Revised Report

ALAMEDA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2015

Received BY:
EApodaca 1-15-2016

San Diego

Los Angeles

San Francisco
Bay Area

christy white associates
A PROFESSIONAL
ACCOUNTANCY CORPORATION

ALAMEDA UNIFIED SCHOOL DISTRICT
OF ALAMEDA COUNTY

ALAMEDA, CALIFORNIA

JUNE 30, 2015

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, three middle schools, two high schools, one continuation school, one early college high school, one adult school and one child development center. Five charter schools also operate within the District boundaries.

GOVERNING BOARD

Member	Office	Term Expires
Barbara Khan	President	December 2016
Solana Henneberry	Vice President	December 2018
Gary K. Lym	Board Clerk	December 2018
Philip Hu	Trustee	December 2016
Gray Harris	Trustee	December 2016

DISTRICT ADMINISTRATORS

Sean McPhetridge, Ed.D.
Superintendent

Barbara Adams, Ed.D.
Assistant Superintendent

Shariq Khan
Chief Business Officer

ALAMEDA UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

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

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INDEPENDENT AUDITORS' REPORT

Governing Board
Alameda Unified School District
Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2015, 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, each major fund, and the aggregate remaining fund information of Alameda Unified School District, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, in 2015 Alameda Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

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, budgetary comparison information, schedule of funding progress for OPEB benefits, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions 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 7, 2015 on our consideration of Alameda Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 7, 2015

ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

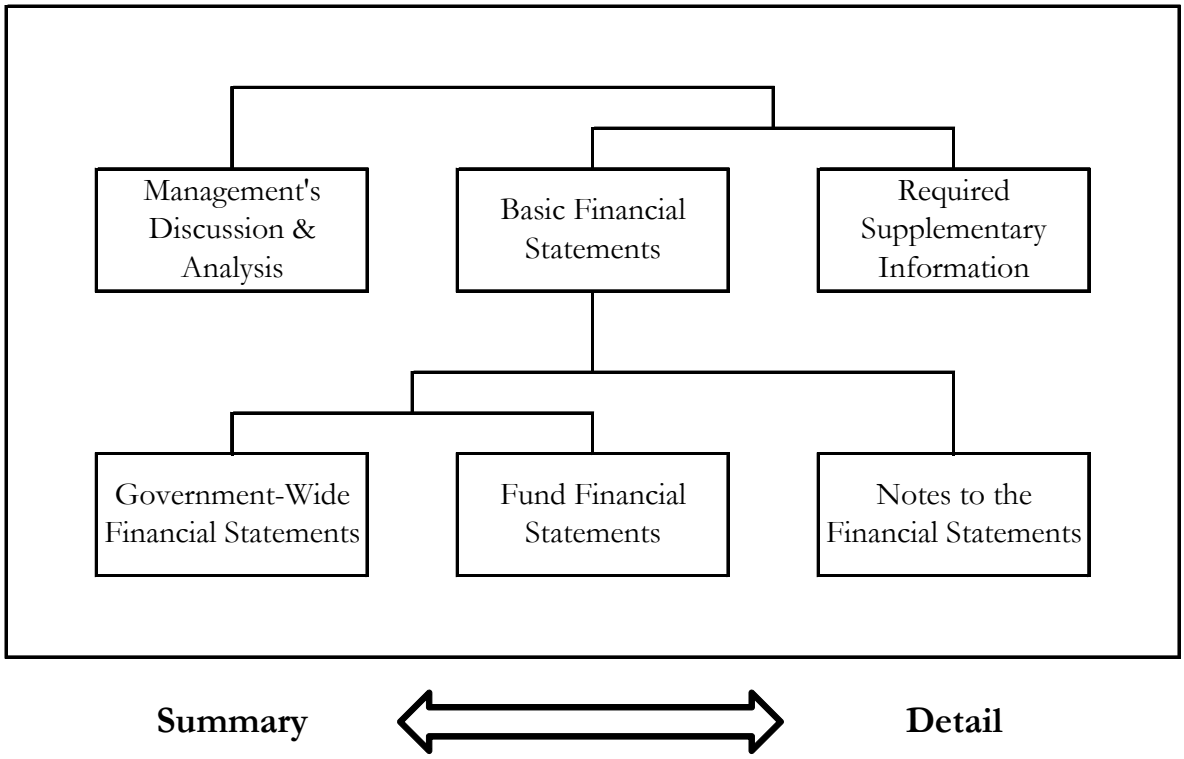
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was negative $67,350,107 at June 30, 2015. This was a decrease of $78,721,254 from the prior year, before restatement. The change in net position is largely due to the implementation of GASB 68, which requires the establishment of a net pension liability.
- Overall revenues were $111,042,335 which exceeded expenses of $109,449,792.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



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.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was negative $67,350,107 at June 30, 2015, as reflected in the table below. Of this amount, a deficit of $104,992,271 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.

In the 2014-15 year, the District implemented GASB 68. This implementation has caused an increase in long term liabilities due to the presentation of net pension liability.

	Governmental Activities		
	2015	**2014**	**Net Change**
ASSETS			
Current and other assets	$139,692,757	$ 33,231,894	$106,460,863
Capital assets	81,357,393	85,426,603	(4,069,210)
Total Assets	221,050,150	118,658,497	102,391,653
DEFERRED OUTFLOWS OF RESOURCES	8,691,610	-	8,691,610
LIABILITIES			
Current liabilities	9,941,252	10,879,835	(938,583)
Long-term liabilities	267,894,824	96,407,515	171,487,309
Total Liabilities	277,836,076	107,287,350	170,548,726
DEFERRED INFLOWS OF RESOURCES	19,255,791	-	19,255,791
NET POSITION			
Net investment in capital assets	12,000,556	21,486,276	(9,485,720)
Restricted	25,641,608	8,095,893	17,545,715
Unrestricted	(104,992,271)	(18,211,022)	(86,781,249)
Total Net Position	$ (67,350,107)	$ 11,371,147	$ (78,721,254)

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.

	Governmental Activities		
	2015	2014	Net Change
REVENUES			
Program revenues			
Charges for services	$ 689,135	$ 637,744	$ 51,391
Operating grants and contributions	19,913,138	18,561,764	1,351,374
General revenues			
Property taxes	41,571,382	39,500,191	2,071,191
Unrestricted federal and state aid	45,280,143	43,546,302	1,733,841
Other	3,588,537	2,259,428	1,329,109
Total Revenues	111,042,335	104,505,429	6,536,906
EXPENSES			
Instruction	63,134,745	61,646,759	1,487,986
Instruction-related services	11,632,020	12,823,114	(1,191,094)
Pupil services	8,231,530	7,794,084	437,446
General administration	8,398,649	6,520,812	1,877,837
Plant services	10,993,226	11,349,711	(356,485)
Ancillary and community services	1,479,017	1,977,038	(498,021)
Debt service	4,693,054	4,875,879	(182,825)
Other Outgo	885,087	462,327	422,760
Other	29,474	-	29,474
Total Expenses	109,476,802	107,449,724	2,027,078
Change in net position	1,565,533	(2,944,295)	4,509,828
Net Position - Beginning, as Restated	(68,915,640)	14,315,442	(83,231,082)
Net Position - Ending	$ (67,350,107)	$ 11,371,147	$ (78,721,254)

** Restatement to Beginning Net Position relates to both the 2015 year and the 2014 year*

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 $109,449,792, while net cost of activities was $88,874,529 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was only $41,571,382 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions ($19,913,138).

The net cost of services provided for the year ended June 30, 2015 was $88,874,529, an increase of 0.71% from the prior year.

	Net Cost of Services	
	2015	2014
Instruction	$ 50,009,521	$ 51,418,171
Instruction-related services	9,920,104	9,914,473
Pupil services	5,037,293	4,840,566
General administration	7,545,109	5,610,751
Plant services	10,894,935	10,891,626
Ancillary and community services	712,625	772,319
Debt service	4,693,054	4,875,879
Transfers to other agencies	60,222	(73,569)
Other	1,666	-
Total Expenses	$ 88,874,529	$ 88,250,216

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 $134,307,341, which is more than last year's ending fund balance of $27,703,258. The District's General Fund had $1,799,748 more in operating revenues than expenditures for the year ended June 30, 2015. The District's Building Fund had $574,324 less in operating revenues than expenditures for the year ended June 30, 2015. The District's Bond Interest and Redemption Fund had $3,975,959 more in operating revenues than expenditures for the year ended June 30, 2015.

CURRENT YEAR BUDGET 2014-15

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested $81,357,393 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2015	2014	Net Change
CAPITAL ASSETS			
Land	$ 4,794,916	$ 4,794,916	$ -
Construction in progress	952,474	759,115	193,359
Land improvements	4,836,231	4,575,751	260,480
Buildings & improvements	134,635,500	133,436,210	1,199,290
Furniture & equipment	4,019,447	3,905,829	113,618
Accumulated depreciation	(67,881,175)	(62,045,218)	(5,835,957)
Total Capital Assets	$ 81,357,393	$ 85,426,603	$ (4,069,210)

Long-Term Liabilities

At year-end, the District had $267,894,824 in long-term liabilities, an increase of 189% 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.)

	Governmental Activities		
	2015	2014	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$195,686,272	$ 92,798,239	$102,888,033
Total certificates of participation	735,000	835,000	(100,000)
Early retirement incentive	409,835	819,670	(409,835)
Compensated absences	478,172	276,784	201,388
Net OPEB obligation	3,662,008	3,075,291	586,717
Net pension liability	71,395,685	-	71,395,685
Less: current portion of long-term debt	(4,472,148)	(5,172,469)	700,321
Total Long-term Liabilities, as restated	$267,894,824	$ 92,632,515	$175,262,309

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 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 annual compliance and audit requirements.

The State's economy is expected to grow at a modest rate of about 2%-3% annually over the next two years with little chance of recession, according to the UCLA Anderson Economic Forecast for September 2015. 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,* is effective in the 2014-15 fiscal year. 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 pension plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is 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 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

ALAMEDA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 134,480,296
Accounts receivable	5,098,616
Inventory	113,845
Capital assets, not depreciated	5,747,390
Capital assets, net of accumulated depreciation	75,610,003
Total Assets	221,050,150
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	8,617,201
Deferred amount on refunding	74,409
Total Deferred Outflows of Resources	8,691,610
LIABILITIES	
Accrued liabilities	5,056,159
Unearned revenue	412,945
Long-term liabilities, current portion	4,472,148
Long-term liabilities, non-current portion	267,894,824
Total Liabilities	277,836,076
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	19,255,791
Total Deferred Inflows of Resources	19,255,791
NET POSITION	
Net investment in capital assets	12,000,556
Restricted:	
Capital projects	5,565,329
Debt service	15,266,930
Educational programs	4,174,263
All others	635,086
Unrestricted	(104,992,271)
Total Net Position	$ (67,350,107)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 63,134,745	$ 51,586	$ 13,073,638	$ (50,009,521)
Instruction-related services				
Instructional supervision and administration	3,427,124	12,108	1,087,677	(2,327,339)
Instructional library, media, and technology	790,549	-	25,625	(764,924)
School site administration	7,414,347	6,592	579,914	(6,827,841)
Pupil services				
Home-to-school transportation	1,208,045	-	39,529	(1,168,516)
Food services	2,311,404	561,861	1,503,316	(246,227)
All other pupil services	4,712,081	-	1,089,531	(3,622,550)
General administration				
Centralized data processing	1,664,379	-	35,941	(1,628,438)
All other general administration	6,734,270	37,152	780,447	(5,916,671)
Plant services	10,993,226	5,007	93,284	(10,894,935)
Ancillary services	1,362,587	-	677,650	(684,937)
Community services	116,430	-	88,742	(27,688)
Enterprise activities	29,474	8,726	19,082	(1,666)
Interest on long-term debt	4,693,054	-	-	(4,693,054)
Other Outgo	885,087	6,103	818,762	(60,222)
Total Governmental Activities	$ 109,476,802	$ 689,135	$ 19,913,138	(88,874,529)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				23,621,854
Property taxes, levied for debt service				5,422,042
Property taxes, levied for other specific purposes				12,527,486
Federal and state aid not restricted for specific purposes				45,280,143
Interest and investment earnings				89,996
Interagency revenues				421,826
Miscellaneous				3,076,715
Subtotal, General Revenue				90,440,062
CHANGE IN NET POSITION				1,565,533
Net Position - Beginning, as Restated				(68,915,640)
Net Position - Ending				$ (67,350,107)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 23,906,626	$ 89,454,228	$ 15,345,231	$ 5,774,211	$ 134,480,296
Accounts receivable	4,491,512	18,369	5,387	583,348	5,098,616
Stores inventory	-	-	-	113,845	113,845
Total Assets	$ 28,398,138	$ 89,472,597	$ 15,350,618	$ 6,471,404	$ 139,692,757
LIABILITIES					
Accrued liabilities	$ 4,856,354	$ 46,921	$ -	$ 69,196	$ 4,972,471
Unearned revenue	412,945	-	-	-	412,945
Total Liabilities	5,269,299	46,921	-	69,196	5,385,416
FUND BALANCES					
Nonspendable	50,000	-	-	113,845	163,845
Restricted	4,087,374	89,425,676	15,350,618	6,287,304	115,150,972
Committed	5,683,636	-	-	-	5,683,636
Assigned	2,098,163	-	-	1,059	2,099,222
Unassigned	11,209,666	-	-	-	11,209,666
Total Fund Balances	23,128,839	89,425,676	15,350,618	6,402,208	134,307,341
Total Liabilities and Fund Balances	$ 28,398,138	$ 89,472,597	$ 15,350,618	$ 6,471,404	$ 139,692,757

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, 2015

Total Fund Balance - Governmental Funds		$ 134,307,341
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	$ 149,238,568	
Accumulated depreciation	(67,881,175)	81,357,393
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		74,409
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 unmatured interest owing at the end of the period was:		(83,688)
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	$ 195,686,272	
Total certificates of participation	735,000	
Early retirement incentive	409,835	
Compensated absences	478,172	
Net OPEB obligation	3,662,008	
Net pension liability	71,395,685	(272,366,972)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 8,617,201	
Deferred inflows of resources related to pensions	(19,255,791)	(10,638,590)
Total Net Position - Governmental Activities		$ (67,350,107)

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, 2015

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 66,260,720	$ -	$ -	$ -	$ 66,260,720
Federal sources	4,152,091	-	-	2,189,867	6,341,958
Other state sources	6,822,135	-	45,682	1,005,174	7,872,991
Other local sources	21,108,768	18,368	5,386,888	3,488,446	30,002,470
Total Revenues	98,343,714	18,368	5,432,570	6,683,487	110,478,139
EXPENDITURES					
Current					
Instruction	59,404,211	-	-	1,107,708	60,511,919
Instruction-related services					
Instructional supervision and administration	3,076,545	-	-	168,231	3,244,776
Instructional library, media, and technology	814,110	-	-	-	814,110
School site administration	6,883,489	-	-	87,057	6,970,546
Pupil services					
Home-to-school transportation	1,118,061	-	-	-	1,118,061
Food services	-	-	-	2,220,695	2,220,695
All other pupil services	4,747,017	-	-	-	4,747,017
General administration					
Centralized data processing	1,549,317	-	-	-	1,549,317
All other general administration	6,052,308	-	-	215,589	6,267,897
Plant services	9,441,984	50,797	-	770,201	10,262,982
Facilities acquisition and maintenance	1,440,493	125,842	-	190,335	1,756,670
Ancillary services	1,315,133	-	-	-	1,315,133
Community services	108,074	-	-	-	108,074
Enterprise activities	-	-	-	27,300	27,300
Transfers to other agencies	589,474	-	-	-	589,474
Debt service					
Principal	-	-	887,634	100,000	987,634
Interest and other	3,750	416,053	568,977	48,271	1,037,051
Total Expenditures	96,543,966	592,692	1,456,611	4,935,387	103,528,656
Excess (Deficiency) of Revenues Over Expenditures	1,799,748	(574,324)	3,975,959	1,748,100	6,949,483
Other Financing Sources (Uses)					
Other sources	-	90,000,000	13,346,019	-	103,346,019
Transfers out	(27,010)	-	-	-	(27,010)
Other uses	-	-	(3,664,409)	-	(3,664,409)
Net Financing Sources (Uses)	(27,010)	90,000,000	9,681,610	-	99,654,600
NET CHANGE IN FUND BALANCE	1,772,738	89,425,676	13,657,569	1,748,100	106,604,083
Fund Balance - Beginning	21,356,101	-	1,693,049	4,654,108	27,703,258
Fund Balance - Ending	$ 23,128,839	$ 89,425,676	$ 15,350,618	$ 6,402,208	$ 134,307,341

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, 2015

Net Change in Fund Balances - Governmental Funds		$ 106,604,083
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 1,825,492	
Depreciation expense:	(5,894,408)	(4,068,916)
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:		4,945,000
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(103,194,819)
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refundings are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refundings are amortized over the life of the debt. The net effect of the deferred amounts on refundings during the period was:		74,409
Donated capital assets:		
In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:		(294)
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:		95,042

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

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.		(4,538,214)
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:		(201,388)
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:		(586,717)
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		2,027,512
Other liabilities not normally liquidated with current financial resources:		
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:		409,835
Change in Net Position of Governmental Activities	$	1,565,533

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Trust Funds		Agency Funds
	Scholarship Fund	Private-Purpose Trust Fund	Student Body Fund
ASSETS			
Cash and cash equivalents	$ 445,035	$ 65,486	$ 453,530
Accounts receivable	-	36	-
Total Assets	445,035	65,522	$ 453,530
LIABILITIES			
Due to student groups	-	-	$ 453,530
Total Liabilities	-	-	$ 453,530
NET POSITION			
Unrestricted	445,035	65,522	
Total Net Position	$ 445,035	$ 65,522	

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, 2015

	Trust Funds	
	Scholarship Fund	Private-Purpose Trust Fund
ADDITIONS		
Investment earnings	$ -	$ 74
Other	93,208	50,438
Interfund transfers in and other sources	-	27,010
Total Additions	93,208	77,522
DEDUCTIONS		
Other trust activities	99,564	12,000
Total Deductions	99,564	12,000
CHANGE IN NET POSITION	(6,356)	65,522
Net Position - Beginning	451,391	-
Net Position - Ending	$ 445,035	$ 65,522

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

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.

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.

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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).

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).

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.

Scholarship Fund and Private-Purpose Trust Fund: These funds are 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.

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.

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.

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:

Asset Class	Estimated Useful Life
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.

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.

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.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. 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 implemented GASB Statement No. 68 for the year ended June 30, 2015.

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 implemented GASB Statement No. 71 for the year ended June 30, 2015.

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The District has not yet determined the impact on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Fiduciary Funds
Cash in county	$ 134,246,384	$ 65,486
Cash on hand and in banks	27,298	898,565
Cash with fiscal agent	156,614	-
Cash in revolving fund	50,000	-
Total cash and cash equivalents	$ 134,480,296	$ 964,051

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.

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.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $134,514,569 and an amortized book value of $134,311,870. The average weighted maturity for this pool is 466 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, 2015, the pooled investments in the County Treasury were not rated.

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, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of the following:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Total Fiduciary
Federal Government						
Categorical aid	$ 1,712,774	$ -	$ -	$ 296,071	$ 2,008,845	$ -
State Government						
Apportionment	867,885	-	-	-	867,885	-
Categorical aid	139,214	-	-	48,374	187,588	-
Lottery	882,511	-	-	-	882,511	-
Local Government						
Other local sources	889,128	18,369	5,387	238,903	1,151,787	36
Total	$ 4,491,512	$ 18,369	$ 5,387	$ 583,348	$ 5,098,616	$ 36

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
Capital assets not being depreciated				
Land	$ 4,794,916	$ -	$ -	$ 4,794,916
Construction in progress	759,115	794,748	601,389	952,474
Total Capital Assets not Being Depreciated	5,554,031	794,748	601,389	5,747,390
Capital assets being depreciated				
Land improvements	4,575,751	260,480	-	4,836,231
Buildings & improvements	133,436,210	1,199,290	-	134,635,500
Furniture & equipment	3,905,829	172,363	58,745	4,019,447
Total Capital Assets Being Depreciated	141,917,790	1,632,133	58,745	143,491,178
Less Accumulated Depreciation				
Land improvements	2,560,451	105,635	-	2,666,086
Buildings & improvements	57,971,897	5,527,423	-	63,499,320
Furniture & equipment	1,512,870	261,350	58,451	1,715,769
Total Accumulated Depreciation	62,045,218	5,894,408	58,451	67,881,175
Governmental Activities				
Capital Assets, net	$ 85,426,603	$ (3,467,527)	$ 601,683	$ 81,357,393

Depreciation expense has been allocated to governmental activities as follows:

Governmental Activities	
Instruction	$ 3,545,344
Instructional supervision and administration	226,618
School site administration	555,208
Pupil services	89,054
Food services	117,942
All other pupil services	41,321
Centralized data processing	123,404
All other general administration	317,335
Plant services	817,452
Ancillary services	48,992
Community services	9,564
Enterprise activities	2,174
	$ 5,894,408

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	Interfund Transfers In	
Interfund Transfers Out	Private-Purpose Trust Fund	Total
General Fund	$ 27,010	$ 27,010
Total Interfund Transfers	$ 27,010	$ 27,010
Transfer from the General Fund to the Private-Purpose Trust Fund for scholarship donations which were initally received in the General Fund.		$ 27,010
Total		$ 27,010

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Salaries and benefits	$ 3,043,896	$ 1,026	$ 41,121	$ -	$ 3,086,043
Construction	-	45,895	-	-	45,895
Vendors payable	1,597,645		28,075	-	1,625,720
Unmatured interest	-	-	-	83,688	83,688
Other liabilities	214,813	-	-	-	214,813
Total	$ 4,856,354	$ 46,921	$ 69,196	$ 83,688	$ 5,056,159

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2015, consisted of the following:

	General Fund
Federal sources	$ 56,245
Local sources	356,700
Total	$ 412,945

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2015 consisted of the following:

	Restated Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 92,798,239	$ 97,943,214	$ 4,845,000	$ 185,896,453	$ 3,534,118
Unamortized premium	-	9,941,019	-	9,941,019	429,495
Unamortized discount	-	(151,200)	-	(151,200)	(6,300)
Total general obligation bonds	92,798,239	107,733,033	4,845,000	195,686,272	3,957,313
Certificates of participation	835,000	-	100,000	735,000	105,000
Early retirement incentive	819,670	-	409,835	409,835	409,835
Compensated absences	276,784	201,388	-	478,172	-
Net OPEB obligation	3,075,291	586,717	-	3,662,008	-
Net pension liability	89,242,603	-	17,846,918	71,395,685	-
Total	$ 187,047,587	$ 108,521,138	$ 23,201,753	$ 272,366,972	$ 4,472,148

Payments for bonds associated with general obligation bonds are made in the Bond Interest and Redemption Fund.

Payments on certificates of participation are made in the Capital Facilities Fund.

Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

Payments for early retirement program are made in the General Fund.

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Restated Bonds Outstanding July 01, 2014	Additions	Deductions	Bonds Outstanding June 30, 2015
Election 2004, Series A	October 13, 2004	August 1, 2029	2.500% - 5.480%	$ 40,998,093	$ 61,381,433	$ 3,099,743	$ 1,110,000	$ 63,371,176
Election 2004, Series B	June 21, 2005	August 1, 2036	3.250% - 5.090%	21,997,233	31,416,806	1,438,471	3,735,000	29,120,277
Election 2014, Series A	June 5, 2015	August 1, 2039	2.000% - 5.000%	90,000,000	-	90,000,000	-	90,000,000
2015 Refunding	June 5, 2015	August 1, 2027	2.000% - 5.000%	3,405,000	-	3,405,000	-	3,405,000
					$ 92,798,239	$ 97,943,214	$ 4,845,000	$ 185,896,453

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, 2015 amounted to $63,371,176.

- 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, 2015 amounted to $29,120,277.

Election 2014

In the election held November 4, 2014, the voter authorized the District to issue and sale $179,500,000 of principal amount of general obligation bonds. The Series A Bonds are being issued to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities. There has been one issuance under this election:

- Series A, which was issued on June 5, 2015 for $90,000,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. The principal balance outstanding on June 30, 2015 amounted to $90,000,000.

2015 Refunding

The 2015 Refunding Bonds, which was issued on June 5, 2015 for $3,405,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. The principal balance outstanding on June 30, 2015 amounted to $3,405,000. These bonds were issued to refund the Election 2004, Series B current interest bond maturities August 1, 2016 – August 1, 2027.

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

The net proceeds received for the 2015 Refunding Bonds were used to purchase General Obligation Bonds. Those General Obligation Bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the 2004 Series B that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements, with the exception of the final payment on August 1, 2015. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred charges on refunding of $74,409 remain to be amortized. This refunding reduced total debt service payments by $4,722,619 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $342,305. As of June 30, 2015, the principal balance outstanding on the defeased debt amounted to $3,590,000 and the principal balance on the 2015 Refunding Bonds amounted to $3,405,000.

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2040 as follows:

Year Ended June 30,	Principal	Interest	Total
2016	$ 3,534,118	$ 4,476,800	$ 8,010,918
2017	9,156,745	6,636,579	15,793,324
2018	9,368,833	6,491,230	15,860,063
2019	3,265,728	6,664,935	9,930,663
2020	3,199,434	6,931,979	10,131,413
2021 - 2025	14,957,693	38,905,001	53,862,694
2026 - 2030	18,447,218	47,498,407	65,945,625
2031 - 2035	35,172,552	50,685,886	85,858,438
2036 - 2040	51,155,373	19,328,878	70,484,251
Accretion	37,638,759	(37,638,759)	-
Total	$ 185,896,453	$ 149,980,936	$ 335,877,389

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, 2015, the principal balance outstanding was $735,000.

D. Debt Service Requirements to Maturity - COPs

Year Ended June 30,	Principal	Interest	Total
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	$ 735,000	$ 149,795	$ 884,795

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:

Year Ended June 30,	Payment
2016	$ 409,835
Total	$ 409,835

F. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2015 amounted to $478,172. This amount is included as part of long-term liabilities in the government-wide financial statements.

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, 2015, was $1,371,000 with net interest and other adjustments of $9,455 for a net annual OPEB cost of $1,380,455. The District made contributions during the year of $793,738, which resulted in an increase to net OPEB obligation of $586,717. The ending OPEB balance at June 30, 2015 was $3,662,008. See Note 10 for additional information regarding the OPEB obligation and postemployment benefit plan.

F. Net Pension Liability

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The District's restated beginning net pension liability was $89,242,603, and decreased by $17,846,918 during the year ended June 30, 2015. The ending net pension liability at June 30, 2015 was $71,395,685. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2015:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 50,000	$ -	$ -	$ -	$ 50,000
Stores inventory	-	-	-	113,845	113,845
Total non-spendable	50,000	-	-	113,845	163,845
Restricted					
Educational programs	4,087,374	-	-	86,889	4,174,263
Capital projects	-	89,425,676	-	5,565,329	94,991,005
Debt service	-	-	15,350,618	-	15,350,618
All others	-	-	-	635,086	635,086
Total restricted	4,087,374	89,425,676	15,350,618	6,287,304	115,150,972
Committed					
Stabilization	5,683,636	-	-	-	5,683,636
Total committed	5,683,636	-	-	-	5,683,636
Assigned					
Other Assignments	2,098,163	-	-	1,059	2,099,222
Total assigned	2,098,163	-	-	1,059	2,099,222
Unassigned					
Reserve for economic uncertainties	3,050,031	-	-	-	3,050,031
Remaining unassigned	8,159,635	-	-	-	8,159,635
Total unassigned	11,209,666	-	-	-	11,209,666
Total	$ 23,128,839	$ 89,425,676	$ 15,350,618	$ 6,402,208	$ 134,307,341

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	300
Active plan members	974
Total*	1,274
Number of participating employers	1

*As of July 1, 2014 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 2015, the District contributed $793,738 to the Plan, all of which was used for current premiums.

As of June 30, 2015, 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.

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	$	1,371,000
Interest on net OPEB obligation		123,012
Adjustment to annual required contribution		(113,557)
Annual OPEB cost (expense)		1,380,455
Contributions made		(793,738)
Increase (decrease) in net OPEB obligation		586,717
Net OPEB obligation, beginning of the year		3,075,291
Net OPEB obligation, end of the year	$	3,662,008

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, 2015 and the preceding two years were as follows:

Year Ended June 30,		Annual OPEB Cost	Percentage Contributed		Net OPEB Obligation
2015	$	1,380,455	57%	$	3,662,008
2014	$	1,384,156	77%	$	3,075,291
2013	$	1,380,871	73%	$	2,757,902

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, 2014	$ -	$ 15,626,000	$ 15,626,000	0%	$ 60,856,329	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.

Valuation Date	7/1/2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	30
Actuarial Assumptions:	
Investment rate of return	4.0%
Discount rate	4.0%
Health care trend rate	0.0%
Inflation rate	4.0%

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District recognized $6,283,722 for their proportionate share of pension expense for the year ended June 30, 2015.

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.

Benefits provided
The CalSTRS defined benefit plan has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55.The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

CalSTRS 2% at 62 (continued)

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55.The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions
Active plan members are required to contribute 8.15% of their salary for fiscal year 2015 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 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $3,993,012 for the year ended June 30, 2015.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $2,260,861 to CalSTRS (5.679% of 2012-13 creditable compensation subject to CalSTRS).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	54,194,713
States's proportionate share of the net pension liability associated with the District		32,725,108
Total	$	86,919,821

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.093 percent, which did not change from its proportion measured as of June 30, 2013.

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

For the year ended June 30, 2015, the District recognized pension expense of $4,678,415. In addition, the District recognized pension expense and revenue of $2,825,057 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 13,345,345
District contributions subsequent to the measurement date	6,253,899	-
	$ 6,253,899	$ 13,345,345

$6,253,899 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2016	$ 3,336,336
2017	3,336,336
2018	3,336,336
2019	3,336,337
	$ 13,345,345

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	3.75%
Interest on Member Accounts	4.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	100%	

* 10-year geometric average

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 84,475,385	$ 54,194,713	$ 28,946,137

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (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.

Benefits provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

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 2015 was 11.771% of annual payroll. Contributions to the plan from the District were $2,057,335 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of $17,200,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.152 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2013.

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

For the year ended June 30, 2015, the District recognized pension expense of $1,605,307. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 5,910,446
Changes in proportion and differences between District contributions and proportionate share of contributions	305,967	-
District contributions subsequent to the measurement date	2,057,335	-
	$ 2,363,302	$ 5,910,446

$2,057,335 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	$ 76,492	$ 1,477,612
2017	76,492	1,477,612
2018	76,492	1,477,612
2019	76,491	1,477,610
	$ 305,967	$ 5,910,446

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 30,174,431	$ 17,200,972	$ 6,360,339

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

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 $12,110,214 and expenditures of $12,003,353 for the Measure A parcel tax for the year ended June 30, 2015 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, 2015.

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, 2015.

C. Construction Commitments

As of June 30, 2015, the District had commitments with respect to unfinished capital projects of $2,970,600.

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.

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2015, the deferred amount on refunding was $74,409.

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*, the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. The District's deferred outflows and inflows of resources related to pensions were as follows at June 30, 2015:

	Deferred outflows related to pensions	Deferred inflows related to pensions
STRS Pension	$ 6,253,899	$ 13,345,345
PERS Pension	2,363,302	5,910,446
Total	$ 8,617,201	$ 19,255,791

NOTE 16 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District's proportionate share of net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This restatement totaled $84,061,787. The beginning net position of Governmental Activities was additionally restated totaling $3,775,000 related to the restatement of general obligation bonds outstanding. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 11,371,147
Restatement	(80,286,787)
Net Position - Beginning, as Restated	$ (68,915,640)

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 65,611,598	$ 65,932,711	$ 65,895,336	$ (37,375)
Federal sources	3,905,110	3,976,423	3,904,270	(72,153)
Other state sources	3,574,910	4,602,008	6,792,009	2,190,001
Other local sources	17,890,238	20,102,909	20,968,608	865,699
Total Revenues	90,981,856	94,614,051	97,560,223	2,946,172
EXPENDITURES				
Certificated salaries	47,227,131	45,631,587	45,588,016	43,571
Classified salaries	15,046,693	15,364,556	15,295,698	68,858
Employee benefits	14,854,958	16,220,421	16,161,824	58,597
Books and supplies	3,480,047	4,937,941	3,096,351	1,841,590
Services and other operating expenditures	12,096,886	15,565,253	13,683,121	1,882,132
Capital outlay	1,217,240	3,236,341	1,501,566	1,734,775
Other outgo				
Excluding transfers of indirect costs	576,564	593,945	589,474	4,471
Transfers of indirect costs	(209,914)	(209,914)	(215,589)	5,675
Total Expenditures	94,289,605	101,340,130	95,700,461	5,639,669
Excess (Deficiency) of Revenues Over Expenditures	(3,307,749)	(6,726,079)	1,859,762	8,585,841
Other Financing Sources (Uses)				
Transfers in	-	1,316,385	1,316,385	-
Transfers out	(470,436)	(1,823,911)	(1,823,911)	-
Net Financing Sources (Uses)	(470,436)	(507,526)	(507,526)	-
NET CHANGE IN FUND BALANCE	(3,778,185)	(7,233,605)	1,352,236	8,585,841
Fund Balance - Beginning	12,493,633	12,493,633	12,493,633	-
Fund Balance - Ending	$ 8,715,448	$ 5,260,028	$ 13,845,869	$ 8,585,841

* 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:

- 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, 2015

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, 2014	$ -	$ 15,626,000	$ 15,626,000	0%	$ 60,856,329	26%
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%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2015

		June 30, 2015
District's proportion of the net pension liability		0.093%
District's proportionate share of the net pension liability	$	54,194,713
States's proportionate share of the net pension liability associated with the District		32,725,108
Total	$	86,919,821
District's covered-employee payroll	$	43,121,140
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		125.7%
Plan fiduciary net position as a percentage of the total pension liability.		76.5%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2015

		June 30, 2015
District's proportion of the net pension liability		0.152%
District's proportionate share of the net pension liability	$	17,200,972
District's covered-employee payroll	$	17,735,189
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		97.0%
Plan fiduciary net position as a percentage of the total pension liability.		83.4%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2015

		June 30, 2015
Contractually required contribution	$	3,993,012
Contributions in relation to the contractually required contribution*		(3,993,012)
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	43,121,140
Contributions as a percentage of covered-employee payroll		9.26%

*Amounts do not include on behalf contributions

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015
Contractually required contribution	$ 2,057,335
Contributions in relation to the contractually required contribution	(2,057,335)
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 17,735,189
Contributions as a percentage of covered-employee payroll	11.60%

See accompanying note to required supplementary information.

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.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

SUPPLEMENTARY INFORMATION

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 1,153,025
Adult Education Cluster			
Adult Education: Adult Basic Education & ESL (Section 231)	84.002A	14508	135,107
Adult Education: Adult Secondary Education	84.002A	13978	58,599
Adult Education: English Literacy and Civics Education	84.002A	14109	54,115
Subtotal Adult Education Cluster			247,821
Title I, Migrant Education	84.011	14838	
Title II, Part A, Teacher Quality	84.367A	14341	311,187
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	178,849
Title III, Immigrant Education Program	84.365	15146	19,646
Subtotal Title III Cluster			198,495
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,569,416
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	113,395
Part B, Preschool Grants	84.173	13430	48,678
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	90,539
Subtotal Special Education Cluster			1,822,028
IDEA Early Intervention Grants	84.181	23761	97,726
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	84.048	14894	38,880
Title X, McKinney-Vento Homeless Assistance	84.196	14332	68,843
Total U. S. Department of Education			3,938,005
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster **[1]**			
School Breakfast Program	10.553	13390	26,806
Severe Need School Breakfast Program	10.553	13526	138,177
National School Lunch Program	10.555	13391	940,561
USDA Commodities	10.555	*	136,263
Summer Food Service Program for Children	10.559	13004	31,562
Subtotal Child Nutrition Cluster			1,273,369
CCFP Family Day Care Sponsor Admin **[1]**	10.558	13665	486,965
Total U. S. Department of Agriculture			1,760,334
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Education:			
CCDF Cluster			
Federal General Child Care & Development (CCTR) and CA State Preschool Program (CSPP)	93.575	15136	429,534
Subtotal CCDF Cluster			429,534
Passed through California Department of Health Services:			
Medi-Cal Cluster			
Medi-Cal Billing Option	93.778	10013	90,159
Medi-Cal Administrative Activities (MAA)	93.778	10060	19,055
Subtotal Medi-Cal Cluster			109,214
Total U. S. Department of Health & Human Services			538,748
Total Federal Expenditures			$ 6,237,087

[1] - Major Program

* - Pass-Through Entity Identifying 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, 2015

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	3,014.23	3,011.91
Extended Year Special Education	5.73	5.73
Special Education - Nonpublic Schools	3.48	4.11
Extended Year Special Education - Nonpublic Schools	0.30	0.30
Total TK/K through Third	3,023.74	3,022.05
Fourth through Sixth		
Regular ADA	2,019.48	2,017.62
Extended Year Special Education	2.17	2.17
Special Education - Nonpublic Schools	3.74	4.06
Extended Year Special Education - Nonpublic Schools	0.44	0.44
Total Fourth through Sixth	2,025.83	2,024.29
Seventh through Eighth		
Regular ADA	1,099.72	1,101.33
Extended Year Special Education	1.31	1.31
Special Education - Nonpublic Schools	3.06	3.30
Extended Year Special Education - Nonpublic Schools	0.49	0.49
Total Seventh through Eighth	1,104.58	1,106.43
Ninth through Twelfth		
Regular ADA	2,921.83	2,902.84
Extended Year Special Education	1.73	1.73
Special Education - Nonpublic Schools	12.30	12.74
Extended Year Special Education - Nonpublic Schools	1.34	1.34
Total Ninth through Twelfth	2,937.20	2,918.65
TOTAL SCHOOL DISTRICT	9,091.35	9,071.42

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	Minutes Requirement	Minutes Requirement Reduced	2014-15 Actual Minutes	Number of Days	Status
Kindergarten	36,000	35,000	41,600	180	Complied
Grade 1	50,400	49,000	50,205	180	Complied
Grade 2	50,400	49,000	50,205	180	Complied
Grade 3	50,400	49,000	50,205	180	Complied
Grade 4	54,000	52,500	54,200	180	Complied
Grade 5	54,000	52,500	54,200	180	Complied
Grade 6	54,000	52,500	54,565	180	Complied
Grade 7	54,000	52,500	55,135	180	Complied
Grade 8	54,000	52,500	55,135	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, 2015

	2016 (Budget)	2015	2014	2013
General Fund - Budgetary Basis*				
Revenues And Other Financing Sources	$ 103,158,897	$ 98,876,608	$ 91,143,200	$ 85,810,789
Expenditures And Other Financing Uses	101,643,177	97,524,372	92,991,689	87,668,754
Net change in Fund Balance	$ 1,515,720	$ 1,352,236	$ (1,848,489)	$ (1,857,965)
Ending Fund Balance	$ 15,361,589	$ 13,845,869	$ 12,493,633	$ 14,342,122
Available Reserves	$ 7,333,704	$ 8,159,634	$ 8,206,170	$ 8,889,376
Available Reserves As A Percentage Of Outgo	7.22%	8.37%	8.82%	10.14%
Long-term Debt	$ 267,894,824	$ 272,366,972	$ 101,579,984	$ 102,074,857
Average Daily Attendance At P-2	9,091	9,091	9,094	8,924

The General Fund balance has decreased by $496,253 over the past two years. The fiscal year 2015-16 budget projects an increase of $1,515,720. 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 surplus during the 2015-16 fiscal year. Total long term obligations have increased by $170,292,115 over the past two years.

Average daily attendance has increased by 167 ADA over the past two years. ADA is anticipated to remain steady during the 2015-16 fiscal year.

*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.

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, 2015

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Bond Interest and Redemption Fund
June 30, 2015, annual financial and budget report fund balance	$ 13,845,869	$ 65,538	$ 483,765	$ 8,733,667	$ 19,015,027
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Fund balance transfer (GASB 54)	9,282,970	(65,538)	(483,765)	(8,733,667)	-
Increase (decrease) in cash with fiscal agent	-	-	-	-	(3,664,409)
Net adjustments and reclassifications	9,282,970	(65,538)	(483,765)	(8,733,667)	(3,664,409)
June 30, 2015, audited financial statement fund balance	$ 23,128,839	$ -	$ -	$ -	$ 15,350,618

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

Charter School	Status	Included in Audit Report
Alameda Community Learning Center	Active	No
Alternatives in Action	Active	No
Nea Community Learning Center	Active	No
The Academy of Alameda	Active	No
The Academy of Alameda Elementary	Active	No

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2015

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	$ 56,318	$ 362,600	$ 3,875,643	$ 1,479,650	$ 5,774,211
Accounts receivable	60,755	309,924	156,466	56,203	583,348
Stores inventory	-	113,845	-	-	113,845
Total Assets	$ 117,073	$ 786,369	$ 4,032,109	$ 1,535,853	$ 6,471,404
LIABILITIES					
Accrued liabilities	$ 30,159	$ 36,404	$ 1,069	$ 1,564	$ 69,196
Total Liabilities	30,159	36,404	1,069	1,564	69,196
FUND BALANCES					
Non-spendable	-	113,845	-	-	113,845
Restricted	86,889	635,086	4,031,040	1,534,289	6,287,304
Assigned	25	1,034	-	-	1,059
Total Fund Balances	86,914	749,965	4,031,040	1,534,289	6,402,208
Total Liabilities and Fund Balance	$ 117,073	$ 786,369	$ 4,032,109	$ 1,535,853	$ 6,471,404

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, 2015

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES					
Federal sources	429,534	$ 1,760,333	$ -	$ -	$ 2,189,867
Other state sources	908,952	96,222	-	-	1,005,174
Other local sources	257,151	709,135	1,853,802	668,358	3,488,446
Total Revenues	1,595,637	2,565,690	1,853,802	668,358	6,683,487
EXPENDITURES					
Current					
Instruction	1,107,708	-	-	-	1,107,708
Instruction-related services					
Instructional supervision and administration	168,231	-	-	-	168,231
School site administration	87,057	-	-	-	87,057
Pupil services					
Food services	-	2,220,695	-	-	2,220,695
General administration					
All other general administration	96,070	119,519	-	-	215,589
Plant services	67,768	-	13,212	689,221	770,201
Facilities acquisition and maintenance	54,816	16,980	92,156	26,383	190,335
Enterprise activities	-	27,300	-	-	27,300
Debt service					
Principal	-	-	100,000	-	100,000
Interest and other	-	-	48,271	-	48,271
Total Expenditures	1,581,650	2,384,494	253,639	715,604	4,935,387
NET CHANGE IN FUND BALANCE	13,987	181,196	1,600,163	(47,246)	1,748,100
Fund Balance - Beginning	72,927	568,769	2,430,877	1,581,535	4,654,108
Fund Balance - Ending	$ 86,914	$ 749,965	$ 4,031,040	$ 1,534,289	$ 6,402,208

See accompanying note to supplementary information.

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, 2015 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2015.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 6,341,958
Medi-Cal Billing Option	93.778	(104,871)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 6,237,087

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, 2015, the District participated in the Longer Day incentive funding program. As of June 30, 2015, 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.

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

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

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

Licensed by the California State Board of Accountancy

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*

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, each major fund, and the aggregate remaining fund information of Alameda Unified School District, as of and for the year ended June 30, 2015, 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 7, 2015.

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 #2015-1)

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.

San Diego, California
December 7, 2015

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

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

Licensed by the California State Board of Accountancy

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

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, 2015. 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, 2015.

Report on Internal Control Over Compliance

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alameda Unified School District's internal control over compliance.

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

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

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

Christy White Associates

San Diego, California
December 7, 2015

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Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

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

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REPORT ON STATE COMPLIANCE

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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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, 2015, 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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, 2015.

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 item #2015-2. 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:

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Yes
Instructional Time for school districts	Yes
Instructional Materials, general requirements	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupation Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes

PROGRAM NAME	PROCEDURES PERFORMED
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	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 7, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

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:	

CFDA Number(s)	Name of Federal Program of Cluster
10.553, 10.555, & 10.559	Child Nutrition Cluster
10.558	CCFP Family Day Care Sponsor Admin

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 item #2015-2.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

FINDING #2015-1: 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:

Alameda High School

- 1 out of 10 cash disbursements did not have an administrator signature on the photo booth deposit request form.
- 1 out of 10 cash disbursements was not an appropriate expenditure. Raffle was conducted. Raffle tickets were purchases as well as TV which given as a raffle ticket prize through the Women's Golf ASB. Raffles are not permitted.
- 4 out of 10 cash receipts did not have adequate supporting documentation to reconcile the amount of sales or collection to the deposit.
- An inventory count of the student store items is not performed. The store sells items such as sweaters, shirts, water bottles, etc. Because an inventory count is not taken regularly, overages and shortages cannot be determined.
- An annual budget for major events is not completed at the beginning of the year and adopted by the student council.

Encinal High School

- 1 out of 7 cash receipts did not have a detailed receipt or report showing the breakdown of the items sold and the quantity of the items sold. This cash receipt did not have adequate supporting documentation to reconcile the amount of sales or collection to the deposit. Detail for this exception is noted below.
- An annual budget for major events is not completed at the beginning of the year and adopted by the student council.

FINDING #2015-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Wood Middle School

- 1 out of 10 cash disbursements tested was missing an administrator signature on the request/approval form.
- 1 out of 10 cash disbursements tested was missing a student and ASB advisor's signature on the request/approval form.
- 1 out of 10 cash disbursements tested was missing the request/approval form.
- 1 out of 10 cash disbursements tested was missing a receipt or invoice to support the payment.
- 4 out of 5 cash receipts did not have a detailed receipt or report showing the breakdown of the items sold and the quantity of the items sold. These cash receipts did not have adequate supporting documentation to reconcile the amount of sales or collection to the deposit.

Bay Farm Elementary

- The auditor reviewed cash disbursements during a walkthrough of internal controls. The auditor noted purchases that appear to be inappropriate uses of student funds. These purchases were for office supplies for the front office, including paper for parent/student handouts. These items should be purchased using the site budget and general fund money rather than student funds.
- The ASB bookkeeper is a signor on the bank account and only one signature is required on checks

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. 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 all required signature prior to the purchase of goods or services. All sites should be reminded of what are allowable and unallowable uses of ASB fund and ASB activities. 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 established policies and key internal controls as recommended in the latest FCMAT Associated Student Body Manual and has provided a copy to each site personnel. Management will continue to provide oversight to ensure that internal controls over ASB are followed and consistently applied.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

No federal awards findings were noted for fiscal year 2014 - 2015.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2015-2: AFTER SCHOOL EDUCATION AND SAFETY (40000)

Condition: The Alameda Unified School District ASES program at Henry Haight Elementary during the week of November 3, 2014 had 5 out of 25 students tested who left the program early and did not have an early release waiver on file.

Context: At Henry Haight Elementary, the auditor noted that 5 out of 25 students had attendance overstated, as the student left the program prior to 6pm and did not have signed early release waiver during the week of November 3, 2015.

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 total students served district wide that were reported on the 2014-15 1st Half After School Base Grant was 32,609 students. Taking into account the results of the finding, the total students served district wide would be 32,604 students. 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 was noted that there had been some employee turnover at the After School Program at Haight and that waivers may have been obtained, but they cannot be currently located for the auditor to review.

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: District management has provided training to all ASES coordinators to ensure they follow and understand established policies and procedures for the ASES program.

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.

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 Districted 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.

Current Status: Partially Implemented, See Finding #2015 – 1.

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.

Current Status: Partially Implemented, See Finding #2015 – 2.

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.

Current Status: Implemented