

**ALBANY UNIFIED SCHOOL DISTRICT  
COUNTY OF ALAMEDA  
ALBANY, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2009**

**Wilkinson Hadley King & Co. LLP  
CPA's and Advisors  
218 W. Douglas Avenue  
El Cajon, CA 92020**

Albany Unified School District  
Audit Report  
For The Year Ended June 30, 2009

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## Financial Section

**Wilkinson Hadley King & Co. LLP**  
**CPA's and Advisors**  
218 W. Douglas Avenue  
El Cajon, CA 92020

**Independent Auditor's Report on Financial Statements**

Board of Trustees  
Albany Unified School District  
Albany, California

**Members of the Board of Trustees:**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Albany Unified School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Albany Unified School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Albany Unified School District as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2009, on our consideration of Albany 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Albany Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wilkinson Bailey King & Co., LLP*

El Cajon, California  
November 6, 2009

**ALBANY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)**

This discussion and analysis of the Albany Unified School District's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the district's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the district's financial performance.

**USING THESE FINANCIAL STATEMENTS**

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Albany Unified School District as a complex financial entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Albany Unified School District does not operate any business-type activities, so the information presented is solely for governmental activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole district, presenting both an aggregate view of the district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2008-09 are as follows:

- Total net assets are \$32,906,553.
- Outstanding General Obligation Bonds Debt decreased from \$36,925,000 to \$35,665,000 during the 2008-09 fiscal year.
- Outstanding Other Long-Term Debt obligations of \$29,000 have been fulfilled.
- The 2008-09 fiscal year marked the initial Other Post-Employment Benefits reporting requirement with total expenditures of \$468,532 and a total required contribution of \$763,000.
- The student enrollment increased by 32 students from October 2007 to October 2008. The previous year increase from October 2006 to October 2007 was 163 students.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual audit report consists of three parts: Management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include different kinds of statements which present both a view of the district as a whole, and individual fund statements that focus on various parts of the district's operations in more detail. The financial statements also include notes that explain some of the information presented in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

## REPORTING THE DISTRICT AS A WHOLE FINANCIAL ENTITY

### *Statement of Net Assets and Statement of Activities*

While this document contains several funds used by the district to provide programs and activities, the view of the district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008-09?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and all liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or disbursed.

These two statements report the district's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the district as a whole, the financial position of the district has improved or diminished.

In the Statement of Net Assets and the Statement of Activities, the district is presented in just one kind of activity, Governmental Activities. All the district's programs and services are reported here including instructional, support services, and operation and maintenance of plant and facilities. The district does not operate any business-type activities, so none are presented here.

## REPORTING THE DISTRICTS MOST SIGNIFICANT INDIVIDUAL FUNDS

### *Fund Financial Statements*

**Major Funds:** The analysis of the districts major funds is included in the audit report. Fund financial reports provide detailed information about the district's major funds. The district uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the most significant funds. The major governmental fund, which accounts for most of the day-to-day programs and services provided by the district, is the General Fund.

**Governmental Funds:** Most of the district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the district's general government operations and the basic services it provides. Governmental fund information helps you determine the financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.



# ALBANY UNIFIED SCHOOL DISTRICT AS A COMPLETE FINANCIAL ENTITY

Recall that the Statement of Net Assets provides the perspective of the district as a whole. Table 1 provides a summary of the district's net assets for 2008-09.

Table 1  
Statement of Net Assets  
June 30, 2009

	2007-08	2008-09	Variance
<b>Assets</b>			
Cash	\$12,236,111	\$11,857,091	\$(379,020)
Investments	2,314,093	0	(2,314,093)
Receivables	3,366,626	7,032,055	3,665,429
Due from other funds	-	-	-
Stores	8,048	5,779	(2,269)
Prepaid expenses	265,293	255,819	(9,474)
<b>Capital Assets:</b>			
Land	4,394,935	4,394,935	-
Sites and improvements	1,460,066	10,041,254	8,581,188
Buildings and improvements	52,674,349	52,674,349	-
Equipment	6,236,027	6,236,027	-
Work in progress	7,797,902	481,131	(7,316,771)
Less accumulated depreciation	(14,621,645)	-16,361,925	(1,740,280)
<b>Total assets</b>	<b>\$76,131,805</b>	<b>\$76,616,515</b>	<b>\$484,710</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$4,343,411	\$6,866,446	\$2,523,035
Due to other funds	-	-	-
Current loans	-	-	-
Deferred revenue	709,532	884,048	174,516
<b>Long-term liabilities</b>			
Due within one year	1,294,000	1,430,000	136,000
Due in more than one year	35,665,000	34,529,468	(1,135,532)
<b>Total liabilities</b>	<b>\$42,011,943</b>	<b>\$43,709,962</b>	<b>\$1,698,019</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$21,016,634	\$21,800,771	784,137
Restricted for educational programs	11,609,243	9,675,782	(1,933,461)
Restricted for debt service	-	1,430,000	1,430,000
Unrestricted	1,493,985	-	(1,493,985)
<b>Total net assets</b>	<b>\$34,119,862</b>	<b>\$32,906,553</b>	<b>(\$1,213,309)</b>

Revenue in the Governmental Funds is divided into general revenue, which funds the basic ongoing instructional program and related support services, and program revenue, which funds specific program activities that support the children enrolled in Albany's schools.

Table 2  
Revenue – Governmental Activities

	2007-08	2008-09	Variance
General Revenue	\$31,992,144	\$31,697,509	\$(294,635)
Program Revenue and Fees for Services	24,181,092	25,974,308	1,793,216
Capital Grants and Contributions	697	18	(679)
Total Revenue	\$56,173,933	\$57,671,835	\$1,497,902

The primary sources of general revenue are the state revenue limit and local property tax revenue. The primary sources of program revenue are the state of California and the federal government, which fund many programs operated by the district, and fees collected for meals.

Table 3  
Expenditures – Governmental Activities

	2007-08	2008-09	Variance
Classroom Instruction	\$25,584,806	\$25,699,852	\$115,046
Instructional Related Services	5,037,381	5,254,001	216,620
Pupil Services	2,456,755	2,448,997	(7,758)
General Administration	2,184,907	4,149,459	1,964,552
Plant Services	2,826,610	2,732,630	(93,980)
Ancillary/Community Services	899,884	761,090	(138,794)
Interest on Long-term Debt	1,774,717	1,669,692	(105,025)
Other Outgo and Unallocated Depreciation	15,128,775	16,174,425	1,045,650
Total Expenditures	\$55,893,835	\$58,890,146	\$2,996,311

## THE GENERAL FUND OPERATING BUDGET

Information about the district's major fund, the General Fund, is shown later in this report. This fund is accounted for using the modified accrual basis of accounting. The district's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of the 2008-09 fiscal year, the district revised its general fund budget at First Interim and Second Interim to better reflect new grants and awards, and to portray the most current state and federal budget projections, as that information became available. Most of the revisions were not significant in terms of the overall budget. Budget revisions are presented to the Governing Board for review and approval at regularly scheduled Board meetings.

## **CAPITAL ASSETS**

At the end of the 2008-09 fiscal year the district had \$73,827,696 in land, buildings, site improvements, capital equipment and work in progress. Depreciation totaling \$16,361,925 was charged against the value of those assets for net capital assets of \$57,465,771.

## **CURRENT FINANCIAL RELATED ACTIVITIES**

Albany Unified School District maintains a fiscally prudent reserve for economic uncertainties. The state required reserve designated for economic uncertainties is 3%. Each year the district takes a very careful look at revenue and expenditure projections on a multi-year basis, and adjusts its budget accordingly, to maintain an acceptable and safe reserve balance. As the preceding information shows, assets are substantial and the amount of debt paid from general revenues is a very small percentage of the overall budget. However, the financial future is full of challenges due to the district's dependence on the state of California for the majority of its general operating revenue. The state of California's economy continues to leave public education in a state of fiscal uncertainty.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGERS**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to reflect the district's accountability for the funds it receives. If you have questions regarding this report or need additional financial information, contact Laurie Harden, Assistant Superintendent of Business Services at Albany Unified School District, 904 Talbot Avenue, Albany, California, 94706 or e-mail [lharden@asudk12.org](mailto:lharden@asudk12.org).

## Basic Financial Statements

**ALBANY UNIFIED SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

JUNE 30, 2009

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 11,819,732
Cash on Hand and in Banks	12,359
Cash in Revolving Fund	25,000
Accounts Receivable	7,032,055
Stores Inventories	5,779
Prepaid Expenses	255,819
Capital Assets:	
Land	4,394,935
Land Improvements	10,041,254
Buildings	52,674,349
Equipment	6,236,027
Work in Progress	481,131
Less Accumulated Depreciation	(16,361,925)
<b>Total Assets</b>	<u>76,616,515</u>
<b>LIABILITIES:</b>	
Accounts Payable	6,866,446
Deferred Revenues	884,048
Long-Term Liabilities:	
Due within One Year	1,430,000
Due in More Than One Year	34,529,468
<b>Total Liabilities</b>	<u>43,709,962</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	21,800,771
Restricted For:	
Debt Service	1,430,000
Educational Programs	9,675,782
<b>Total Net Assets</b>	<u>\$ 32,906,553</u>

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Government Activities:					
Instruction	\$ 25,699,852	\$ 278,475	\$ 8,770,230	\$ 18	\$ (16,651,129)
Instruction-Related Services	5,254,001	87,446	995,753	-	(4,170,802)
Pupil Services	2,448,997	533,605	566,518	-	(1,348,874)
General Administration	4,149,459	33,990	467,533	-	(3,647,936)
Plant Services	2,732,630	39,796	72,415	-	(2,620,419)
Ancillary Services	409,965	-	98,203	-	(311,762)
Community Services	351,125	-	13,749	-	(337,376)
Interest on Long-Term Debt	1,669,692	-	-	-	(1,669,692)
Other Outgo	16,112,471	-	14,016,595	-	(2,095,876)
Depreciation (unallocated)	61,954	-	-	-	(61,954)
Total Governmental Activities	58,890,146	973,312	25,000,996	18	(32,915,820)
Total Primary Government	\$ 58,890,146	\$ 973,312	\$ 25,000,996	\$ 18	(32,915,820)
General Revenues:					
Taxes and Subventions					13,184,669
Federal and State Revenues, not restricted					16,574,464
Interest and Investment Earnings					702,046
Miscellaneous					1,236,330
Total General Revenues					31,697,509
Change in Net Assets					(1,218,311)
Net Assets - Beginning					34,124,864
Net Assets - Ending					\$ 32,906,553

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2009

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 6,075,247	\$ 2,530,638	\$ 3,213,847	\$ 11,819,732
Cash on Hand and in Banks	-	-	12,359	12,359
Cash in Revolving Fund	25,000	-	-	25,000
Accounts Receivable	6,816,173	5,600	210,280	7,032,053
Due from Other Funds	196,451	-	656,920	853,371
Stores Inventories	-	-	5,779	5,779
Total Assets	<u>\$ 13,112,871</u>	<u>\$ 2,536,238</u>	<u>\$ 4,099,185</u>	<u>\$ 19,748,294</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 6,524,198	\$ -	\$ 284,599	\$ 6,808,797
Due to Other Funds	374,428	-	478,943	853,371
Deferred Revenue	784,048	-	100,000	884,048
Total Liabilities	<u>7,682,674</u>	<u>-</u>	<u>863,542</u>	<u>8,546,216</u>
Fund Balance:				
Reserved Fund Balances:				
Reserve for Revolving Cash	25,000	-	-	25,000
Reserve for Stores Inventories	-	-	5,779	5,779
Designated Fund Balances:				
Designated for Economic Uncertainties	4,184,193	-	-	4,184,193
Other Designated	1,701,958	-	3,229,149	4,931,107
Unreserved	(480,954)	2,536,238	-	2,055,284
Unreserved, reported in nonmajor:				
Capital Projects Funds	-	-	715	715
Total Fund Balance	<u>5,430,197</u>	<u>2,536,238</u>	<u>3,235,643</u>	<u>11,202,078</u>
Total Liabilities and Fund Balances	<u>\$ 13,112,871</u>	<u>\$ 2,536,238</u>	<u>\$ 4,099,185</u>	<u>\$ 19,748,294</u>

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

Total fund balances - governmental funds balance sheet			\$	11,202,078
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not reported in the funds, net of accumulated depreciation.				57,465,771
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net assets are:				255,819
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 government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturred interest owing at the end of the period was:				(57,647)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consisted of:				
	General obligation bonds	35,665,000		
	Net OPEB obligation	<u>294,468</u>		<u>(35,959,468)</u>
Net assets of governmental activities - statement of net assets			\$	<u>32,906,553</u>

The accompanying notes are an integral part of this statement.



**ALBANY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 15,114,584	\$ -	\$ -	\$ 15,114,584
Local Sources	5,951,324	-	-	5,951,324
Federal Revenue	7,310,145	-	401,561	7,711,706
Other State Revenue	16,432,306	34,641	1,559,543	18,026,490
Other Local Revenue	5,730,947	2,890,875	2,245,907	10,867,729
Total Revenues	<u>50,539,306</u>	<u>2,925,516</u>	<u>4,207,011</u>	<u>57,671,833</u>
Expenditures:				
Instruction	22,309,362	-	2,207,100	24,516,462
Instruction - Related Services	4,205,701	-	266,553	4,472,254
Pupil Services	1,497,115	-	951,881	2,448,996
Ancillary Services	409,965	-	-	409,965
Community Services	138,593	-	212,531	351,124
General Administration	2,233,989	-	167,906	2,401,895
Plant Services	2,388,679	-	3,348,275	5,736,954
Other Outgo	16,112,471	-	-	16,112,471
Debt Service:				
Principal	29,000	1,260,000	-	1,289,000
Interest	-	1,656,795	-	1,656,795
Total Expenditures	<u>49,324,875</u>	<u>2,916,795</u>	<u>7,154,246</u>	<u>59,395,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,214,431</u>	<u>8,721</u>	<u>(2,947,235)</u>	<u>(1,724,083)</u>
Other Financing Sources (Uses):				
Transfers In	71,637	-	927,927	999,564
Transfers Out	(645,435)	-	(354,129)	(999,564)
Other Sources	38,475	-	(38,475)	-
Total Other Financing Sources (Uses)	<u>(535,323)</u>	<u>-</u>	<u>535,323</u>	<u>-</u>
Net Change in Fund Balance	679,108	8,721	(2,411,912)	(1,724,083)
Fund Balance, July 1	4,751,089	2,527,517	5,647,555	12,926,161
Fund Balance, June 30	<u>\$ 5,430,197</u>	<u>\$ 2,536,238</u>	<u>\$ 3,235,643</u>	<u>\$ 11,202,078</u>

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ (1,724,083)

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

Capital Outlay: In governmental funds, the cost 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	3,009,370	
Depreciation expense	<u>(1,740,280)</u>	
Net		1,269,090

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:

1,289,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the governmental-wide statement of activities, it is recognized in the period that 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:

(3,423)

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:

(294,468)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and resulting gain or loss is:

(1,744,953)

Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:

(9,474)

Change in net assets of governmental activities - statement of activities \$ (1,218,311)

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

JUNE 30, 2009

	Private-Purpose Trust Funds	Agency Funds Student Body Fund
<b>ASSETS:</b>		
Cash on Hand and in Banks	\$ 11,128	\$ 161,206
Total Assets	\$ 11,128	\$ 161,206
<b>LIABILITIES:</b>		
Due to Student Groups	\$ -	\$ 161,206
Total Liabilities	-	161,206
<b>NET ASSETS:</b>		
Held in Trust	11,128	-
Total Net Assets	\$ 11,128	\$ -

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Private- Purpose Trust Funds
<b>Additions:</b>	
Investment Income	\$ 611
Total Additions	<u>611</u>
<b>Deductions:</b>	
Scholarship Awards	<u>3,000</u>
Total Deductions	<u>3,000</u>
<b>Change in Net Assets</b>	(2,389)
Net Assets-Beginning of the Year	13,517
Net Assets-End of the Year	<u>\$ 11,128</u>

The accompanying notes are an integral part of this statement.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**A. Summary of Significant Accounting Policies**

Albany Unified School District (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 accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

**1. Reporting Entity**

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Statements:** The statement of net assets and the statement of activities 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 revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. 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 nonmajor funds.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

The District reports the following major governmental funds:

**General Fund.** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**Bond Interest and Redemption Fund.** This fund accounts for the collection of property taxes and repayment of general obligation bonds of the District.

In addition, the District reports the following fund types:

**Special Revenue Funds:** These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Capital Projects Funds:** These funds account for the acquisition and/or construction of all major governmental general fixed assets.

**Debt Service Funds.** These funds account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

**Private-Purpose Trust Funds:** These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Alameda County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Alameda County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Building Improvements	15-20
Vehicles	5-15
Office Equipment	5-15
Other Equipment	5-15

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities is recognized in the general fund at year end.

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 since 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.

f. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes for the District.

i. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund and reserve for stores inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.



**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**C. Excess of Expenditures Over Appropriations**

As of June 30, 2009, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Pupil services	\$ 169,656
Ancillary services	35,327
Other outgo	238,539

**D. Cash and Investments**

**1. Cash in County Treasury:**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury as part of the common investment pool (\$11,819,732 as of June 30, 2009). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$11,819,732. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**2. Cash on Hand, in Banks, and in Revolving Fund**

Cash balances on hand and in banks (\$184,693 as of June 30, 2009) and in the revolving fund (\$25,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of individual securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,394,935	\$ -	\$ -	\$ 4,394,935
Work in progress	7,797,901	3,009,370	10,326,140	481,131
Total capital assets not being depreciated	12,192,836	3,009,370	10,326,140	4,876,066
Capital assets being depreciated:				
Buildings	52,674,349	-	-	52,674,349
Land improvements	1,460,066	8,581,188	-	10,041,254
Equipment	6,236,027	-	-	6,236,027
Total capital assets being depreciated	60,370,442	8,581,188	-	68,951,630
Less accumulated depreciation for:				
Buildings	(11,523,739)	(1,322,881)	-	(12,846,620)
Land improvements	(656,754)	(66,984)	-	(723,738)
Equipment	(2,441,152)	(350,415)	-	(2,791,567)
Total accumulated depreciation	(14,621,645)	(1,740,280)	-	(16,361,925)
Total capital assets being depreciated, net	45,748,797	6,840,908	-	52,589,705
Governmental activities capital assets, net	\$ 57,941,633	\$ 9,850,278	\$ 10,326,140	\$ 57,465,771

Depreciation was charged to functions as follows:

Instruction	\$ 1,183,390
Instruction-Related Services	487,278
General Administration	2,611
Plant Services	5,047
Unallocated	61,954
	<u>\$ 1,740,280</u>

**F. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2009 consisted of the following:

Due To Fund	Due From Fund	Amount
General Fund	Adult Education Fund	\$ 70,475
General Fund	Cafeteria Fund	26,325
General Fund	Child Development Fund	99,651
Building Fund	Child Development Fund	282,492
Cafeteria Fund	General Fund	28,958
Special Reserve Fund	General Fund	345,470
	Total	<u>\$ 853,371</u>

All amounts due are scheduled to be repaid within one year.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2009 consisted of the following:

Transfers From	Transfers To	Amount
General Fund	Cafeteria Fund	\$ 24,722
General Fund	Deferred Maintenance Fund	167,691
General Fund	Special Reserve Fund	345,470
General Fund	Building Fund	107,552
Child Development Fund	Building Fund	282,492
Building Fund	General Fund	71,637
	Total	<u>\$ 999,564</u>

G. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

H. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2009 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 36,925,000	\$ -	\$ 1,260,000	\$ 35,665,000	\$ 1,430,000
Early retirement	29,000	-	29,000	-	-
Net OPEB obligation	-	294,468	-	294,468	-
Total governmental activities	<u>\$ 36,954,000</u>	<u>\$ 294,468</u>	<u>\$ 1,289,000</u>	<u>\$ 35,959,468</u>	<u>\$ 1,430,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt, net of OPEB obligation at June 30, 2009, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 1,430,000	\$ 1,595,254	\$ 3,025,254
2011	1,625,000	1,517,091	3,142,091
2012	1,825,000	1,430,775	3,255,775
2013	1,945,000	1,312,202	3,257,202
2014	2,025,000	1,259,099	3,284,099
2015-2019	10,950,000	4,677,948	15,627,948
2020-2024	8,085,000	2,592,376	10,677,376
2025-2029	5,720,000	1,084,017	6,804,017
2030-2034	2,060,000	117,119	2,177,119
Totals	<u>\$ 35,665,000</u>	<u>\$ 15,585,881</u>	<u>\$ 51,250,881</u>

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**I. Joint Ventures (Joint Powers Agreements)**

The District participates in two joint powers agreements (JPA) entities, the Alameda County Schools Insurance Group, and the Schools Excess Liability Fund public risk pool. The relationship between the District and the JPA's are such that the JPA's are not a component unit of the District.

The JPA's arranges for and provides for various types of insurances for its member districts as requested. The JPA's are governed by a board consisting of a representative from each member district. The board controls the operations of the JPA's, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed unaudited financial information of the JPA's for the year ended June 30, 2009 was not available.

**J. Employee Retirement Systems**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

PERS:

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 Law. 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, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-09 was 9.42% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2009, 2008 and 2007 were \$572,635, \$563,146 and \$527,330, respectively, and equal 100% of the required contributions for each year.

STRS:

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2009, 2008 and 2007 were \$1,416,747, \$1,409,247 and \$1,331,984, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$831,132.

**K. Postemployment Benefits Other Than Pension Benefits**

Plan Description

The Albany Unified School District (District) administers a single-employer healthcare plan (Plan). The plan provides postemployment benefits for eligible participants enrolled in the CalPERS plans. The benefits are provided in the form of an explicit subsidy where the District contributes towards the retiree health premiums. Eligibility is as follows:

**Albany Teachers Association (ATA)**

Employees must be age 55 with at least 10 years of service in the District and retiring into the State Teachers Retirement System (STRS) or Public Employees Retirement System (PERS).

Administrators (Certificated/Classified)

Certificated employees must be age 55 with at least 7 years of service in order to be eligible for benefits. Classified employees must be age 50 with the same years of service requirements as Certificated employees. All employees must be currently drawing retirement from STRS or PERS. As of July 1, 2008, the eligibility for Classified employees has been changed to age 55 and 7 years of service.

California School Employees Association (CSEA)

Effective July 1, 2008, employees must be 58 with 15 years of Service in the District and retiring from a public retirement system such as STRS or PERS. Effective July 1, 2012, employees must be age 60 with 15 years of service in the District and retiring from a public retirement system such as STRS or PERS.

Service Employees International Union (SEIU)

Option 1. Employees must be at least age 55 with 15 years of service in the District and participating in the District's health, dental, and vision program to be eligible to participate in the benefit program of his/her choice.

Option 2. Employees must be age 60 with 10 years of service in the District and participating in the District's health program to be eligible to participate in the health benefit program of his/her choice.

Contribution Information

Upon meeting eligibility, the District pays 100% of the premium for medical, dental and vision coverage for both ATA and CSEA retirees and their spouses. Eligible SEIU employees under the Option 1 benefit plan, hired prior to January 1, 2005, receive \$400 monthly for medical and 100% of dental and vision premiums. Eligible SEIU employees and spouses under Option 2 benefit plan, hired prior to January 1, 2005, receive \$200 for medical and 50% of dental and vision premiums. SEIU employees hired after January 1, 2005 do not receive any postretirement benefits. Eligible administrative employees (Certificated and Classified) receive 100% of the level provided to them at retirement. Currently the maximum subsidy provided is the two party premium for the CalPERS Blue Shield plan.

Once a retiree attains Medicare eligibility, they are provided with a minimum contribution of \$101 from the District. The subsidy applies to all employment groups.

It should be noted that one Superintendent receives lifetime medical, dental, and vision insurance benefits for him and his spouse.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**Annual OPEB Cost and Net OPEB Obligation**

The District' annual other post employment benefit (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 Districts annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the District's net obligation to the Plan:

Annual required contribution	\$ 763,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	-
Contribution made	468,532
Increase in net OPEB obligation	294,468
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 294,468

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2009	\$ 763,000	38.6%	\$ 294,468

**Funding Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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. Since this is the first year of implementation, only the current year is presented.

**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 benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the actuarial cost method used was Projected Unit Credit with service prorated. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at retirement, termination, disability or death. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the plan year. All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the Employer were included in the valuation.

Medical cost trend rates ranged from 3.0% to 11% based on benefit. The UAAL is being amortized at a level dollar method with the remaining amortization period at July 1, 2009 of 29 years. The actuarial value of assets was not determined in this actuarial valuation; however, any assets of the plan to be determined will be on a market basis.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**L. Commitments and Contingencies**

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

**M. Subsequent Events**

In July 2009, the District issued General Obligation Bonds in the amount of \$10,000,000. Proceeds from the sale of the bonds will be used for the construction, reconstruction, rehabilitation, or replacement of school facilities or the acquisition or lease of real property for school facilities. The bonds bear interest at a rate of 3.00% to 4.50% and mature in August 2027.

In July 2009, the District issued General Obligation Refunding Bonds in the amount of \$7,290,000. Proceeds from the sale of the bonds will be used pay off existing debt of the District. The bonds bear interest at a rate of 3.00% to 4.50% and mature in August 2020.

On July 28, 2009 Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009. The July budget package reduced, on a state-wide basis \$16 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amount associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of undistributed categorical program balances.

The District recorded the revenue and related receivable associated with its portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package prior to notification by the state that the 2009-10 re-appropriation should not be accrued. In accordance with Governmental Accounting Standards Board Statement No. 33, an adjustment to reduce revenue and the related receivable have been included in these financial statements.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

# ALBANY UNIFIED SCHOOL DISTRICT

EXHIBIT B-1

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 15,709,133	\$ 15,186,444	\$ 15,114,584	\$ (71,860)
Local Sources	5,807,925	6,007,560	5,951,324	(56,236)
Federal Revenue	7,819,728	6,361,763	7,310,145	948,382
Other State Revenue	17,084,180	16,828,856	16,432,306	(396,550)
Other Local Revenue	4,921,438	5,961,092	5,730,947	(230,145)
Total Revenues	<u>51,342,404</u>	<u>50,345,715</u>	<u>50,539,306</u>	<u>193,591</u>
Expenditures:				
Instruction	22,612,011	22,585,666	22,309,362	276,304
Instruction - Related Services	4,447,152	4,910,206	4,205,701	704,505
Pupil Services	1,255,073	1,327,459	1,497,115	(169,656)
Ancillary Services	350,916	374,638	409,965	(35,327)
Community Services	249,100	140,991	138,593	2,398
General Administration	2,223,143	2,245,062	2,233,989	11,073
Plant Services	2,630,729	2,610,046	2,388,679	221,367
Other Outgo	15,371,092	15,873,932	16,112,471	(238,539)
Debt Service:				
Principal	29,000	29,000	29,000	-
Total Expenditures	<u>49,168,216</u>	<u>50,097,000</u>	<u>49,324,875</u>	<u>772,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,174,188</u>	<u>248,715</u>	<u>1,214,431</u>	<u>965,716</u>
Other Financing Sources (Uses):				
Transfers In	-	-	71,637	71,637
Transfers Out	(403,612)	(747,860)	(645,435)	102,425
Other Sources	-	-	38,475	38,475
Total Other Financing Sources (Uses)	<u>(403,612)</u>	<u>(747,860)</u>	<u>(535,323)</u>	<u>212,537</u>
Net Change in Fund Balance	1,770,576	(499,145)	679,108	1,178,253
Fund Balance, July 1	4,751,089	4,751,089	4,751,089	-
Fund Balance, June 30	<u>\$ 6,521,665</u>	<u>\$ 4,251,944</u>	<u>\$ 5,430,197</u>	<u>\$ 1,178,253</u>

**ALBANY UNIFIED SCHOOL DISTRICT**

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF FUNDING PROGRESS

ALBANY UNIFIED SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/09	\$ -	\$ 7,164,000	\$ 7,164,000	-	\$ 24,313,732	29.5%

## **Combining Statements and Budget Comparisons as Supplementary Information**

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**ALBANY UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 1,919,765	\$ 1,294,082	\$ 3,213,847
Cash on Hand and in Banks	12,359	-	12,359
Accounts Receivable	210,080	200	210,280
Due from Other Funds	374,428	282,492	656,920
Stores Inventories	5,779	-	5,779
Total Assets	<u>\$ 2,522,411</u>	<u>\$ 1,576,774</u>	<u>\$ 4,099,185</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 120,138	\$ 164,461	\$ 284,599
Due to Other Funds	478,943	-	478,943
Deferred Revenue	-	100,000	100,000
Total Liabilities	<u>599,081</u>	<u>264,461</u>	<u>863,542</u>
Fund Balance:			
Reserved Fund Balances:			
Reserve for Stores Inventories	5,779	-	5,779
Designated Fund Balances:			
Other Designated	1,917,551	1,311,598	3,229,149
Unreserved, reported in nonmajor:			
Capital Projects Funds	-	715	715
Total Fund Balance	<u>1,923,330</u>	<u>1,312,313</u>	<u>3,235,643</u>
Total Liabilities and Fund Balances	<u>\$ 2,522,411</u>	<u>\$ 1,576,774</u>	<u>\$ 4,099,185</u>

**ALBANY UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	\$ 401,561	\$ -	\$ 401,561
Other State Revenue	1,559,543	-	1,559,543
Other Local Revenue	2,091,783	154,124	2,245,907
Total Revenues	<u>4,052,887</u>	<u>154,124</u>	<u>4,207,011</u>
Expenditures:			
Instruction	2,207,100	-	2,207,100
Instruction - Related Services	266,553	-	266,553
Pupil Services	951,881	-	951,881
Community Services	212,531	-	212,531
General Administration	167,151	755	167,906
Plant Services	281,247	3,067,028	3,348,275
Total Expenditures	<u>4,086,463</u>	<u>3,067,783</u>	<u>7,154,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,576)</u>	<u>(2,913,659)</u>	<u>(2,947,235)</u>
Other Financing Sources (Uses):			
Transfers In	537,883	390,044	927,927
Transfers Out	(282,492)	(71,637)	(354,129)
Other Sources	(38,475)	-	(38,475)
Total Other Financing Sources (Uses)	<u>216,916</u>	<u>318,407</u>	<u>535,323</u>
Net Change in Fund Balance	183,340	(2,595,252)	(2,411,912)
Fund Balance, July 1	1,739,990	3,907,565	5,647,555
Fund Balance, June 30	<u>\$ 1,923,330</u>	<u>\$ 1,312,313</u>	<u>\$ 3,235,643</u>

## EXHIBIT C-3

Cafeteria Fund	Deferred Maintenance Fund	Post Employment Benefits Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ (46,817)	\$ 653,495	\$ 840,867	\$ 1,919,765
1,000	-	-	12,359
60,185	2,000	-	210,080
28,958	-	345,470	374,428
5,779	-	-	5,779
<u>\$ 49,105</u>	<u>\$ 655,495</u>	<u>\$ 1,186,337</u>	<u>\$ 2,522,411</u>
\$ 3,729	\$ -	\$ -	\$ 120,138
26,325	-	-	478,943
<u>30,054</u>	<u>-</u>	<u>-</u>	<u>599,081</u>
5,779	-	-	5,779
13,272	655,495	1,186,337	1,917,551
<u>19,051</u>	<u>655,495</u>	<u>1,186,337</u>	<u>1,923,330</u>
<u>\$ 49,105</u>	<u>\$ 655,495</u>	<u>\$ 1,186,337</u>	<u>\$ 2,522,411</u>

## EXHIBIT C-4

Cafeteria Fund	Deferred Maintenance Fund	Post Employment Benefits Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 223,203	\$ -	\$ -	\$ 401,561
17,888	-	-	1,559,543
577,413	11,610	17,102	2,091,783
818,504	11,610	17,102	4,052,887
-	-	-	2,207,100
-	-	-	266,553
807,725	-	-	951,881
-	-	-	212,531
35,500	-	-	167,151
-	57,819	-	281,247
843,225	57,819	-	4,086,463
(24,721)	(46,209)	17,102	(33,576)
24,722	167,691	345,470	537,883
-	-	-	(282,492)
-	-	-	(38,475)
24,722	167,691	345,470	216,916
1	121,482	362,572	183,340
19,050	534,013	823,765	1,739,990
\$ 19,051	\$ 655,495	\$ 1,186,337	\$ 1,923,330



**ALBANY UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 1,243,213	\$ 50,154	\$ 715	\$ 1,294,082
Accounts Receivable	-	200	-	200
Due from Other Funds	282,492	-	-	282,492
Total Assets	<u>\$ 1,525,705</u>	<u>\$ 50,354</u>	<u>\$ 715</u>	<u>\$ 1,576,774</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 163,225	\$ 1,236	\$ -	\$ 164,461
Deferred Revenue	100,000	-	-	100,000
Total Liabilities	<u>263,225</u>	<u>1,236</u>	<u>-</u>	<u>264,461</u>
Fund Balance:				
Designated Fund Balances:				
Other Designated	1,262,480	49,118	-	1,311,598
Unreserved, reported in nonmajor:				
Capital Projects Funds	-	-	715	715
Total Fund Balance	<u>1,262,480</u>	<u>49,118</u>	<u>715</u>	<u>1,312,313</u>
Total Liabilities and Fund Balances	<u>\$ 1,525,705</u>	<u>\$ 50,354</u>	<u>\$ 715</u>	<u>\$ 1,576,774</u>

**ALBANY UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>Revenues:</b>				
Other Local Revenue	\$ 127,966	\$ 26,140	\$ 18	\$ 154,124
Total Revenues	<u>127,966</u>	<u>26,140</u>	<u>18</u>	<u>154,124</u>
<b>Expenditures:</b>				
General Administration	-	755	-	755
Plant Services	3,050,149	16,879	-	3,067,028
Total Expenditures	<u>3,050,149</u>	<u>17,634</u>	<u>-</u>	<u>3,067,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,922,183)</u>	<u>8,506</u>	<u>18</u>	<u>(2,913,659)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	390,044	-	-	390,044
Transfers Out	(71,637)	-	-	(71,637)
Total Other Financing Sources (Uses)	<u>318,407</u>	<u>-</u>	<u>-</u>	<u>318,407</u>
Net Change in Fund Balance	<u>(2,603,776)</u>	<u>8,506</u>	<u>18</u>	<u>(2,595,252)</u>
Fund Balance, July 1	3,866,256	40,612	697	3,907,565
Fund Balance, June 30	<u>\$ 1,262,480</u>	<u>\$ 49,118</u>	<u>\$ 715</u>	<u>\$ 1,312,313</u>

**ALBANY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**JUNE 30, 2009**

	Erna C. Seeger Scholarship Trust Fund	Terry Corpus Memorial Scholarship Fund	Total Private- Purpose Trust Funds (See Exhibit A-7)
<b>ASSETS:</b>			
Cash on Hand and in Banks	\$ 9,827	\$ 1,301	\$ 11,128
Total Assets	<u>\$ 9,827</u>	<u>\$ 1,301</u>	<u>\$ 11,128</u>
<b>LIABILITIES:</b>			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS:</b>			
Held in Trust	\$ 9,827	\$ 1,301	\$ 11,128
Total Net Assets	<u>\$ 9,827</u>	<u>\$ 1,301</u>	<u>\$ 11,128</u>

**ALBANY UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Erna C. Seeger Scholarship Trust Fund	Terry Corpus Memorial Scholarship Fund	Total Private-Purpose Trust Funds (See Exhibit A-8)
<b>Additions:</b>			
Investment Income	\$ 361	\$ 250	\$ 611
Total Additions	<u>361</u>	<u>250</u>	<u>611</u>
<b>Deductions:</b>			
Scholarship Awards	3,000	-	3,000
Total Deductions	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<b>Change in Net Assets</b>	(2,639)	250	(2,389)
Net Assets-Beginning of the Year	12,466	1,051	13,571
Net Assets-End of the Year	<u>\$ 9,827</u>	<u>\$ 1,301</u>	<u>\$ 11,128</u>

## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

## ALBANY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2009

The Albany Unified School District was established in the early 1950's and is comprised of an area of approximately one square mile. There were no changes to the boundaries of the District during the current year. The District serves the City of Albany and offers instruction for grades K-12. The Albany Unified School District is currently operating three elementary schools, one middle school, one comprehensive high school, one continuation high school, one adult school, and one child development program.

### Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
David Glasser	President	Four year term Expires November 2010
Ronald Rosenbaum	Vice President	Four year term Expires November 2012
Paul Black	Member	Four year term Expires November 2010
Miriam Walden	Member	Four year term Expires November 2010
Patricia Low	Member	Eighteen month term Expires November 2012

### Administration

Maria Stephenson  
Superintendent

Laurie Harden  
Assistant Superintendent  
Business Services

Lynda Hornada  
Director of Curriculum

Diane Marie  
Director of Student Services

**ALBANY UNIFIED SCHOOL DISTRICT**

SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2009

**TABLE D-1**

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Kindergarten	255.46	255.16
Grades 1 through 3	735.18	733.96
Grades 4 through 6	783.00	779.10
Grades 7 and 8	598.18	597.54
Special education	46.38	47.93
Elementary totals	<u>2,418.20</u>	<u>2,413.69</u>
High School:		
Grades 9 through 12, regular classes	1,214.90	1,205.95
Special education	18.52	30.28
Continuation education	49.51	43.49
High school totals	<u>1,282.93</u>	<u>1,279.72</u>
Classes for adults:		
Adults Enrolled, State Apportioned	<u>173.73</u>	<u>173.38</u>
ADA totals	<u>3,874.86</u>	<u>3,866.79</u>

Summer SchoolHours of  
Attendance

Elementary  
 High School

15,017  
 20,520

Average daily attendance 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.

**ALBANY UNIFIED SCHOOL DISTRICT**

SCHEDULE OF INSTRUCTIONAL TIME  
 YEAR ENDED JUNE 30, 2009

**TABLE D-2**

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2008-09 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	32,320	36,000	36,000	180	-	Complied
Grade 1	50,120	50,400	53,050	180	-	Complied
Grade 2	50,120	50,400	53,050	180	-	Complied
Grade 3	50,120	50,400	53,050	180	-	Complied
Grade 4	50,120	50,400	54,300	180	-	Complied
Grade 5	50,120	54,000	54,300	180	-	Complied
Grade 6	51,890	54,000	55,980	180	-	Complied
Grade 7	51,890	54,000	55,980	180	-	Complied
Grade 8	51,890	54,000	55,980	180	-	Complied
Grade 9	63,624	64,800	65,205	180	-	Complied
Grade 10	63,624	64,800	65,205	180	-	Complied
Grade 11	63,624	64,800	65,205	180	-	Complied
Grade 12	63,624	64,800	65,205	180	-	Complied

Districts, including basic aid districts, must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201. This schedule is required of all districts, including basic aid districts.

The district has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the district and whether the district complied with the provisions of Education Code Sections 46200 through 46206.



**ALBANY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2008**

**TABLE D-3**

General Fund	(Budget) 2010	2009	2008	2007
Revenues and other financial sources	\$ 46,864,074	\$ 50,649,418	\$ 48,824,961	\$ 47,434,807
Expenditures, other uses and transfers out	46,857,120	49,970,310	49,038,264	46,745,593
Change in fund balance (deficit)	6,954	679,108	(213,303)	689,214
Ending fund balance	\$ 5,437,151	\$ 5,430,197	\$ 4,751,089	\$ 4,964,392
Available reserves	\$ 5,412,151	\$ 5,405,197	\$ 3,230,878	\$ 3,484,880
Available reserves as a percentage of total outgo	11.6%	10.8%	6.6%	7.5%
Total long-term debt	\$ 34,529,468	\$ 35,959,648	\$ 36,959,000	\$ 38,205,500
Average daily attendance at P-2	3,884	3,875	3,631	3,631

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.

The general fund balance has increased by \$1,155,019 over the past three years. The fiscal year 2009-10 budget projects an increase of \$6,954. For a district this size, the state recommends available reserves of at least 3% of general fund expenditures, other uses and transfers out.

Long-term debt has increased by \$1,750,534 over the past three years.

Average daily attendance (ADA) has increased by 276 over the past three years.

**ALBANY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET**  
**REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

**TABLE D-4**

	Building Fund	General Fund
June 30, 2009, annual financial and budget report fund balances	\$ 1,362,480	\$ 5,911,151
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Accounts receivable overstated (see Note M)	-	(480,954)
Other sources overstated	(100,000)	-
June 30, 2009, audited financial statement fund balances	\$ 1,262,480	\$ 5,430,197

	Schedule of Capital Assets
June 30, 2009, annual financial and budget report total net capital assets	\$ 57,748,705
Adjustments and reclassifications:	
Increase (decrease) in total liabilities:	
Work in progress understated	15,622
Accumulated depreciation understated	(298,556)
Net adjustments and reclassifications	(282,934)
June 30, 2009, audited financial statement total net capital assets	\$ 57,465,771

This schedule provides the information necessary to reconcile the fund balances of all funds and the total net capital assets as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

**ALBANY UNIFIED SCHOOL DISTRICT**  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2009

**TABLE D-5**

No charter schools are chartered by Albany Unified School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2009**

**TABLE D-6**  
**Page 1 of 2**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed Through State Department of Education:			
Child Development-School Age Resource Contracts *	93.575	05035	\$ 4,006
Child Care Center *	93.596	05025	21,503
Head Start	93.600	05210	103,200
Total Passed Through State Department of Education			<u>128,709</u>
Total U. S. Department of Health and Human Services			<u>128,709</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through State Department of Education:			
Title I	84.010	03797	180,848
Special Education *	84.027	03379	4,426,398
Title IV - Drug Free	84.151	03453	2,181
Title II - Teacher Quality	84.164	03207	102,246
Preschool *	84.173	03430	126,832
Special Education - Staff Development *	84.173A	03345	1,000
Special Education Early Intervention	84.181	03596	131,611
Title V - Innovative	84.298	04046	1,758
Title II - Technology	84.318	04045	2,702
Title III - LEP	84.365	04203	30,942
Title III - Immigrant	84.365	04201	31,317
Title I - ARRA	84.389	03011	34,027
Special Education - ARRA	84.391	03313	885,273
Special Education - IDEA ARRA	84.392	03319	30,628
Total Passed Through State Department of Education			<u>5,987,763</u>
Total U. S. Department of Education			<u>5,987,763</u>
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through State Department of Education:			
National School Lunch Program *	10.555	03396	223,201
Child Care Food Program	10.558	03529	49,651
Total Passed Through State Department of Education			<u>272,852</u>
Total U. S. Department of Agriculture			<u>272,852</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>6,389,324</u></b>

\* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

## **ALBANY UNIFIED SCHOOL DISTRICT**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009**

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Albany Unified School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB 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 general purpose financial statements.

## Other Independent Auditor's Reports

**Wilkinson Hadley King & Co. LLP**  
**CPA's and Advisors**  
218 W. Douglas Avenue  
El Cajon, CA 92020

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees  
Albany Unified School District  
Albany, California

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Albany Unified School District as of and for the year ended June 30, 2009, which collectively comprise the Albany Unified School District's basic financial statements and have issued our report thereon dated November 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Albany Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Albany Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Albany Unified School District's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Albany Unified School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Albany Unified School District's financial statements that is more than inconsequential will not be prevented by the Albany Unified School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Albany Unified School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Albany 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*.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
November 6, 2009



**Wilkinson Hadley King & Co. LLP**  
**CPA's and Advisors**  
218 W. Douglas Avenue  
El Cajon, CA 92020

Report on Compliance with Requirements Applicable  
To each Major Program and on Internal Control over Compliance  
In Accordance With OMB Circular A-133

Board of Trustees  
Albany Unified School District  
Albany, California

Members of the Board of Trustees:

Compliance

We have audited the compliance of Albany Unified School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Albany Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Albany Unified School District's management. Our responsibility is to express an opinion on Albany Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Albany Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Albany Unified School District's compliance with those requirements.

In our opinion, Albany Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Albany Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Albany Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Albany Unified School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
November 6, 2009

**Wilkinson Hadley King & Co. LLP**  
**CPA's and Advisors**  
 218 W. Douglas Avenue  
 El Cajon, CA 92020

**Auditor's Report on State Compliance**

Board of Trustees  
 Albany Unified School District  
 Albany, California

**Members of the Board of Trustees:**

We have audited the basic financial statements of the Albany Unified School District ("District") as of and for the year ended June 30, 2009, and have issued our report thereon dated November 6, 2009. Our audit was made 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 State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Independent Study	23	N/A
Continuation Education	10	No
Adult Education	9	N/A [1]
Regional Occupational Centers and Programs	6	N/A
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Community Day Schools	9	N/A
Morgan-Hart Class Size Reduction Program	7	N/A [1]
Instructional Materials:		
General Requirements	12	1 [3]
Grades K-8 Only	1	N/A [1]
Grades 9-12 Only	1	N/A [1]
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	N/A
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	N/A [1]

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are  
are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial  
statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with section 510(a)  
of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.391	Special Education-ARRA
84.010	Title I
10.555	National School Lunch
84.173	Special Education-Preschool

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**3. State Awards**

Internal control over state programs:

One or more material weaknesses identified? ☐ Yes ☒ No

One or more significant deficiencies identified that are  
are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance  
for state programs: Unqualified

**B. Financial Statement Findings**

Finding 2009-1 (30000)  
Cash Accounts

Criteria or Specific Requirement

Determine that the District has a procedure in place that will ensure all cash accounts are reconciled in a timely manner and any discrepancies noted are resolved immediately.

Condition

In our review of the District's cash accounts, we noted the bank accounts were not being reconciled in a timely manner and compared with the carrying amount in the financial system.

Questioned Costs

None

Recommendation

We recommend the District implement a procedure that will ensure all bank accounts are reconciled monthly in a timely manner and reconciled to the carrying amount in the financial system.

LEA's Response

The district recently hired a Budget Analyst/Accountant. The responsibility of bank account reconciliation is a primary duty for this position. The person has been assigned all bank accounts and has reconciled all accounts since the audit. The accounts will be reconciled on a monthly basis to agree with the amounts in the district financial system.

Finding 2009-2 (30000)  
Payroll

Criteria or Specific Requirement

Determine that the District has a procedure in place that will ensure all employees' payroll files contain all required forms to verify employment eligibility.

Condition

In our review of payroll, we noted several employees either did not have an I-9 form on file, or the I-9 form on file was not properly and completely filled out.

Questioned Costs

None

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Recommendation

We recommend procedures be implemented that will require all employees to have on file a properly completed and signed I-9 form as verification of employment eligibility.

LEA's Response

Personnel have created an employee checklist that includes the requirements for the I-9 Form. Additionally, staff is reviewing all personnel files to assure all employees have a correctly completed I-9 Form with the appropriate supporting documentation.

Finding 2009-3 (30000)  
Cafeteria Fund Cash Receipts.

Criteria or Specific Requirement

Determine that the District has in place the internal controls that will ensure all cash receipts are properly documented and accounted for in the financial records.

Condition

In our examination of cash receipts at the school sites, we noted there is no procedure currently in place that requires the individual at the school site who counts the daily cash and verifies the count to sign as verification of the amount being submitted to the district office. In addition, at the district office there is no procedure in place to document that the cash submitted from the school sites agrees to the cash received.

Questioned Costs

None

Recommendation

We recommend the district implement a procedure that will require the individual who counts the daily cash at the school site and the individual who verifies the cash to sign as verification of the amount being submitted to the district office. In addition, we recommend that when the cash is received at the district office it should be counted , verified, and noted with a signature.

LEA's Response

The district Budget Analyst/Accountant is developing a procedure and process for cash collected and deposited both at the school sites and at the district office. Cafeteria staff has been advised that all daily sales reports and daily deposit slips must be reconciled and submitted to the district office daily. Staff has been advised that all cash transactions must be verified by receipt and all staff will be supplied with written procedures for correct cash handling/exchange.

**C. Federal Award Findings and Questioned Costs**

NONE

**D. State Award Findings and Questioned Costs**

NONE

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Finding 2008-1  Student Body Funds-Albany High School</p> <p>In our examination of the student body disbursements at Albany High School, we noted they were unable to provide adequate documentation for some of the expenditures selected for testing.</p> <p>We recommend that procedures be implemented that will ensure all cash disbursements have proper supporting documentation on file and available for review during the audit.</p>	Implemented	
<p>Finding 2008-2  Student Body Funds-Albany Middle School</p> <p>In our examination of the student body disbursements at Albany Middle School, we noted the following:</p> <p>In our review of events where tickets were sold, we noted instances where a ticket reconciliation was not utilized to reconcile tickets sold and cash collected.</p> <p>In our review of expenditures, we noted instances where the expenditures did not have proper supporting documentation on file.</p> <p>We recommend the following procedures be implemented:</p> <p>We recommend that ticket reconciliation forms be used for all events where tickets are sold to reconcile the number of tickets sold and the cash collected.</p> <p>We recommend that procedures be implemented that will ensure all cash disbursements have proper supporting documentation on file and available for review during the audit.</p>	Implemented	

**ALBANY UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Finding 2008-3 Adult Education</p> <p>In our examination of adult education, we noted the following:</p> <p>We found instances where teachers were not signing the sign-in sheets as verification of attendance for classes taught and instances where teachers were not signing the final computerized attendance record as verification of the weekly attendance.</p> <p>In our review of attendance, we found several instances where the information contained on the class sign-in sheets was not in agreement with the information contained on the computerized attendance records. There appeared to be significant errors in the recording of attendance from the sign-in sheets.</p> <p>As a result, we requested that the Adult Education staff review and reconcile each class from the beginning of the year and make the necessary adjustments prior to the end of the fiscal year to ensure the annual attendance reported was complete and accurate.</p> <p>As a result of our request to perform a complete review of the attendance records, the staff did perform a complete review of the attendance. After their review all errors were corrected. We subsequently performed a review of the reconciled records and found that the errors noted earlier had been corrected and the attendance reported on the annual attendance reports was correct.</p> <p>In order to be in compliance with California Department of Education requirements for maintaining contemporaneous attendance records and verification of attendance, and ensure the attendance reported to the California Department of Education is complete and accurate, we recommend the following:</p>		



**ALBANY UNIFIED SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Implement a procedure that will require all teachers to properly sign and date all class sign-in sheets as well as the weekly computerized attendance records.		
Implement a procedure that will allow for the staff to review all attendance records and verify the attendance reported is in agreement with the attendance as noted on the class sign-in sheets.	Implemented	