

# ALAMEDA UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2014

San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**ALAMEDA UNIFIED SCHOOL DISTRICT  
OF ALAMEDA COUNTY**

**ALAMEDA, CALIFORNIA**

**JUNE 30, 2014**

---

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

**DISTRICT ADMINISTRATORS**

Kirsten Vital  
*Superintendent*

Barbara Adams, Ed.D.  
*Assistant Superintendent*

Robert Clark, Ed.D.  
*Chief Business Officer*

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

---

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities .....	13
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	15
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	17
Fiduciary Funds – Statement of Net Position.....	19
Fiduciary Funds – Statement of Changes in Net Position.....	20
Notes to Financial Statements .....	21

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule .....	47
Schedule of Funding Progress .....	48
Notes to Required Supplementary Information.....	49

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards .....	50
Schedule of Average Daily Attendance (ADA).....	51
Schedule of Instructional Time .....	52
Schedule of Financial Trends and Analysis .....	53
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	54
Schedule of Charter Schools .....	55
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	57
Notes to Supplementary Information.....	58

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

---

**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 <i>Government Auditing Standards</i> .....	60
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133 .....	62
Report on State Compliance.....	64

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results .....	67
Financial Statement Findings.....	68
Federal Award Findings and Questioned Costs .....	70
State Award Findings and Questioned Costs.....	71
Summary Schedule of Prior Audit Findings .....	73

---

---

## FINANCIAL SECTION

---

---

## INDEPENDENT AUDITORS' REPORT

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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, 2014, 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, 2014, 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 11, the budgetary comparison information on page 47, and the schedule of funding progress on page 48 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 12, 2014 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California  
December 12, 2014



# ALAMEDA UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

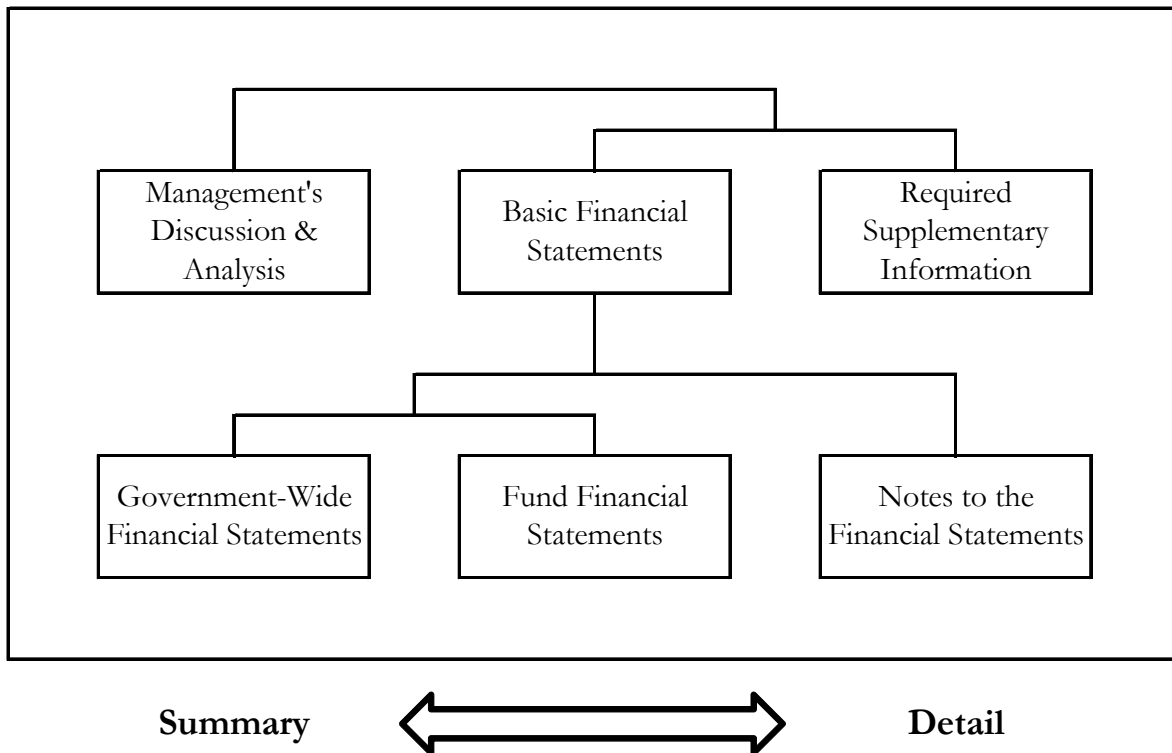
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- Total net position was \$11,371,147 at June 30, 2014. This was a decrease of \$2,944,295 from the prior year.
- Overall revenues were \$104,505,429 which were exceeded by expenses of \$107,449,724.

## 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, 2014

---

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. LCFF 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, 2014**

---

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

**Net Position**

The District's net position was \$11,371,147 at June 30, 2014, as reflected in the table below. Of this amount, a deficit of \$18,211,022 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>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 33,231,894	\$ 38,125,957	\$ (4,894,063)
Capital assets	85,426,603	84,647,805	778,798
<b>Total Assets</b>	<b>118,658,497</b>	<b>122,773,762</b>	<b>(4,115,265)</b>
<b>LIABILITIES</b>			
Current liabilities	10,879,835	6,383,463	4,496,372
Long-term liabilities	96,407,515	102,074,857	(5,667,342)
<b>Total Liabilities</b>	<b>107,287,350</b>	<b>108,458,320</b>	<b>(1,170,970)</b>
<b>NET POSITION</b>			
Net investment in capital assets	21,486,276	15,987,478	5,498,798
Restricted	8,095,893	10,850,907	(2,755,014)
Unrestricted	(18,211,022)	(12,522,943)	(5,688,079)
<b>Total Net Position</b>	<b>\$ 11,371,147</b>	<b>\$ 14,315,442</b>	<b>\$ (2,944,295)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**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. The table below 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.

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 637,744	\$ 436,914	\$ 200,830
Operating grants and contributions	18,561,764	17,244,858	1,316,906
Capital grants and contributions	-	2,003,438	(2,003,438)
General revenues			
Property taxes	39,500,191	40,083,081	(582,890)
Unrestricted federal and state aid	43,546,302	38,126,044	5,420,258
Other	2,259,428	2,375,469	(116,041)
<b>Total Revenues</b>	<b>104,505,429</b>	<b>100,269,804</b>	<b>4,235,625</b>
<b>EXPENSES</b>			
Instruction	61,646,759	59,049,626	2,597,133
Instruction-related services	12,823,114	11,882,828	940,286
Pupil services	7,794,084	7,147,716	646,368
General administration	6,520,812	7,044,637	(523,825)
Plant services	11,349,711	12,036,358	(686,647)
Ancillary and community services	1,977,038	1,898,558	78,480
Debt service	4,875,879	8,571,536	(3,695,657)
Other Outgo	462,327	474,003	(11,676)
<b>Total Expenses</b>	<b>107,449,724</b>	<b>108,105,262</b>	<b>(655,538)</b>
<b>Change in net position</b>	<b>(2,944,295)</b>	<b>(7,835,458)</b>	<b>4,891,163</b>
<b>Net Position - Beginning</b>	<b>14,315,442</b>	<b>22,150,900</b>	<b>(7,835,458)</b>
<b>Net Position - Ending</b>	<b>\$ 11,371,147</b>	<b>\$ 14,315,442</b>	<b>\$ (2,944,295)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**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 \$107,449,724, while net cost of activities was \$88,250,216 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was only \$39,500,191 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$18,561,764).

The net cost of services provided for the year ended June 30, 2014 was \$88,250,216, a decrease of 0.2% from the prior year.

	<b>Net Cost of Services</b>	
	<b>2014</b>	<b>2013</b>
Instruction	\$ 51,418,171	\$ 45,974,187
Instruction-related services	9,914,473	10,650,521
Pupil services	4,840,566	4,341,061
General administration	5,610,751	6,201,773
Plant services	10,891,626	11,817,724
Ancillary and community services	772,319	817,995
Debt service	4,875,879	8,571,536
Transfers to other agencies	(73,569)	45,255
<b>Total Expenses</b>	<b>\$ 88,250,216</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 \$27,703,258, which is less than last year's ending fund balance of \$32,036,199. The District's General Fund had \$3,256,022 less in operating revenues than expenditures for the year ended June 30, 2014.

**CURRENT YEAR BUDGET 2013-14**

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, 2014**

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2013-14 the District had invested \$85,426,603 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 4,794,916	\$ 4,794,916	\$ -
Construction in progress	759,115	1,242,712	(483,597)
Land improvements	4,575,751	3,669,882	905,869
Buildings & improvements	133,436,210	128,458,214	4,977,996
Furniture & equipment	3,905,829	2,946,591	959,238
Accumulated depreciation	(62,045,218)	(56,464,510)	(5,580,708)
<b>Total Capital Assets</b>	<b>\$ 85,426,603</b>	<b>\$ 84,647,805</b>	<b>\$ 778,798</b>

**Long-Term Liabilities**

At year-end, the District had \$96,407,515 in long-term liabilities, a decrease of 0.6% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 96,573,239	\$ 96,847,951	\$ (274,712)
Total certificates of participation	835,000	930,000	(95,000)
Early retirement incentive	819,670	1,229,504	(409,834)
Compensated absences	276,784	309,500	(32,716)
Net OPEB obligation	3,075,291	2,757,902	317,389
Less: current portion of long-term debt	(5,172,469)	(5,129,834)	(42,635)
<b>Total Long-term Liabilities</b>	<b>\$ 96,407,515</b>	<b>\$ 96,945,023</b>	<b>\$ (537,508)</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

---

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

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the new Local Control Funding Formula (LCFF). The District continues to analyze 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, but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting new compliance and audit requirements.

The State's economy is expected to grow at a modest rate of about 3% annually over the next two years, according to the UCLA Anderson Economic Forecast for September 2014. In the California forecast, Senior Economist Jerry Nickelsburg writes, "The California economy is moving forward in an expansion from the depths of the Great Recession. But, even though the number of jobs is now higher than any time in the past, the state remains below its potential in output and employment. That we are entering the sixth year of expansion illustrates just how painfully plodding this recovery process has been." The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and remains uncertain.

GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective in the following fiscal year, 2014-15. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability will be reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is unknown at this time but is anticipated to be material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years and the increased costs could be significant.

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 2014-15 fiscal year.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**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, 2014**

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,944,344
Accounts receivable	12,217,547
Inventory	70,003
Capital assets, not depreciated	5,554,031
Capital assets, net of accumulated depreciation	79,872,572
<b>Total Assets</b>	<b>118,658,497</b>
<b>LIABILITIES</b>	
Accrued liabilities	5,328,609
Unearned revenue	378,757
Long-term liabilities, current portion	5,172,469
Long-term liabilities, non-current portion	96,407,515
<b>Total Liabilities</b>	<b>107,287,350</b>
<b>NET POSITION</b>	
Net investment in capital assets	21,486,276
Restricted:	
Capital projects	2,430,877
Debt service	1,693,049
Educational programs	3,353,198
All others	618,769
Unrestricted	(18,211,022)
<b>Total Net Position</b>	<b>\$ 11,371,147</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, 2014**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 61,646,759	\$ 52,678	\$ 10,175,910	\$ (51,418,171)
Instruction-related services				
Instructional supervision and administration	3,489,673	13,039	1,274,956	(2,201,678)
Instructional library, media, and technology	2,486,116	-	1,257,653	(1,228,463)
School site administration	6,847,325	6,963	356,030	(6,484,332)
Pupil services				
Home-to-school transportation	1,091,754	-	-	(1,091,754)
Food services	2,332,504	527,719	1,574,830	(229,955)
All other pupil services	4,369,826	-	850,969	(3,518,857)
General administration				
Centralized data processing	1,385,550	-	23,379	(1,362,171)
All other general administration	5,135,262	34,070	852,612	(4,248,580)
Plant services	11,349,711	3,275	454,810	(10,891,626)
Ancillary services	1,894,367	-	1,130,656	(763,711)
Community services	82,671	-	74,063	(8,608)
Interest on long-term debt	4,875,879	-	-	(4,875,879)
Other Outgo	462,327	-	535,896	73,569
<b>Total Governmental Activities</b>	<b>\$ 107,449,724</b>	<b>\$ 637,744</b>	<b>\$ 18,561,764</b>	<b>(88,250,216)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				21,523,874
Property taxes, levied for debt service				5,626,272
Property taxes, levied for other specific purposes				12,350,045
Federal and state aid not restricted for specific purposes				43,546,302
Interest and investment earnings				71,248
Interagency revenues				403,797
Miscellaneous				1,784,383
<b>Subtotal, General Revenue</b>				<b>85,305,921</b>
<b>CHANGE IN NET POSITION</b>				<b>(2,944,295)</b>
<b>Net Position - Beginning</b>				<b>14,315,442</b>
<b>Net Position - Ending</b>				<b>\$ 11,371,147</b>

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014

---

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,159,795	\$ 5,784,549	\$ 20,944,344
Accounts receivable	11,424,089	793,458	12,217,547
Due from other funds	1,000	-	1,000
Stores inventory	-	70,003	70,003
<b>Total Assets</b>	<b>\$ 26,584,884</b>	<b>\$ 6,648,010</b>	<b>\$ 33,232,894</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 4,888,887	\$ 260,992	\$ 5,149,879
Due to other funds	-	1,000	1,000
Unearned revenue	339,896	38,861	378,757
<b>Total Liabilities</b>	<b>5,228,783</b>	<b>300,853</b>	<b>5,529,636</b>
<b>FUND BALANCES</b>			
Nonspendable	50,000	70,003	120,003
Restricted	3,280,271	4,695,619	7,975,890
Assigned	6,910,083	1,581,535	8,491,618
Unassigned	11,115,747	-	11,115,747
<b>Total Fund Balances</b>	<b>21,356,101</b>	<b>6,347,157</b>	<b>27,703,258</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,584,884</b>	<b>\$ 6,648,010</b>	<b>\$ 33,232,894</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, 2014**

---

**Total Fund Balance - Governmental Funds** \$ 27,703,258

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	\$	147,471,821	
Accumulated depreciation		(62,045,218)	85,426,603

Unmatured interest on long-term debt:

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

(178,730)

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 of:

Total general obligation bonds	\$	96,573,239	
Total certificates of participation		835,000	
Early retirement incentive		819,670	
Compensated absences		276,784	
Net OPEB obligation		3,075,291	(101,579,984)

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>11,371,147</b>
---	-----------	-------------------

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, 2014**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
LCFF sources	\$ 61,131,258	\$ -	\$ 61,131,258
Federal sources	4,943,264	2,103,871	7,047,135
Other state sources	8,058,570	896,855	8,955,425
Other local sources	19,726,027	7,645,584	27,371,611
<b>Total Revenues</b>	<b>93,859,119</b>	<b>10,646,310</b>	<b>104,505,429</b>
<b>EXPENDITURES</b>			
Current			
Instruction	57,447,592	1,056,185	58,503,777
Instruction-related services			
Instructional supervision and administration	3,157,115	161,906	3,319,021
Instructional library, media, and technology	2,414,832	-	2,414,832
School site administration	6,427,228	85,251	6,512,479
Pupil services			
Home-to-school transportation	1,038,365	-	1,038,365
Food services	-	2,223,662	2,223,662
All other pupil services	4,156,133	-	4,156,133
General administration			
Centralized data processing	1,692,387	-	1,692,387
All other general administration	4,670,776	213,363	4,884,139
Plant services	9,430,857	1,105,624	10,536,481
Facilities acquisition and maintenance	4,206,428	1,515,072	5,721,500
Ancillary services	1,934,073	-	1,934,073
Community services	78,628	-	78,628
Transfers to other agencies	458,877	-	458,877
Debt service			
Principal	-	4,720,000	4,720,000
Interest and other	1,850	642,166	644,016
<b>Total Expenditures</b>	<b>97,115,141</b>	<b>11,723,229</b>	<b>108,838,370</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,256,022)</b>	<b>(1,076,919)</b>	<b>(4,332,941)</b>
<b>Fund Balance - Beginning</b>	<b>24,612,123</b>	<b>7,424,076</b>	<b>32,036,199</b>
<b>Fund Balance - Ending</b>	<b>\$ 21,356,101</b>	<b>\$ 6,347,157</b>	<b>\$ 27,703,258</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, 2014**

---

<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (4,332,941)</b>
---	-----------------------

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:	\$ 6,359,506	
Depreciation expense:	<u>(5,580,708)</u>	778,798

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:

4,720,000

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:

114,975

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.

(4,350,288)

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, 2014**

---

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:

32,716

Other expenditures relating to prior periods:

Certain expenditures recognized in governmental funds relate to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods were:

409,834

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:

(317,389)

**Change in Net Position of Governmental Activities**

---

**\$ (2,944,295)**

---

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014

---

	Trust Funds	Agency Funds
	Private-Purpose	Student Body
	Trust Fund	Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 451,391	\$ 386,412
<b>Total Assets</b>	<u>451,391</u>	<u>\$ 386,412</u>
<b>LIABILITIES</b>		
Due to student groups	-	\$ 386,412
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 386,412</u>
<b>NET POSITION</b>		
Unrestricted	451,391	
<b>Total Net Position</b>	<u>\$ 451,391</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, 2014

---

	Trust Funds
	Private-Purpose
	Trust Fund
<b>ADDITIONS</b>	
Investment earnings	\$ 1,915
<b>Total Additions</b>	<b>1,915</b>
<b>DEDUCTIONS</b>	
Other trust activities	2,710
Interfund transfers out and other uses	170,949
<b>Total Deductions</b>	<b>173,659</b>
<b>CHANGE IN NET POSITION</b>	<b>(171,744)</b>
<b>Net Position - Beginning</b>	<b>623,135</b>
<b>Net Position - Ending</b>	<b>\$ 451,391</b>

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

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

---

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 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, 2014

---

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, 2014

---

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).

**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*).

**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, 2014

---

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, 2014

---

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, 2014

---

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

**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 are deferred and amortized over the life of the bonds using the straight line method. Currently, the District does not have bond premiums or discounts that are being amortized.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

**Fund Balance (continued)**

*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. The District currently does not have any committed funds.

*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, 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, 2014

---

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 and Changes in Accounting Principals

**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 implemented GASB Statement No. 65 for the year ended June 30, 2014.

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

**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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014

---

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental	Fiduciary
	Funds	Funds
Cash in county	\$ 20,713,146	\$ -
Cash on hand and in banks	31,955	837,803
Cash with fiscal agent	149,243	-
Cash in revolving fund	50,000	-
<b>Total cash and cash equivalents</b>	<b>\$ 20,944,344</b>	<b>\$ 837,803</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.

**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.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$20,722,620 and an amortized book value of \$20,713,146. The average weighted maturity for this pool is 535 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, 2014, the pooled investments in the County Treasury were not rated.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**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, 2014, the District's bank balance was not exposed to custodial credit risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal Government			
Categorical aid	\$ 1,470,759	\$ 560,295	\$ 2,031,054
State Government			
Apportionment	6,696,486	-	6,696,486
Categorical aid	2,025,143	74,643	2,099,786
Lottery	466,052	-	466,052
Local Government			
Other local sources	765,649	158,520	924,169
<b>Total</b>	<b>\$ 11,424,089</b>	<b>\$ 793,458</b>	<b>\$ 12,217,547</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,794,916	\$ -	\$ -	\$ 4,794,916
Construction in progress	1,242,712	5,633,024	6,116,621	759,115
Total Capital Assets not Being Depreciated	6,037,628	5,633,024	6,116,621	5,554,031
Capital assets being depreciated				
Land improvements	3,669,882	905,869	-	4,575,751
Buildings & improvements	128,458,214	4,977,996	-	133,436,210
Furniture & equipment	2,946,591	959,238	-	3,905,829
Total Capital Assets Being Depreciated	135,074,687	6,843,103	-	141,917,790
Less Accumulated Depreciation				
Land improvements	2,479,424	81,027	-	2,560,451
Buildings & improvements	52,677,019	5,294,878	-	57,971,897
Furniture & equipment	1,308,067	204,803	-	1,512,870
Total Accumulated Depreciation	56,464,510	5,580,708	-	62,045,218
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 84,647,805</b>	<b>\$ 6,895,419</b>	<b>\$ 6,116,621</b>	<b>\$ 85,426,603</b>

Depreciation expense has been allocated to governmental activities as follows:

<b>Governmental Activities</b>	
Instruction	\$ 3,259,122
Instructional supervision and administration	173,526
Instructional library, media, and technology	126,253
School site administration	340,486
Home-to-school transportation	54,288
Food services	110,676
All other pupil services	217,292
Centralized data processing	88,482
All other general administration	255,353
Plant services	850,002
Ancillary services	101,117
Community services	4,111
	<u>\$ 5,580,708</u>



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014

---

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2014 were as follows:

	Due To Other Funds	Due From Other Funds	
		General Fund	Total
Non-Major Governmental Funds		\$ 1,000	\$ 1,000
<b>Total Due From Other Funds</b>		<b>\$ 1,000</b>	<b>\$ 1,000</b>

Due from the General Fund to the Child Development Fund for indirect costs and postage/duplication costs	1,000
<b>Total</b>	<b>\$ 1,000</b>

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2014 consisted of the following:

	General Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 1,556,852	\$ 113,998	\$ -	\$ 1,670,850
Vendors payable	2,761,318	143,660	-	2,904,978
Unmatured interest	-	-	178,730	178,730
Due to grantor government	570,717	3,334	-	574,051
<b>Total</b>	<b>\$ 4,888,887</b>	<b>\$ 260,992</b>	<b>\$ 178,730</b>	<b>\$ 5,328,609</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2014, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
State categorical sources	\$ 7,796	\$ 38,861	\$ 46,657
Local sources	332,100	-	332,100
<b>Total</b>	<b>\$ 339,896</b>	<b>\$ 38,861</b>	<b>\$ 378,757</b>

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2014 consisted of the following:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 96,847,951	\$ 4,350,288	\$ 4,625,000	\$ 96,573,239	\$ 4,662,634
Certificates of participation	930,000	-	95,000	835,000	100,000
Early retirement incentive	1,229,504	-	409,834	819,670	409,835
Compensated absences	309,500	-	32,716	276,784	-
Net OPEB obligation	2,757,902	317,389	-	3,075,291	-
<b>Total</b>	<b>\$ 102,074,857</b>	<b>\$ 4,667,677</b>	<b>\$ 5,162,550</b>	<b>\$ 101,579,984</b>	<b>\$ 5,172,469</b>

**A. General Obligation Bonds**

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2013	Additions	Deductions	Bonds Outstanding June 30, 2014
Series 2002 Refunding	May 23, 2002	July 1, 2014	5.50%	\$ 34,325,000	\$ 7,350,000	\$ -	\$ 3,575,000	\$ 3,775,000
Election 2004, Series A	October 13, 2004	August 1, 2029	2.50% - 5.48%	\$ 40,998,093	59,316,600	2,984,833	920,000	61,381,433
Election 2004, Series B	June 21, 2005	August 1, 2036	3.25% - 5.09%	\$ 21,997,233	30,181,351	1,365,455	130,000	31,416,806
					<b>\$ 96,847,951</b>	<b>\$ 4,350,288</b>	<b>\$ 4,625,000</b>	<b>\$ 96,573,239</b>

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**NOTE 8 – LONG-TERM DEBT (continued)**

**A. General Obligation Bonds (continued)**

**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, 2014 amounted to \$3,775,000.

**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, 2014 amounted to \$61,381,433.
- 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, 2014 amounted to \$31,416,806.

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

The bonds mature through 2037 as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,527,201	5,871,034
2019	3,275,723	2,854,727	6,130,450
2020 - 2024	15,390,301	18,388,313	33,778,614
2025 - 2029	13,958,207	25,752,781	39,710,988
2030 - 2034	13,208,394	43,341,611	56,550,005
2035 - 2037	2,385,372	12,864,628	15,250,000
Accretion	33,467,912	(33,467,912)	-
Total	\$ 96,573,239	\$ 77,435,993	\$ 174,009,232

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**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, 2014, the principal balance outstanding was \$835,000.

**D. Debt Service Requirements to Maturity - COPs**

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	125,000	23,691	148,691
2020	280,000	16,380	296,380
Total	<u>\$ 835,000</u>	<u>\$ 198,068</u>	<u>\$ 1,033,068</u>

**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>
2015	\$ 409,835
2016	409,835
Total	<u>\$ 819,670</u>

**F. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2014 amounted to \$276,784. 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, 2014**

---

**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, 2014, was \$1,360,000 with net interest and other adjustments of \$24,156 for a net annual OPEB cost of \$1,384,156. The District made contributions during the year of \$1,066,767, which resulted in an increase to net OPEB obligation of \$317,389. The ending OPEB balance at June 30, 2014 was \$3,075,291. 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, 2014:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 50,000	\$ -	\$ 50,000
Stores inventory	-	70,003	70,003
Total non-spendable	50,000	70,003	120,003
Restricted			
Educational programs	3,280,271	72,927	3,353,198
Capital projects	-	2,430,877	2,430,877
Debt service	-	1,693,049	1,693,049
All others	-	498,766	498,766
Total restricted	3,280,271	4,695,619	7,975,890
Assigned			
Summer contruction projects	958,278	-	958,278
Special reserve for other than capital outlay projects	5,800,000	-	5,800,000
Deferred maintenance	121,636	-	121,636
Other assignments	-	1,581,535	1,581,535
Adult education	30,169	-	30,169
Total assigned	6,910,083	1,581,535	8,491,618
Unassigned			
Reserve for economic uncertainties	2,909,577	-	2,909,577
Remaining unassigned	8,206,170	-	8,206,170
Total unassigned	11,115,747	-	11,115,747

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014

---

**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 2014, the District contributed \$1,066,767 to the Plan, all of which was used for current premiums.

As of June 30, 2014, 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, 2014**

---

**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		137,895
Adjustment to annual required contribution		(113,739)
Annual OPEB cost (expense)		<u>1,384,156</u>
Contributions made		<u>(1,066,767)</u>
Increase (decrease) in net OPEB obligation		317,389
Net OPEB obligation, beginning of the year		<u>2,757,902</u>
Net OPEB obligation, end of the year	\$	<u>3,075,291</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, 2014 and the preceding two years were as follows:

<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2014	\$ 1,384,156	77%	\$ 3,075,291
2013	\$ 1,380,871	73%	\$ 2,757,902
2012	\$ 1,186,652	54%	\$ 2,382,790

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**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, 2014

---

**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 for fiscal year 2014 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 2014 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:

	Contribution	Percent of Required Contribution
2013-14	\$ 3,440,869	100%
2012-13	\$ 3,305,830	100%
2011-12	\$ 3,153,950	100%

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,989,474 to CalSTRS (5.204% of 2011-12 creditable compensation subject to CalSTRS).

ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014

---

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 who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

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 2014 was 11.442% of annual payroll. The District's contributions to CalPERS for the last three fiscal years were as follows

	Contribution	Percent of Required Contribution
2013-14	\$ 1,810,704	100%
2012-13	\$ 1,704,906	100%
2011-12	\$ 1,430,514	100%

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

---

**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.

Revenue of \$11,958,150 and expenditures of \$11,578,651 for the Measure A parcel tax for the year ended June 30, 2014 are included in these audited financial statements.

**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, 2014.

**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, 2014.

**C. Construction Commitments**

As of June 30, 2014, the District had commitments with respect to unfinished capital projects of \$546,688.

**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, 2014**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
<b>REVENUES</b>				
LCFF sources	\$ 50,198,171	\$ 61,211,442	\$ 60,765,874	\$ (445,568)
Federal sources	4,449,550	4,834,696	4,680,762	(153,934)
Other state sources	13,436,655	6,087,561	6,065,071	(22,490)
Other local sources	18,047,761	18,697,553	19,601,493	903,940
<b>Total Revenues</b>	<b>86,132,137</b>	<b>90,831,252</b>	<b>91,113,200</b>	<b>281,948</b>
<b>EXPENDITURES</b>				
Certificated salaries	46,186,850	45,682,192	45,114,590	567,602
Classified salaries	14,056,830	14,054,036	14,208,069	(154,033)
Employee benefits	14,329,148	13,675,511	13,105,610	569,901
Books and supplies	2,091,929	5,914,160	4,403,880	1,510,280
Services and other operating expenditures	12,292,142	13,981,343	12,318,217	1,663,126
Capital outlay	3,149,852	3,887,533	3,116,401	771,132
Other outgo				
Excluding transfers of indirect costs	459,613	465,259	458,877	6,382
Transfers of indirect costs	(220,519)	(201,369)	(213,363)	11,994
<b>Total Expenditures</b>	<b>92,345,845</b>	<b>97,458,665</b>	<b>92,512,281</b>	<b>4,946,384</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(6,213,708)</b>	<b>(6,627,413)</b>	<b>(1,399,081)</b>	<b>5,228,332</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	30,000	30,000
Transfers out	(503,323)	(835,820)	(479,408)	356,412
<b>Net Financing Sources (Uses)</b>	<b>(503,323)</b>	<b>(835,820)</b>	<b>(449,408)</b>	<b>386,412</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(6,717,031)</b>	<b>(7,463,233)</b>	<b>(1,848,489)</b>	<b>5,614,744</b>
<b>Fund Balance - Beginning</b>	<b>14,342,122</b>	<b>14,342,122</b>	<b>14,342,122</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 7,625,091</b>	<b>\$ 6,878,889</b>	<b>\$ 12,493,633</b>	<b>\$ 5,614,744</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 \$1,989,474 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, 2014**

---

<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>UAAL 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%
July 1, 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, 2014**

---

**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, 2014, 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			
Classified salaries	\$ 14,054,036	\$ 14,208,069	\$ 154,033
Other outgo			
Transfers of indirect costs	\$ (201,369)	\$ (213,363)	\$ (11,994)

---

---

# **SUPPLEMENTARY INFORMATION**

---

---



**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected [1]	84.010	14329	\$ 1,517,204
Adult Education Cluster			
Adult Education: Adult Basic Education and ESL	84.002A	14508	138,626
Adult Education: Adult Secondary Education	84.002A	13978	53,602
Adult Education: English Literacy and Civics Education	84.002A	14109	70,274
Subtotal Adult Education Cluster			262,502
Title II, Part A, Teacher Quality	84.367	14341	294,500
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	252,901
Title III, Immigrant Education Program	84.365	15146	36,912
Subtotal Title III Cluster			289,813
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681	367,917
Title VIII, Impact Aid	84.041	10015	321
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,531,554
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	192,988
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	52,283
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	88,000
Subtotal Special Education Cluster			1,864,825
IDEA Early Intervention Grants	84.181	23761	100,517
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	50,205
Title X, McKinney-Vento Homeless Assistance	84.196	14332	66,877
Advanced Placement and International Baccalaureate Test Fee Reimbursement	84.330B	14831	24,885
<b>Total U. S. Department of Education</b>			<b>4,839,566</b>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13390	24,426
Severe Need School Breakfast Program	10.553	13526	122,262
National School Lunch Program	10.555	13391	965,828
USDA Commodities	10.555	*	106,766
Subtotal Child Nutrition Cluster			1,219,282
CCFP Family Day Care Sponsor Admin	10.558	13665	455,269
<b>Total U. S. Department of Agriculture</b>			<b>1,674,551</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Passed through California Department of Education:</i>			
Federal General Child Care & Development (CCTR) and CA State Preschool Program (CSPP) [1]	93.575	15136	429,319
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	81,363
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>510,682</b>
<b>U. S. DEPARTMENT OF DEFENSE:</b>			
Flood Control Projects	12.106	*	1,314
<b>Total U. S. Department of Defense</b>			<b>1,314</b>
<b>Total Federal Expenditures</b>			<b>\$ 7,026,113</b>

[1] - Major Program

\* - 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, 2014**

---

	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,992.83	2,992.60
Extended Year Special Education	4.20	4.20
Special Education - Nonpublic Schools	1.93	1.99
Extended Year Special Education - Nonpublic Schools	0.41	0.41
Total TK/K through Third	<u>2,999.37</u>	<u>2,999.20</u>
Fourth through Sixth		
Regular ADA	2,053.57	2,049.31
Extended Year Special Education	3.08	3.08
Special Education - Nonpublic Schools	3.18	3.73
Extended Year Special Education - Nonpublic Schools	0.54	0.54
Total Fourth through Sixth	<u>2,060.37</u>	<u>2,056.66</u>
Seventh through Eighth		
Regular ADA	1,052.95	1,051.46
Extended Year Special Education	1.11	1.11
Special Education - Nonpublic Schools	5.88	6.42
Extended Year Special Education - Nonpublic Schools	0.53	0.53
Total Seventh through Eighth	<u>1,060.47</u>	<u>1,059.52</u>
Ninth through Twelfth		
Regular ADA	2,958.59	2,936.65
Extended Year Special Education	2.56	2.56
Special Education - Nonpublic Schools	10.41	10.04
Extended Year Special Education - Nonpublic Schools	1.90	1.90
Total Ninth through Twelfth	<u>2,973.46</u>	<u>2,951.15</u>
TOTAL SCHOOL DISTRICT	<u>9,093.67</u>	<u>9,066.53</u>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2014**

---

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>Minutes Requirement Reduced</b>	<b>2013-14 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	35,000	41,970	180	Complied
Grade 1	50,400	49,000	52,565	180	Complied
Grade 2	50,400	49,000	52,565	180	Complied
Grade 3	50,400	49,000	52,565	180	Complied
Grade 4	54,000	52,500	53,780	180	Complied
Grade 5	54,000	52,500	53,780	180	Complied
Grade 6	54,000	52,500	60,579	180	Complied
Grade 7	54,000	52,500	60,579	180	Complied
Grade 8	54,000	52,500	60,579	180	Complied
Grade 9	64,800	63,000	64,800	180	Complied
Grade 10	64,800	63,000	64,800	180	Complied
Grade 11	64,800	63,000	64,800	180	Complied
Grade 12	64,800	63,000	64,800	180	Complied

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

	2015 (Budget)	2014	2013	2012
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 90,981,856	\$ 91,143,200	\$ 85,810,789	\$ 88,034,645
Expenditures And Other Financing Uses	94,760,040	92,991,689	87,668,754	86,738,008
Net change in Fund Balance	\$ (3,778,184)	\$ (1,848,489)	\$ (1,857,965)	\$ 1,296,637
Ending Fund Balance	\$ 8,715,449	\$ 12,493,633	\$ 14,342,122	\$ 16,200,087
Available Reserves*	\$ 6,110,164	\$ 8,206,170	\$ 8,889,376	\$ 9,531,031
Available Reserves As A Percentage Of Outgo	6.45%	8.82%	10.14%	10.99%
Long-term Debt	\$ 96,407,515	\$ 101,579,984	\$ 102,074,857	\$ 102,338,026
Average Daily Attendance At P-2	9,094	9,094	8,924	8,889

The General Fund balance has decreased by \$3,706,454 over the past two years. The fiscal year 2014-15 budget projects a decrease of \$3,778,184. 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 deficits in two of the past three years and anticipates incurring an operating deficit during the 2014-15 fiscal year. Total long term obligations have decreased by \$758,042 over the past two years.

Average daily attendance has increased by 205 ADA over the past two years. ADA is anticipated to remain steady during the 2014-15 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 \$1,989,474 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, 2014**

---

	<b>General Fund</b>	<b>Adult Education Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2014, annual financial and budget report fund balance	\$ 12,493,633	\$ 31,255	\$ 121,636	\$ 8,709,577
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fund balance transfer (GASB 54)	8,862,468	(31,255)	(121,636)	(8,709,577)
Net adjustments and reclassifications	8,862,468	(31,255)	(121,636)	(8,709,577)
June 30, 2014, audited financial statement fund balance	\$ 21,356,101	\$ -	\$ -	\$ -

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

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

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 76	\$ 86,195	\$ 2,423,002	\$ 1,586,380	\$ 1,688,896	\$ 5,784,549
Accounts receivable	171,823	501,291	90,352	25,839	4,153	793,458
Stores inventory	-	70,003	-	-	-	70,003
<b>Total Assets</b>	<b>\$ 171,899</b>	<b>\$ 657,489</b>	<b>\$ 2,513,354</b>	<b>\$ 1,612,219</b>	<b>\$ 1,693,049</b>	<b>\$ 6,648,010</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 59,111	\$ 88,720	\$ 82,477	\$ 30,684	\$ -	\$ 260,992
Due to other funds	1,000	-	-	-	-	1,000
Unearned revenue	38,861	-	-	-	-	38,861
<b>Total Liabilities</b>	<b>98,972</b>	<b>88,720</b>	<b>82,477</b>	<b>30,684</b>	<b>-</b>	<b>300,853</b>
<b>FUND BALANCES</b>						
Non-spendable	-	70,003	-	-	-	70,003
Restricted	72,927	498,766	2,430,877	-	1,693,049	4,695,619
Assigned	-	-	-	1,581,535	-	1,581,535
<b>Total Fund Balances</b>	<b>72,927</b>	<b>568,769</b>	<b>2,430,877</b>	<b>1,581,535</b>	<b>1,693,049</b>	<b>6,347,157</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 171,899</b>	<b>\$ 657,489</b>	<b>\$ 2,513,354</b>	<b>\$ 1,612,219</b>	<b>\$ 1,693,049</b>	<b>\$ 6,648,010</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, 2014**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ 429,319	\$ 1,674,552	\$ -	\$ -	\$ -	\$ 2,103,871
Other state sources	758,894	89,013	-	-	48,948	896,855
Other local sources	262,980	593,970	691,855	512,130	5,584,649	7,645,584
<b>Total Revenues</b>	<b>1,451,193</b>	<b>2,357,535</b>	<b>691,855</b>	<b>512,130</b>	<b>5,633,597</b>	<b>10,646,310</b>
<b>EXPENDITURES</b>						
Current						
Instruction	1,056,185	-	-	-	-	1,056,185
Instruction-related services						
Instructional supervision and administration	161,906	-	-	-	-	161,906
School site administration	85,251	-	-	-	-	85,251
Pupil services						
Food services	-	2,223,662	-	-	-	2,223,662
General administration						
All other general administration	101,123	112,240	-	-	-	213,363
Plant services	40,670	-	28,717	1,036,237	-	1,105,624
Facilities acquisition and maintenance	-	-	302,429	1,212,643	-	1,515,072
Debt service						
Principal	-	-	95,000	-	4,625,000	4,720,000
Interest and other	-	-	55,098	-	587,068	642,166
<b>Total Expenditures</b>	<b>1,445,135</b>	<b>2,335,902</b>	<b>481,244</b>	<b>2,248,880</b>	<b>5,212,068</b>	<b>11,723,229</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>6,058</b>	<b>21,633</b>	<b>210,611</b>	<b>(1,736,750)</b>	<b>421,529</b>	<b>(1,076,919)</b>
<b>Fund Balance - Beginning</b>	<b>66,869</b>	<b>547,136</b>	<b>2,220,266</b>	<b>3,318,285</b>	<b>1,271,520</b>	<b>7,424,076</b>
<b>Fund Balance - Ending</b>	<b>\$ 72,927</b>	<b>\$ 568,769</b>	<b>\$ 2,430,877</b>	<b>\$ 1,581,535</b>	<b>\$ 1,693,049</b>	<b>\$ 6,347,157</b>

See accompanying note to supplementary information.



ALAMEDA UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2014

---

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, 2014 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2014.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 7,047,135
Medi-Cal Billing	93.778	(21,022)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		\$ 7,026,113

**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**

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 46208*. During the year ended June 30, 2014, the District participated in the Longer Day incentive funding program. As of June 30, 2014, the District had not yet met its target funding. 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, 2014

---

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

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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, 2014, 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 12, 2014.

**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 #2014-1)

### **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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California  
December 12, 2014

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

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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, 2014. 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, 2014.

### **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.



San Diego, California  
December 12, 2014

## REPORT ON STATE COMPLIANCE

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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 2013-14*, 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, 2014, 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 2013-14* 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, 2014.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2014-2 and #2014-3. Our opinion on state compliance is not modified with respect to these matters.

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

### *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
Continuation Education	10	Yes
Instructional Time for school districts	10	Yes
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
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes

<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
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance; for charter schools	8	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
Charter School Facility Grant Program	1	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 12, 2014

---

---

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

---

---

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>	
84.010	Title I, Part A	
93.575	Federal General Child Care & Development (CCTR) and CA State Preschool Program (CSPP)	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	300,000
Auditee qualified as low-risk auditee?		Yes

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	No*
Type of auditors' report issued on compliance for state programs:	Unmodified

\*There were no significant deficiencies identified, however the results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2014-2 and #2014-3

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

---

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

**FINDING #2014-1: 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:

*Wood Middle School*

- 5 out of 5 of the disbursements tested had purchase requisitions that were lacking an administrator's signature approval. The requisition forms did not have a signature line for the administrator. Administrators sign the check when a purchase is made but the administrator does not sign off on the requisition form giving prior approval. However, all expenditures appear to be allowable uses of ASB funds.
- 2 out of 5 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

*Encinal High School*

- An annual budget is not prepared and adopted by the Student Council.
- The ASB clerk could not provide confirmation that W-9s are prepared and collected for independent contractors.
- 1 out of 10 of the disbursements tested had a purchase requisitions that was lacking the ASB Advisor's signature approval.
- 4 out of 10 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

*Alameda High School*

- 2 out of 10 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

**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.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS *continued*  
FOR THE YEAR ENDED JUNE 30, 2014

---

**FINDING #2014-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000), (continued)**

**Recommendation:** We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. 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 recommend that all organized ASB's have approved budgets and all purchase requisitions have an administrator's prior approval. We also recommend that the District verify W9 forms are being completed for independent contractors. 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:** District management has implemented policies and key internal controls as recommended in the latest FCMAT Associated Student Body Manual and has provided a copy to each ASB site personnel. In addition, on October 2014, the District hired FCMAT to conduct an ASB training which was attended by site personnel, students, and principals who are involved in ASB activities. Fiscal management will continue to conduct internal site audits to reinforce the importance of following recommended procedures to mitigate the risk of errors and fraud. We are confident that our District has sound internal controls in place to account for and properly safeguard ASB funds.

ALAMEDA UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*No federal awards findings were noted for fiscal year 2013 - 2014.*

ALAMEDA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

**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

**FINDING #2014-2: AFTER SCHOOL EDUCATION AND SAFETY (40000)**

**Condition:** The Alameda Unified School District ASES program at Maya Lin Elementary has 1 student days over-reported in the first half of 2013-14.

**Context:** At Maya Lin Elementary, the auditor noted that 1 day of attendance out of 42 days tested were overstated, as the student left the program prior to 6pm and did not have signed early release waiver.

**Criteria:** Per Education Code 8483(a) (1), it is the intent of the Legislature that pupils in elementary school participate in the full day of the program every day during which pupils participate to accomplish program goals. The program shall commence immediately upon the conclusion of the regular school day, operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every program shall establish a policy regarding reasonable early release of pupils from the program. 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.

**Questioned Cost:** The ASES program funding is not affected as long as the pupil participation level is maintained at 85% or greater.

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

**Cause:** It appears that coordinators aren't closely reviewing weekly attendance 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 the attendance system to the sign out sheets before they certify attendance. We also recommend that signed early release policies be in place for students who leave the program prior to 6pm.

**District Response:** The District amended the early release policy to include kindergarten students. The district will correct this issue going forward.



ALAMEDA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2014

---

**FINDING #2014-3: SCHOOL ACCOUNTABILITY REPORT CARD - (72000)**

**Condition:** The 2013-14 School Accountability Report Cards prepared for Paden Elementary were inaccurate with regard to facilities condition indications.

**Context:** In testing the School Accountability Report Cards (SARC), as posted online through the District website, we found that the information contained on the SARC for Paden Elementary School did not match the information that was recorded on the Facilities Inspection Tool (FIT). The interior category was rated as "Good" on the SARC but was rated as "Fair" on the FIT form.

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

**Questioned Cost:** None

**Effect:** The 2013-14 SARC for Paden Elementary were inaccurate as to facilities condition of the interior.

**Cause:** Clerical oversight

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

**District Response:** The District corrected the SARC for Paden Elementary immediately upon notification of the discrepancy noted above. The District will insure that future SARCs accurately reflect the information indicated on facility inspection tool (FIT) evaluation forms.

**ALAMEDA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**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.

**Current Status:** Partially implemented, See Finding #2014-1