenditures. An improper approval process also increases the risk that there could be purchases made without the review of budget appropriateness.

**Perspective:** Testing was performed on a sample of a population consisting of all district expenditures.

**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 approved requisitions is a key control but final approval of the purchase order is also important as is encumbering the expenditure in the financial system.

**District Response:** The District Administration will continue to meet with site personnel to review and enforce purchasing policies and procedures.

**Current Status:** Implemented.

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2013

---

**FINDING #2012-02: 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:

*Henry Haight Elementary*

- The ASB Bank account was closed in June 2011 but the check paid to the school when the account was closed was deposited into a new account opened in September 2011. This account functions as an overall school general account but contains funds from the old ASB Account.
- Purchases from this new account include the following: coffee for the school office, field trips, office supplies, and PE equipment.
- The account has a debit card associated with it which allows access to withdraw cash from the account
- The district has not reconciled the account since it was opened in September 2011.

*Wood Middle School*

- 5 out of 5 cash receipts tested lack adequate supporting documentation such as tally sheets, inventory count sheets, or sales reports to support the amount of sales/collections. These fundraising events included yearbook sales and drama fundraising events.
- 2 out of 5 cash receipts tested were not deposited timely. The time span between the date of collection and the date of deposit was a month or greater.
- 2 out of 5 cash disbursements did not have proper approval from the School Site Administrator and a student council representative.
- 1 out of 5 cash disbursements tested lacked an adequate receipt to support the amount to be paid as the amount to be paid was hand written on the reservation of the rental car.

*Encinal High School*

- 1 out of 5 cash disbursements tested lacked an adequate receipt to support the amount to be paid.
- 1 out of 5 cash disbursements tested appears to be an inappropriate use of student funds.
- The controls over cash receipts are inadequate. Cash is not recounted before it is deposited by the banker. All supporting documents (inventory worksheets and tally forms) are not being obtained from the clubs. Many deposits were not made in a timely basis during the time a substitute took over.

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2013

---

**FINDING #2012-02: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)**

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

**Perspective:** Testing was performed at a sample of the District's student body accounts.

**Recommendation:** We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections and those collections are deposited within 2 weeks of the event. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. We also recommend that the District verify when bank accounts have been closed and that the remaining funds are deposited appropriately. 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:** A dedicated Fiscal Manager is assigned to the task of monitoring student body activity through the year, in 2012-13, audits will be performed to resolve findings.

**Current Status:** Not implemented, see current year finding #2013-1.



ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2013

---

**FINDING #2012-03: FEDERAL PAYROLL DOCUMENTATION (50000)**

**Federal Program Information:**

- Title IV, Part B 21<sup>st</sup> Century Community Learning Centers Program (CFDA #: 84.287)
- Federal Agency: Department of Education, Passed-Through the California Department of Education

**Criteria:** LEA's are required to document their salary and wage charges to all federal programs in accordance with the standards specified in OMB Circular A-87, Attachment B, Section 11(h).

**Condition:** In 2011-12, the District did not prepare monthly time certifications for employees during the months of January 2012-June 2012 whose time was charged to Title IV, Part B 21<sup>st</sup> Century Community Learning Centers Program. However, we did not find any employees whose salaries or wages were charged to the programs tested above in the 2011-12 year that did not appear to be allowable.

**Context:** Monthly time certifications were not prepared in the 2011-12 fiscal year for the months noted above; therefore questioned costs represent all salaries and wages for employees whose time was charged to the programs tested above during the months of January 2012-June 2012.

**Questioned Costs:** Total questioned employee salaries and wages charged to the programs identified above are \$11,104.

**Cause:** The lack of preparation of the time certifications for the Title IV, Part B 21<sup>st</sup> Century Community Learning Centers Program was due to employee turnover.

**Effect:** The District is not in full compliance with the federal regulations as they pertain to the federal program listed above.

**Recommendation:** We recommend the District document semi-annual certifications for the employees charged to the federal program in the 2011-12 year. Per guidance outlined at OMB Circular A-87, Attachment B, Section 11(h), the monthly time certifications may be prepared by the employee or supervisory official having first-hand knowledge of the work performed by the employee. An example of a monthly time certification may be found at Procedure 905, *Documenting Salaries and Wages*, in the March 2008 edition of the California School Accounting Manual.

**District Response:** District Administration recognizes this is an error due to change in personnel. District is working with staff to establish processes and protocols to ensure continuing compliance.

**Current Status:** Implemented.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINDING #2012-04: AFTER SCHOOL EDUCATION AND SAFETY (ASES) (40000)**

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

**Condition:** One of the school sites tested (Washington Elementary), had 3 students served over-reported in the first half of 2011-12.

**Context:** At Washington Elementary, the auditor noted 6 days of attendance out of 40 days tested were overstated. For these days, the students left the program prior to the time designated by early release waivers and should have therefore not received attendance credit for the day. The attendance days tested were within the week of October 3, 2011 – October 7, 2011.

**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:** It appears that coordinator aren't closely reviewing these weekly reports to ensure they match the actual attendance as noted on the sign in/out sheets and comply with the allowable early release times per Early Release Waivers.

**Recommendation:** We recommend that the District ensure all ASES coordinators reconcile weekly attendance reports from City Span to the sign out sheets before they certify attendance.

**District Response:** Staff will be reviewing the process of documenting weekly attendance reports from City Span. Procedures will be put in place to ensure reconciliation of weekly attendance reports to the sign out sheets is completed before certification of such attendance.

**Current Status:** Implemented.