

**ALUM ROCK UNION ELEMENTARY  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
MEASURE G  
GENERAL OBLIGATION BOND FUND  
JUNE 30, 2009**



INDEPENDENT AUDITORS' REPORT

Board of Trustees And  
Citizen's Bond Oversight Committee  
Alum Rock Union Elementary School District

We have audited the accompanying balance sheet of the Measure G General Obligation Bond Fund (the Fund), of the Alum Rock Union Elementary School District, as of June 30, 2009, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2009, and the results of its operations for the year period then ended, in conformity with accounting principles generally accepted in the United States of America.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
February 3, 2010

**ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT**

**MEASURE G GENERAL OBLIGATION BOND FUND  
BALANCE SHEET  
JUNE 30, 2009**

**ASSETS**

Cash and investments	\$ 31,577,164
Accounts receivable	132,599
Total Assets	<u>31,709,763</u>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts payable	3,070,432
Total Liabilities	<u>3,070,432</u>

**FUND BALANCE**

Fund balances	
Undesignated	28,639,331
Total Fund Equity	<u>28,639,331</u>
Total Liabilities and Fund Equity	<u>\$ 31,709,763</u>

**ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT**

**MEASURE G GENERAL OBLIGATION BOND FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

REVENUES AND OTHER SOURCES

Proceeds from sales of bonds	\$ 39,000,328
Interest	714,070
Total Revenues	<u>39,714,398</u>

EXPENDITURES

Current Expenditures	
Classified salaries and benefits	235,793
Employee benefits	75,938
Supplies	11,068
Services and operating expenditures	1,177,234
Capital outlay	8,962,347
Interfund transfers out	612,687
Total Expenditures	<u>11,075,067</u>

EXCESS OF EXPENDITURES OVER REVENUES

28,639,331

Fund Balance - Beginning

-

Fund balance - Ending

\$ 28,639,331

# ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT

## MEASURE G GENERAL OBLIGATION BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 2008 Measure G General Obligation Bond fund (the Fund) of the Alum Rock Union Elementary School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

#### **Financial Reporting Entity**

The financial statements include the financial activity of the 2008 Measure G General Obligation Bond Fund only. The Fund was established to account for the expenditures of general obligation bonds issued under the Measure G Bond Election of 2008. These financial statements are not intended to present the financial position and results of operations of the Alum Rock Union Elementary School District as a whole, in conformity with accounting principles generally accepted in the United States of America. The authorized issuance amount of the bonds is \$179,000,000. The first series of bonds in the amount of \$39,000,328 were sold on August 19, 2008.

#### **Basis of Accounting**

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

The financial statements of the Fund are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Using this measurement focus, only current assets and current liabilities are included in the balance sheet. Long-term debt is not included as a liability of the Fund, but is disclosed separately in the notes to financial statements. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred.

#### **Use of Estimates**

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

**ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT**

**MEASURE G GENERAL OBLIGATION BOND FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 2 – CASH AND INVESTMENTS**

Deposits with the County Treasury and investments in the State Treasurer’s Investment Pool are not categorized because they do not represent securities, which exist in physical or book entry form. The deposits with the County Treasury are valued using the amortized cost method (which approximates fair value). The fair value was provided by the County sponsor of its pool.

The cash and investments at June 30, 2009, consist of the following:

	Reported Amount	Fair Value
Deposits with county treasurer	\$ 31,577,164	\$ 31,698,736

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2009, consisted of interest receivable of \$132,599.

**NOTE 4 – ACCOUNTS PAYABLE**

Payables at June 30, 2009 consisted of the following:

	Amount
Vendor payables	\$ 3,068,586
Salaries and benefits	1,846
Total	<u>\$ 3,070,432</u>

**NOTE 5 – GENERAL LONG-TERM DEBT**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Issued	Redeemed	Bonds Outstanding June 30, 2009
2008	8/1/2033	3.00%-5.25%	\$ 39,000,328	\$ -	\$ 39,000,328	\$ -	\$ 39,000,328

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**MEASURE G GENERAL OBLIGATION BOND FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

The bonds mature through 2034 as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest to Maturity</b>	<b>Total</b>
2010	\$ 60,000	\$ 2,748,938	\$ 2,808,938
2011	36,663	1,882,401	1,919,064
2012	48,425	1,885,639	1,934,064
2013	122,579	1,901,485	2,024,064
2014	193,476	1,925,588	2,119,064
2015-2019	2,344,185	9,797,931	12,142,116
2020-2024	6,735,000	8,515,568	15,250,568
2025-2029	12,865,000	6,265,570	19,130,570
2030-2034	16,595,000	2,177,250	18,772,250
<b>Total</b>	<b>\$ 39,000,328</b>	<b>\$ 37,100,370</b>	<b>\$ 76,100,698</b>

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

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

As of June 30, 2009, the District had the following commitments with respect to the unfinished capital projects:

<b>Capital Project</b>	<b>Site</b>	<b>Remaining Construction Commitment</b>	<b>Expected Date of Completion</b>
HVAC&Screetscape	Mathson	\$ 157,224	6/30/2010
Streetscape	Arbuckle	107,731	6/30/2010
Streetscape	Cureton	94,030	6/30/2010
Streetscape	Hubbard	43,537	6/30/2010
Streetscape	Dorsa	131,799	6/30/2010
Streetscape	Chavez	94,406	6/30/2010
Administration Building	Hubbard	139,299	6/30/2011
Campus expansion	San Antonio	1,635,504	6/30/2011
Site Improvements	Districtwide	675,882	6/30/2011
		<b>\$ 3,079,412</b>	