

**PLEASANTON
UNIFIED SCHOOL DISTRICT**

AUDIT REPORT

**For the Fiscal Year Ended
June 30, 2010**

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**PLEASANTON UNIFIED SCHOOL DISTRICT
 AUDIT REPORT
 For the Fiscal Year Ended June 30, 2010
 Table of Contents**

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities.....	15
Governmental Fund Financial Statements:	
Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Proprietary Fund Financial Statements	
Statement of Fund Net Assets	20
Statement of Revenues, Expenditures, and Changes in Fund Net Assets.....	21
Statement of Cash Flows	22
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	23
Notes to Financial Statements.....	24

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	54
Schedule of Funding Progress	55

**PLEASANTON UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended June 30, 2010
Table of Contents**

SUPPLEMENTARY INFORMATION

	<u>Page</u>
Local Educational Agency Organization Structure	56
Schedule of Average Daily Attendance.....	57
Non-Major Governmental Funds – Combining Balance Sheet	58
Non-Major Governmental Funds – Combining Statement of Revenues, Expenditures Changes in Fund Balance.....	59
Combining Statement of Changes in Asset and Liabilities – All Agency Funds	60
Schedule of Instructional Time	61
Schedule of Financial Trends and Analysis	62
Schedule of Expenditures of Federal Awards	63
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	64
Note to the Supplementary Information	65

OTHER INDEPENDENT AUDITOR’S REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	68
Independent Auditor’s Report on State Compliance	70

FINDINGS AND QUESTIONED COSTS SECTION

Schedule of Audit Findings and Questioned Costs	72
Summary Schedule of Prior Audit Findings.....	83

Board of Trustees
Pleasanton Unified School District
Pleasanton, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasanton Unified School District, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pleasanton 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 the Pleasanton Unified School District, as of June 30, 2010, and the respective changes in financial position thereof 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 December 2, 2010, on our consideration of the Pleasanton Unified School District's internal control over financial reporting and 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 on pages 3 through 13, the budgetary comparison schedule on page 54, and the schedule of funding progress on page 55 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasanton Unified School District's basic financial statements. The combining and individual non-major fund financial statements, the schedule of financial trends and analysis, and the schedule of expenditures of federal awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

Christine White Accountancy Corporation

San Diego, California
December 2, 2010

Management's Discussion and Analysis

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PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

This discussion and analysis of Pleasanton Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's General Fund financial status improved as compared to the prior year. The District was able to end the year with \$1.0 million more in expenditures and other outgo than revenues.
- Government-wide, net assets increased by \$3.5 million to an ending balance of \$150.7 million. The increase is largely attributable to pay down of liabilities.
- The total cost of basic programs was \$162.9 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$106.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

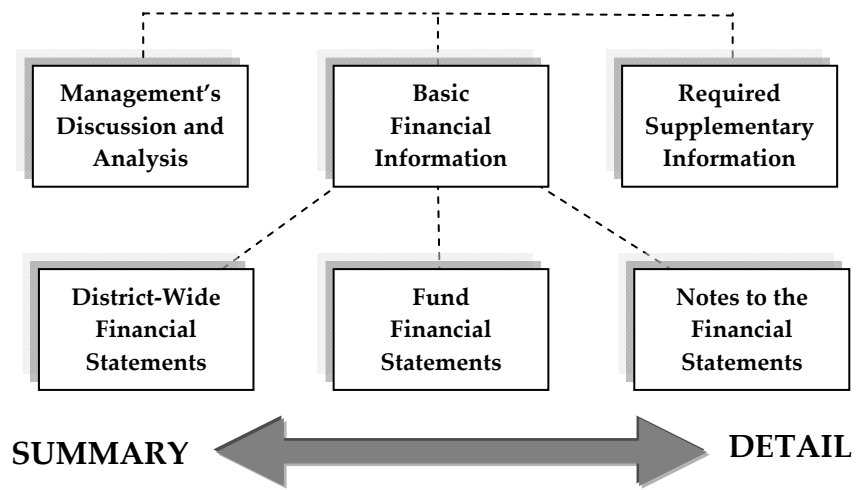
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - The *fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.
 - The *proprietary funds* statements offer short – and long-term financial information about the District's Child Development Fund.

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Pleasanton Unified School District's Annual Financial Report



PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: child development fund	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses & Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; Standard's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases and decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like Federal grants).

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported the same way as the district-wide statements.
 - We use internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund – The Child Development Fund.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets- The District's combined net assets were larger on June 30, 2010, than they were the year before – increasing approximately \$3.5 million from the previous year to the ending balance of \$150.7 million. (See Table A-1).

Table A-1
Pleasanton Unified School District's Net Assets

	Governmental Activities		Total	Business-Type Activities		Total
	2009	2010	Percentage	2009	2010	Percentage
			Change			Change
Current assets	\$ 39,219,420	\$ 53,387,621	36%	\$ 90,107	\$ 167,091	85%
Noncurrent assets	251,259,677	243,213,272	-3%	-	-	0%
Total assets	290,479,097	296,600,893	2%	90,107	167,091	85%
Current liabilities	21,828,971	33,625,654	54%	364	82,206	22484%
Noncurrent liabilities	121,534,700	112,312,739	-8%	-	-	0%
Total liabilities	143,363,671	145,938,393	2%	364	82,206	22484%
Total net assets	\$ 147,115,426	\$ 150,662,500	2%	\$ 89,743	\$ 84,885	-5%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$30.5 million, which is greater than last year's ending fund balance of \$28.3 million. The District's General Fund had more expenditures than revenues in 2009-10 by \$1.0 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. While the District's final budget for the General Fund anticipated expenditures and other outgo would exceed revenues by \$1.8 million, the actual results for the year show that revenues exceeded expenditures and other outgo by \$7.7 million. Actual revenues were \$10.8 million less than anticipated, and expenditures were \$20.4 million less than budgeted. That amount consists primarily of State deficit and District budget cuts on expenditures.

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net assets, governmental activities. The District's total revenues were \$165.0 million (See Table A-2).

The total cost of all programs and services was \$161.5 million. The District's expenses are predominantly related to educating and caring for students, 63%. The purely administrative activities of the District accounted for just 5% of total costs. The total costs increased by 8%.

Table A-2
Changes in Pleasanton Unified School District's Net Assets

	Governmental Activities		Total	Business-Type Activities		Total
			Percentage			Percentage
	2009	2010	Change	2009	2010	Change
			2009-10			2009-10
Revenues:						
<i>Program revenues</i>						
Charges for services	\$ 4,427,571	\$ 4,039,617	-9%	\$ 1,166,766	\$ 1,459,841	25%
Operating grants and contributions	32,012,238	48,701,065	52%	-	-	0%
Capital grants and contributions	1,968,568	3,340,537	70%	-	-	0%
<i>General revenues</i>						
Property taxes	61,836,914	62,315,333	1%	-	-	0%
Other revenues	54,734,829	46,615,412	-15%	13,505	1,875	-86%
Total revenues	154,980,120	165,011,964	6%	1,180,271	1,461,716	24%
Expenses:						
Instruction-related	101,311,119	91,868,131	-9%	-	-	0%
Student support services	12,338,135	9,141,482	-26%	-	-	0%
Maintenance and operations	9,596,825	8,497,961	-11%	-	-	0%
Administration	7,497,722	6,926,749	-8%	-	-	0%
Other expenses	19,190,984	45,030,567	135%	1,508,103	1,466,574	-3%
Total expenses	149,934,785	161,464,890	8%	1,508,103	1,466,574	-3%
Change in net assets	\$ 5,045,335	\$ 3,547,074	-30%	\$ (327,832)	\$ (4,858)	-99%

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-3 presents the cost of five major District activities: instruction and instruction related; student support services; general administration; maintenance, operations and facility acquisition; and miscellaneous other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

- The cost of all *governmental* activities this year was \$161.5 million.
- Some of the cost was paid by the users of the District's programs \$4.0 million.
- The federal and state governments subsidized programs with grants and contributions \$48.7 million.
- Most of the District's costs \$105.4 million, however, were paid for by District taxpayers and the taxpayers of California. This portion of governmental activities was paid for with property taxes, unrestricted state aid based on the statewide education aid formula, and with investment earnings.

Table A-3
Net Costs of Pleasanton Unified School District's Governmental and Business-Type Activities

Governmental Activities			Business-Type Activities		
	Total Cost of Services	Net Cost of Services		Total Cost of Services	Net Cost of Services
Instructional services	\$ 91,868,131	\$ 67,977,674	Instructional services	\$ -	\$ -
Pupil support services	9,141,482	3,490,455	Pupil support services	-	-
Maintenance and operations	8,497,961	8,454,636	Maintenance and operations	-	-
Administration	6,926,749	5,436,516	Administration	-	-
Other expenses	45,030,567	20,024,390	Other expenses	1,466,574	(1,466,574)
Total expenses	\$ 161,464,890	\$ 105,383,671	Total expenses	\$ 1,466,574	\$ (1,466,574)

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets

As shown in Table A-4, by the end of 2009-10 the District had invested \$364.0 million in capital assets.

Table A-4
Pleasanton Unified School District's Capital Assets

	Governmental Activities		Total
	2009	2010	Percentage
			Change
			2009-10
Land	\$ 40,624,273	\$ 40,624,273	0%
Site improvements	33,278,224	33,284,455	0%
Buildings	261,749,158	262,985,186	0%
Furniture and equipment	5,835,867	5,596,972	-4%
Construction in progress	21,582,777	21,472,352	-1%
Total capital assets	\$ 363,070,299	\$ 363,963,238	0%

Long-Term Debt

At year-end the District had \$123.5 million in general obligation bonds, certificates of participation, capital leases, other postemployment benefits, and compensated absences – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Table A-5
Pleasanton Unified School District's Long-Term Debt

	Governmental Activities		Total
	2009	2010	Percentage
			Change
			2009-10
General obligation bonds	\$ 107,519,429	\$ 98,249,429	-9%
Accreted interest on GOB	732,967	928,547	27%
Premium on GOB	4,471,614	3,809,790	-15%
Certificates of participation	17,300,000	17,510,000	1%
Capital leases payable	939,488	730,338	-22%
Other postemployment benefits	1,524,245	1,740,998	14%
Compensated absences payable	562,467	526,645	-6%
Total long-term debt	\$ 133,050,210	\$ 123,495,747	-7%

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

FACTORS BEARING ON THE DISTRICT'S FUTURE

The state's budget situation continues to reflect challenging economic conditions. The 2010 State Budget was balanced on optimistic state and federal revenue projections, the sale of state properties, additional borrowings, and the suspension of the Proposition 98 minimum guarantee. While the state's economy continues to gradually recover along with the nation's, a relatively slow pace of job growth in California presents a headwind for a more rapid rate of economic recovery.

The state's budget challenges have adversely impacted the K-12 education budget. As a result, the average unified school district in the state of California in 2010-11 is expected to lose approximately \$25 per unit of average daily attendance over 2009-10 in revenue limit state funding, to an average funded revenue limit of approximately \$6,386 per unit of average daily attendance. However, a corresponding decrease in the deficit factor offsets the loss; keeping funding levels in 2010-11 the same as 2009-10, and without the \$253 per ADA one-time funding reduction experienced in 2009-10.

Federal funding for categorical programs was given another one-time funding boost in 2010-11 with the Education Jobs Act funding. In addition, the final 10% of the State Fiscal Stabilization funds, part of the American Recovery and Reinvestment Act (ARRA), are to be paid in 2010-11. ARRA funds must be spent prior to the September 30, 2011.

State categorical program flexibility continues for 2009-10 and 2010-11 with no anticipated changes. School districts continue to be authorized to use funding from 42 Tier III categorical programs for any purpose. K-3 class size reduction penalties have been relaxed for two more years and school agencies maintain the flexibility to shorten the school year until 2012-13. Reserve requirements for economic uncertainties, if reduced by school agencies, must be fully restored by 2011-12.

PLEASANTON UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2010

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Other Factors

Enrollment

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the Pleasanton Unified School District budget for the 2010-11 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at 4665 Bernal Avenue; Pleasanton, California, 94566.

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Financial Section

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PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Total Governmental Activities	Total Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,744,175	\$ 166,984	\$ 16,911,159
Investments	5,560,991	-	5,560,991
Accounts receivable	29,728,947	107	29,729,054
Inventories	143,507	-	143,507
Prepaid expenses	1,131,105	-	1,131,105
Due from other funds	78,896	-	78,896
Total current assets	<u>53,387,621</u>	<u>167,091</u>	<u>53,554,712</u>
Noncurrent assets:			
Capital assets:			
Land	40,624,273	-	40,624,273
Site improvements	33,284,455	-	33,284,455
Buildings	262,985,186	-	262,985,186
Furniture and equipment	5,596,972	-	5,596,972
Construction in progress	21,472,352	-	21,472,352
Less accumulated depreciation	(120,749,966)	-	(120,749,966)
Total capital assets, net of depreciation	<u>243,213,272</u>	<u>-</u>	<u>243,213,272</u>
Total noncurrent assets	<u>243,213,272</u>	<u>-</u>	<u>243,213,272</u>
Total assets	<u>296,600,893</u>	<u>167,091</u>	<u>296,767,984</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,870,668	3,310	16,873,978
Cash overdraft with County Treasury	5,520,298	-	5,520,298
Deferred revenue	51,680	-	51,680
Due to other funds	-	78,896	78,896
Long-term liabilities payable, current	11,183,008	-	11,183,008
Total current liabilities	<u>33,625,654</u>	<u>82,206</u>	<u>33,707,860</u>
Noncurrent liabilities:			
Long-term liabilities payable, noncurrent	112,312,739	-	112,312,739
Total noncurrent liabilities	<u>112,312,739</u>	<u>-</u>	<u>112,312,739</u>
Total liabilities	<u>145,938,393</u>	<u>82,206</u>	<u>146,020,599</u>
NET ASSETS			
Invested in capital assets, net of related debt	124,591,986	-	124,591,986
Restricted for:			
Capital projects	7,639,461	-	7,639,461
Debt service	12,576,994	-	12,576,994
Educational programs	2,224,343	-	2,224,343
Unrestricted	3,629,716	84,885	3,714,601
Total net assets	<u>\$ 150,662,500</u>	<u>\$ 84,885</u>	<u>\$ 150,747,385</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Instruction	\$ 80,260,798	\$ 199,321	\$ 18,944,933	\$ 3,340,537	\$ (57,776,007)	\$ -	\$ (57,776,007)
Instruction-related services:							
Supervision of instruction	2,798,057	13,999	1,005,991	-	(1,778,067)	-	(1,778,067)
Instructional library, media and technology	1,836,594	1,840	216,745	-	(1,618,009)	-	(1,618,009)
School site administration	6,972,682	110	166,981	-	(6,805,591)	-	(6,805,591)
Pupil support services:							
Home-to-school transportation	1,162,929	-	662,382	-	(500,547)	-	(500,547)
Food services	3,815,076	3,363,515	514,779	-	63,218	-	63,218
All other pupil services	4,163,477	14,660	1,095,691	-	(3,053,126)	-	(3,053,126)
General administration services:							
Data processing services	842,100	-	-	-	(842,100)	-	(842,100)
Other general administration	6,084,649	162,093	1,328,140	-	(4,594,416)	-	(4,594,416)
Plant services	8,497,961	10,580	32,745	-	(8,454,636)	-	(8,454,636)
Interest on long-term debt	5,117,818	-	-	-	(5,117,818)	-	(5,117,818)
Other outgo	30,733,430	273,499	24,732,678	-	(5,727,253)	-	(5,727,253)
Depreciation (unallocated)	9,179,319	-	-	-	(9,179,319)	-	(9,179,319)
Total governmental activities	<u>161,464,890</u>	<u>4,039,617</u>	<u>48,701,065</u>	<u>3,340,537</u>	<u>(105,383,671)</u>	<u>-</u>	<u>(105,383,671)</u>
Business-type activities:							
Other outgo	<u>1,466,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,466,574)</u>	<u>(1,466,574)</u>
Total primary government	<u>\$ 162,931,464</u>	<u>\$ 4,039,617</u>	<u>\$ 48,701,065</u>	<u>\$ 3,340,537</u>	<u>(105,383,671)</u>	<u>(1,466,574)</u>	<u>(106,850,245)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					48,061,495	-	48,061,495
Property taxes, levied for debt service					14,253,838	-	14,253,838
Federal and state aid not restricted to specific purpose					44,207,866	-	44,207,866
Interest and investment earnings					351,614	1,875	353,489
Interagency revenues					84,261	-	84,261
Miscellaneous					1,861,671	1,569,841	3,431,512
Special and extraordinary items					-	-	-
Internal transfers					110,000	(110,000)	-
Total general revenues					<u>108,930,745</u>	<u>1,461,716</u>	<u>110,392,461</u>
Change in net assets					3,547,074	(4,858)	3,542,216
Net assets - July 1, 2009					<u>147,115,426</u>	<u>89,743</u>	<u>147,205,169</u>
Net assets - June 30, 2010					<u>\$ 150,662,500</u>	<u>\$ 84,885</u>	<u>\$ 150,747,385</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2010

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 12,558,455	\$ 4,185,720	\$ 16,744,175
Investments	-	5,560,991	-	-	5,560,991
Accounts receivable	29,456,445	1	18,539	253,962	29,728,947
Due from other funds	271,662	-	-	347,001	618,663
Inventories	104,336	-	-	39,171	143,507
Prepaid expenditures	42,204	-	-	-	42,204
Total assets	<u>\$ 29,874,647</u>	<u>\$ 5,560,992</u>	<u>\$ 12,576,994</u>	<u>\$ 4,825,854</u>	<u>\$ 52,838,487</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 16,011,958	\$ 104	\$ -	\$ 229,424	\$ 16,241,486
Cash overdraft with County Treasury	4,704,209	769,541	-	46,548	5,520,298
Due to other funds	347,001	-	-	192,766	539,767
Deferred revenue	51,680	-	-	-	51,680
Total liabilities	<u>21,114,848</u>	<u>769,645</u>	<u>-</u>	<u>468,738</u>	<u>22,353,231</u>
FUND BALANCES					
Reserved for:					
Inventories	104,336	-	-	39,171	143,507
Revolving cash	47,000	-	-	-	47,000
Prepaid expenditures	42,204	-	-	-	42,204
Debt service	-	-	12,576,994	-	12,576,994
Categorical programs	2,224,343	-	-	-	2,224,343
Unreserved; reported in:					
General fund	6,341,916	-	-	-	6,341,916
Special revenue funds	-	-	-	720,107	720,107
Capital project funds	-	4,791,347	-	3,597,838	8,389,185
Total fund balances	<u>8,759,799</u>	<u>4,791,347</u>	<u>12,576,994</u>	<u>4,357,116</u>	<u>30,485,256</u>
Total liabilities and fund balances	<u>\$ 29,874,647</u>	<u>\$ 5,560,992</u>	<u>\$ 12,576,994</u>	<u>\$ 4,825,854</u>	<u>\$ 52,838,487</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2010

Total fund balances - governmental funds \$ 30,485,256

Amounts reported for governmental *activities* in the statement of net assets are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets is \$363,963,238 and the accumulated depreciation is (\$120,749,966). 243,213,272

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (629,182)

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 assets on the government-wide statement of net assets are: 1,088,901

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 consist of:

General obligation bonds payable	\$ 102,987,766	
Certificates of participation payable	17,510,000	
Capital leases payable	730,338	
Compensated absences payable	526,645	
Net OPEB obligation	1,740,998	(123,495,747)

Total net assets - governmental activities \$ 150,662,500

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
General revenues:					
Property taxes	\$ 48,061,495	\$ -	\$ 14,253,838	\$ -	\$ 62,315,333
Federal and state aid not restricted to specific purpose	44,195,879	-	-	11,987	44,207,866
Interest and investment earnings	248,801	36,244	65,943	626	351,614
Interagency revenues	61,469	-	-	22,792	84,261
Miscellaneous	1,235,745	-	-	625,926	1,861,671
Program revenues:					
Charges for services	491,005	-	-	3,548,612	4,039,617
Operating grants and contributions	47,384,839	-	-	1,316,226	48,701,065
Capital grants and contributions	-	-	-	3,340,537	3,340,537
Total revenues	<u>141,679,233</u>	<u>36,244</u>	<u>14,319,781</u>	<u>8,866,706</u>	<u>164,901,964</u>
EXPENDITURES					
Instructional services:					
Instruction	79,433,468	-	-	973,425	80,406,893
Instruction-related services:					
Supervision of instruction	2,798,057	-	-	-	2,798,057
Instructional library, media and technology	1,836,594	-	-	-	1,836,594
School site administration	6,721,190	-	-	251,492	6,972,682
Pupil support services:					
Home-to-school transportation	1,162,929	-	-	-	1,162,929
Food services	-	-	-	3,815,076	3,815,076
All other pupil services	4,163,477	-	-	-	4,163,477
General administration services:					
Data processing services	842,100	-	-	-	842,100
Other general administration	5,912,926	-	-	192,745	6,105,671
Plant services	8,235,984	-	-	288,453	8,524,437
Facility acquisition and construction	353,534	-	-	404,858	758,392
Other outgo:					
Transfers between agencies	30,558,448	-	-	-	30,558,448
Debt service - principal	220,956	-	9,265,000	620,000	10,105,956
Debt service - interest	34,047	-	4,469,061	269,635	4,772,743
Debt service - issuance costs and discounts	-	-	-	35,224	35,224
Total expenditures	<u>142,273,710</u>	<u>-</u>	<u>13,734,061</u>	<u>6,850,908</u>	<u>162,858,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(594,477)</u>	<u>36,244</u>	<u>585,720</u>	<u>2,015,798</u>	<u>2,043,285</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	865,481	26,265	-	1,973,963	2,865,709
Interfund transfers out	<u>(1,277,769)</u>	<u>(822,203)</u>	<u>-</u>	<u>(655,737)</u>	<u>(2,755,709)</u>
Total other financing sources and uses	<u>(412,288)</u>	<u>(795,938)</u>	<u>-</u>	<u>1,318,226</u>	<u>110,000</u>
Net change in fund balances	<u>(1,006,765)</u>	<u>(759,694)</u>	<u>585,720</u>	<u>3,334,024</u>	<u>2,153,285</u>
Fund Balances, June 30, 2009, as originally stated	9,666,564	5,651,041	11,991,274	1,023,092	28,331,971
Adjustments for Restatements - See Note 14	100,000	(100,000)	-	-	-
Fund Balances, June 30, 2009, as adjusted	<u>9,766,564</u>	<u>5,551,041</u>	<u>11,991,274</u>	<u>1,023,092</u>	<u>28,331,971</u>
Fund balances, June 30, 2010	<u>\$ 8,759,799</u>	<u>\$ 4,791,347</u>	<u>\$ 12,576,994</u>	<u>\$ 4,357,116</u>	<u>\$ 30,485,256</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Total net change in fund balances - governmental funds \$ 2,153,285

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	\$ 1,132,914	
Depreciation expense	<u>(9,179,319)</u>	(8,046,405)

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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 9,269,150

Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or 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: 661,824

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postretirement benefits costs are recognized in the period that they are incurred. This year, the difference between OPEB costs and actual employer contributions was: (216,753)

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period was: 35,224

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period 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: (149,492)

In governmental funds, accreted interest on general obligation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (195,581)

In the statement of activities, compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). 35,822

Change in net assets of governmental activities \$ 3,547,074

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Fund Net Assets – Proprietary Funds
June 30, 2010

	Enterprise Activities: Child Development Fund
ASSETS	
Cash	\$ 166,984
Accounts receivable	107
Total assets	<u>167,091</u>
 LIABILITIES	
Accounts payable and accrued liabilities	3,310
Due to other funds	78,896
Total liabilities	<u>82,206</u>
 NET ASSETS	
Unrestricted	84,885
Total net assets	<u>\$ 84,885</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses and Change in Fund Net Assets – Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Enterprise Activities: Child Development Fund
OPERATING REVENUES	
Other local revenues	\$ 1,569,841
Total operating revenues	<u>1,569,841</u>
OPERATING EXPENSES	
Services and other operating expenditures	<u>1,466,574</u>
Total operating expenses	<u>1,466,574</u>
Operating income	103,267
NON-OPERATING REVENUES	
Interest income	<u>1,875</u>
INCOME BEFORE TRANSFERS	105,142
Interfund transfers out	<u>(110,000)</u>
Change in net assets	(4,858)
Net assets, July 1, 2009	<u>89,743</u>
Net assets, June 30, 2010	<u><u>\$ 84,885</u></u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Enterprise Activities: Child Development Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 1,569,841
Cash payments for payroll, insurance and operating costs	(1,609,798)
Net cash used in operating activities	<u>(39,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	2,820
Net cash provided by investing activities	<u>2,820</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interfund transfer	(110,000)
Net cash used in investing activities	<u>(110,000)</u>
Net decrease in cash	(147,137)
Cash, July 1, 2009	<u>314,121</u>
Cash, June 30, 2010	<u><u>\$ 166,984</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 103,267
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	2,945
Decrease in due to other funds	(146,169)
Net cash used in operating activities	<u><u>\$ (39,957)</u></u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Assets – Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
	Student
	<u>Body Funds</u>
ASSETS	
Cash	\$ 1,252,783
Total assets	<u>\$ 1,252,783</u>
LIABILITIES	
Accounts payable	
Due to student groups	\$ 1,252,783
Total liabilities	<u>\$ 1,252,783</u>

The notes to financial statements are an integral part of this statement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon those criteria, the District has determined that there are no component units that should be included in the District's financial reporting entity.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. Internal Service Fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets and Statement of Activities have been eliminated, including due to/from other funds and transfers in/out.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued):

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets for proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the district finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collected within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

E. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into four major, non-major, and fiduciary funds, as follows:

Major Governmental Funds:

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Special Reserve Fund for Capital Outlay Projects* exists to provide for the accumulation of monies for capital outlay projects.
- The *Bond Interest and Redemption Fund* is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Non-major Governmental Funds:

- ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four non-major special revenue funds:
 1. The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
 2. The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service operations.
 3. The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.
 4. The *Special Reserve Fund for Other Than Capital Outlay Projects* is used primarily to provide for the accumulation of General Fund money for general operating purposes.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Accounting (continued)

- *Capital Projects Funds* are used to account for the acquisition and/or construction of major governmental general fixed assets. The District maintains three non-major capital project funds:
 1. The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.
 2. The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.
 3. The *County School Facilities Fund* is used to account for state apportionments provided for modernization of school facilities under SB50.

Proprietary Funds:

- *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has one proprietary fund, the Child Development Fund.

Fiduciary Funds:

The District maintains one type of fiduciary fund:

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains agency funds, one for each school that operates a student body fund. The amounts reported for student body funds represent the combined totals of all schools within the District.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and the final revised budgets are presented for the General Fund in the supplementary information..

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. 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.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

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

2. Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical 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.”

3. Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity (continued)

4. 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 exceed qualified expenditures.

5. Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability on the government-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued and any premiums or discounts are reported as other financing sources and uses.

7. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of the fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity (continued)

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

I. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment. The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Use of Estimates

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

K. New GASB Pronouncement

GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* was issued in February 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is required to be implemented in the 2010-11 fiscal year.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Cash in county treasury	\$ 15,297,102	\$ (1,014)	\$ -
Cash on hand and in banks	68,194	61,881	1,252,783
Cash in revolving fund	47,000	-	-
Collections awaiting deposit	1,331,879	106,117	-
Total cash and cash equivalents	<u>\$ 16,744,175</u>	<u>\$ 166,984</u>	<u>\$ 1,252,783</u>
Investments	<u>\$ 5,560,991</u>	<u>\$ -</u>	<u>\$ -</u>

Policies and Practices

Governmental agencies in the state of California are authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of the applicable agreements rather than the general provisions of the California Government Code.

Cash in County Treasury – The District is considered to be an involuntary participant in an external investment pool, as the District is required to deposit all receipts and collections of monies with its County Treasurer (Education Code Section 41001). The fair value of the District’s investment in the pool is disclosed in the notes to the financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

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

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Alameda County Investment Pool with a fair value of approximately \$15,341,617 and an amortized book value of \$15,296,088. The weighted average maturity for this pool is 340 days as of June 30, 2010.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The individual investments within the Alameda County Investment Pool are rated at least AAAf/S1 by Moody's Investors Service and Standard & Poor's Investment Direct.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, the District's bank balance of \$2,687,854 was not exposed to custodial credit risk because the first \$250,000 deposited per bank was covered under the FDIC insurance limit, and the remaining amount was collateralized with securities held by the pledging financial institution's trust department or agency.

Local Agency Investment Fund

Pleasanton Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's prorate share of the fair value provided by LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2009, this fund was yielding approximately 3.11% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2010, expenditures exceeded appropriations in the individual funds as follows:

General Fund:
 Other outgo \$ 1,023,769

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2010 consist of the following:

	Governmental Funds	Proprietary Funds
Federal	\$ 11,488,374	\$ -
State categorical	6,567,504	-
Other	11,673,069	107
Total accounts receivable	\$ 29,728,947	\$ 107

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 5 – INTERFUND TRANSACTIONS

Interfund activity is reported as loans, services provided, reimbursements, or transfers. 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/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 among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

A. Due From/Due To Other Funds

Individual interfund receivable and payable balances as of June 30, 2010 are as follows:

	Due To Other Funds			Total
	General Fund	Non-Major Governmental Funds	Proprietary Fund	
General Fund	\$ -	\$ 192,766	\$ 78,896	\$ 271,662
Other Governmental Funds	347,001	-	-	347,001
Total	<u>\$ 347,001</u>	<u>\$ 192,766</u>	<u>\$ 78,896</u>	<u>\$ 618,663</u>
General Fund due to the Special Reserve Fund for Other Than Capital Outlay Projects for OPEB liability				\$ 337,001
General Fund due to the Adult Education Fund for CTE expense transfer				10,000
Proprietary Fund due to the General Fund for indirect costs and Cal Card expense				78,896
Cafeteria Fund due to the General Fund for indirect costs and Cal Card expense				171,785
Adult Education Fund due to the General Fund for indirect costs				20,981
			Total	<u>\$ 618,663</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2009-10 fiscal year are as follows:

	Transfers to Other Funds				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Proprietary Fund	
General Fund	\$ -	\$ 717,509	\$ 37,972	\$ 110,000	\$ 865,481
Special Reserve for Capital Outlay Fund	-	-	26,265	-	26,265
Other Governmental Funds	1,277,769	104,694	591,500	-	1,973,963
Total	<u>\$ 1,277,769</u>	<u>\$ 822,203</u>	<u>\$ 655,737</u>	<u>\$ 110,000</u>	<u>\$ 2,865,709</u>
General Fund transfer to the Adult Education Fund for flexibility transfer					\$ 395,545
General Fund transfer to the Special Reserve Fund for Other Than Capital Outlay Fund for OPEB liability					337,001
General Fund transfer to the Capital Facilities Fund for DMA to offset loss of developer fees					545,223
Cafeteria Fund transfer to the Special Reserve Fund for Capital Outlay Projects to repay temporary loan					26,265
Building Fund transfer to the General Fund for capital facilities salaries					37,972
County School Facilities Fund transfer to the Building Fund for SB 50 apportionments and AVH Home Economics					591,500
Special Reserve Fund for Capital Outlay Projects transfer to the General Fund for a temporary loan					587,903
Special Reserve Fund for Capital Outlay Projects transfer to Capital Facilities Fund for a temporary loan					104,694
Proprietary Fund transfer to the General Fund for a temporary loan					110,000
Special Reserve Fund for Capital Outlay Projects transfer to the General Fund for personnel costs					129,606
Total					<u>\$ 2,865,709</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2010 is shown below:

	Beginning Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Land	\$ 40,624,273	\$ -	\$ -	\$ 40,624,273
Site improvements	33,278,224	6,231	-	33,284,455
Buildings	261,749,158	1,236,028	-	262,985,186
Furniture and equipment	5,835,867	1,080	239,975	5,596,972
Construction in progress	21,582,777	259,527	369,952	21,472,352
Total at historical cost	<u>363,070,299</u>	<u>1,502,866</u>	<u>609,927</u>	<u>363,963,238</u>
Less accumulated depreciation:				
Site improvements	25,875,183	1,480,010	-	27,355,193
Buildings	82,197,493	7,424,539	-	89,622,032
Furniture and equipment	3,737,946	274,770	239,975	3,772,741
Total accumulated depreciation	<u>111,810,622</u>	<u>9,179,319</u>	<u>239,975</u>	<u>120,749,966</u>
Total capital assets, net	<u>\$ 251,259,677</u>	<u>\$ (7,676,453)</u>	<u>\$ 369,952</u>	<u>\$ 243,213,272</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 7 – GENERAL LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2010 is shown below:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	\$ 107,519,429	\$ 3,315,000	\$ 12,585,000	\$ 98,249,429	\$ 9,560,000
Accreted Interest on GOB	732,967	195,581	-	928,547	216,396
Premium on GOB issuance	4,471,614	-	661,824	3,809,790	661,824
Certificates of Participation	17,300,000	17,510,000	17,300,000	17,510,000	-
Capital Lease	939,488	-	209,150	730,338	218,142
Post-Employment Benefits	1,524,245	216,753	-	1,740,998	-
Compensated Absences	562,467	-	35,822	526,645	526,645
Total long-term debt	<u>\$ 133,050,210</u>	<u>\$ 21,237,333</u>	<u>\$ 30,791,796</u>	<u>\$ 123,495,747</u>	<u>\$ 11,183,008</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the COP Debt Service Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments on the post-employment benefits and compensated absences are made from the General Fund, regardless of the fund for which the related employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt of Pleasanton Unified School District at June 30, 2010 is:

	Interest Payable	Maturity Date	Amount of Original Issue	Amounts Outstanding July 1, 2009	Additions	Redeemed Current Year	Amounts Outstanding June 30, 2010	Due Within One Year
1995 Refunding Series K	4.00 - 5.75%	2014	\$ 87,650,000	\$ 3,880,000	\$ -	\$ 3,880,000	\$ -	\$ 590,000
2002 Refunding	2.25 - 4.30%	2018	20,810,000	11,730,000	-	1,895,000	9,835,000	1,965,000
2003 Refunding	1.35 - 5.25%	2017	14,845,000	10,150,000	-	1,040,000	9,110,000	1,095,000
2003 Refunding Series B	1.00 - 4.50%	2022	19,474,976	18,804,976	-	275,000	18,529,976	350,000
2004 Refunding Series A	2.50 - 4.25%	2020	7,725,000	5,700,000	-	435,000	5,265,000	450,000
2004 Refunding Series B	2.00 - 5.00%	2024	14,825,000	11,960,000	-	605,000	11,355,000	620,000
2004 Refunding Series C	2.00 - 5.38%	2016	40,705,000	33,200,000	-	2,835,000	30,365,000	3,350,000
2005 Refunding	3.00 - 5.00%	2015	16,924,453	12,094,453	-	1,620,000	10,474,453	1,730,000
2009 Refunding			3,315,000	-	3,315,000	-	3,315,000	705,000
Totals			<u>\$ 226,274,429</u>	<u>\$ 107,519,429</u>	<u>\$ 3,315,000</u>	<u>\$ 12,585,000</u>	<u>\$ 98,249,429</u>	<u>\$ 10,855,000</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

General Obligation Bonds

The annual requirements to amortize each of the general obligation bonds payable, outstanding as of June 30, 2010, are as follows:

<u>Fiscal Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2010-2011	\$ 10,150,000	\$ 4,194,207	\$ 14,344,207
2011-2012	11,110,000	3,847,492	14,957,492
2012-2013	12,235,000	3,365,212	15,600,212
2013-2014	13,380,000	2,884,179	16,264,179
2014-2015	14,685,000	2,267,779	16,952,779
2015-2020	24,789,429	8,382,963	33,172,392
2020-2024	11,900,000	1,050,850	12,950,850
Totals	<u>\$ 98,249,429</u>	<u>\$ 25,992,683</u>	<u>\$ 124,242,112</u>

**Does not include accreted interest of \$928,547*

Capital Leases

The District's leases for facilities and equipment under agreements with options to purchase are summarized below:

<u>Year Ending</u> <u>June 30,</u>	<u>Lease</u> <u>Payment</u>
2011	\$ 250,848
2012	176,565
2013	151,914
2014	151,914
2015	75,957
Total	807,198
Less amounts representing interest	<u>(76,860)</u>
Present Value of Net Minimum Lease Payment	<u>\$ 730,338</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

Certificates of Participation

On June 10, 2010 the District entered into a lease/purchase agreement with Alameda Contra Costa School Financing Authority for the issuance of Certificates of Participation (COPs) in the amount of \$17,510,000. The COPs were sold on behalf of the District to refinance the 2002 and 2003 COPs which provided funds for the acquisition and construction of certain projects. The COPs bear a variable interest rate with interest being calculated on a weekly basis and mature annually through August 1, 2032.

The COPs require annual payments as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010-2011	\$ -	\$ 451,748	\$ 451,748
2011-2012	-	749,444	749,444
2012-2013	-	749,444	749,444
2013-2014	-	749,444	749,444
2014-2015	-	749,444	749,444
2015-2020	4,690,000	3,355,694	8,045,694
2020-2025	5,680,000	2,364,159	8,044,159
2025-2030	7,140,000	918,488	8,058,488
Total	<u>\$ 17,510,000</u>	<u>\$ 10,087,864</u>	<u>\$ 27,597,864</u>

NOTE 8 – FUND BALANCES

The following fund balance amounts were designated by the District's governing board as of June 30, 2010, as follows:

	<u>General Fund</u>
Revolving cash	\$ 47,000
Inventories	104,336
Prepaid expenditures	42,204
Restricted programs	2,224,343
Total reserved	<u>2,417,883</u>
Undesignated	6,341,916
Total designations	<u>\$ 8,759,799</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 9 – JOINT VENTURES

The District is a member with other school districts in three joint powers agencies, East Bay Schools Insurance Group (EBSIG), Alameda County Schools Insurance Group (ACSIG) and Tri-Valley Regional Occupational Program (TVROP).

EBSIG arranges for and provides property and liability insurance for its members.

ACSIG arranges for and provides workers' compensation insurance for its members.

TVROP provides occupational training for participating students from member districts.

The Pleasanton Unified School District participates in three joint ventures under joint powers agreements (JPAs). The relationship between the Pleasanton Unified School District and the JPAs is such that the JPAs are not a component unit of the District for financial reporting purposes.

Condensed audited financial information for ACSIG, EBSIG, and TVROP (the most current information available) is as follows:

	Easty Bay Schools Insurance Group June 30, 2010	Alameda County Schools Insurance Group June 30, 2009	Tri-Valley Regional Occupational Program June 30, 2009
Assets	\$ 2,300,057	\$ 32,769,000	\$ 2,087,660
Liabilities	\$ 1,647,847	\$ 48,727,000	\$ 643,995
Net assets	\$ 652,210	\$ (15,958,000)	\$ 1,443,665
Revenues	\$ 4,378,140	\$ 127,266,000	\$ 5,077,084
Expenses	3,855,448	135,642,000	4,712,197
Operating income	522,692	(8,376,000)	364,887
Non-operating income	14,953	168,000	-
Change in net assets	\$ 537,645	\$ (8,208,000)	\$ 364,887

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts, damage to District assets, errors and omissions, employee injuries and natural disasters. The District participates in a public entity risk pool, as described in Note 9, for claims in excess of insured amounts for workers' compensation and liability protection. The District purchases commercial insurance coverage for other types of risk. There have been no significant reductions in insurance coverage from the prior year.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 11 – EMPLOYEE RETIREMENT PLANS

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 California State Teachers’ Retirement System (CalSTRS), and classified employees are members of the California Public Employees’ Retirement (CalPERS).

Plan Description and Provisions

California Public Employees’ Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement 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 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2009-10 was 9.709%. The contribution requirements of the plan members are established by state statute. The District’s contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2009-10	\$ 1,537,014	100%
2008-09	\$ 1,840,762	100%
2007-08	\$ 1,710,506	100%

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District’s contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2009-10	\$ 5,591,381	100%
2008-09	\$ 6,182,820	100%
2007-08	\$ 6,415,342	100%

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$2,891,930 to CalSTRS (4.267% of salaries subject to CalSTRS in 2009-10).

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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 would not be material.

Litigation

The District is subjected to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Construction Commitments

As of June 30, 2010, the District had no outstanding commitments with respect to unfinished capital projects due to the State deferral of apportionment.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Post-Employment Benefits

The District offers a District Golden Handshake package for early retirees wherein each eligible retiree shall receive benefits, either in a lump-sum or amortized over four years. The amount of the benefit is subject to increases based on yearly Cost of Living Adjustment (COLA) calculations. The final payment was made during the current year.

Certificated and Management retirees receive medical coverage through the District plan, while Classified retirees receive medical coverage through the CalPERS plans. Certificated retirees must be at least age 55 with 10 years of service. Classified retirees must be at least age 58 with 10 years of service, or between ages 56 and 58 with 15 years of service. Management retirees must be at least age 55 with at least 7 years of service as an administrator or 10 years as an employee. All groups receive the same dental coverage. The District provides an explicit subsidy for pre 65 medical and dental benefits for all retirees except those Management retirees that chose the Early Retirement or Golden Handshake programs. All post 65 health benefits are on a retiree pay all basis.

Pleasanton Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Plan Descriptions and Contribution Information

Membership in the plan as of July 1, 2009 actuarial study consisted of the following:

Retirees and beneficiaries receiving benefits	127
Active plan members	1,288
Total	<u>1,415</u>
Number of participating employers	1

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Contributions are required for both retiree and dependent coverage. Depending on the employee group and the terms of retirement, the District provides an explicit subsidy for all eligible retirees except those that are in the Management Early Retirement and Golden Handshake programs. The duration of the subsidy is either 5 or 7 years depending on the retiree’s choice of coverage and until the retiree reaches 65, whichever comes first. The District’s funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For the fiscal year 2009-10, the District did not make an additional contribution above the pay-as-you-go amount.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

	<u>Amount</u>
Annual required contribution (ARC)	\$ 1,678,000
Interest on net OPEB obligation	103,826
Adjustment to ARC	<u>(75,078)</u>
Annual OPEB cost	1,706,748
Contributions made	<u>1,489,995</u>
Increase in net OPEB obligation	216,753
Net OPEB obligation - July 1, 2009	<u>1,524,245</u>
Net OPEB obligation - June 30, 2010	<u><u>\$ 1,740,998</u></u>

Annual OPEB Cost and Net OPEB Obligation, (continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008-09 are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	\$ 2,136,000	29%	\$ 1,524,245
2010	\$ 1,706,748	87%	\$ 1,740,998

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – OPEB Plans

As of July 1, 2009, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was \$11.9 million and the unfunded actuarial accrued liability (UAAL) was \$11.9 million.

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated 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.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions (continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage
Remaining Amortization Period	30 Years
Asset Valuation	\$ -
Actuarial Assumptions:	
Discount rate	8.0%
Long-term healthcare cost trend rates:	
Medical select	11.0%
Medical ultimate	5.0%

NOTE 14 – ADJUSTMENTS FOR RESTATEMENT

A reclassification of the beginning fund balance was made as \$100,000 to the General Fund and (\$100,000) to the Special Reserve Fund for Capital Outlay Projects to reimburse the General Fund for payment made on a line of credit from the General Fund on behalf of the Special Reserve Fund for Capital Outlay Projects.

NOTE 15 – RELATED PARTY TRANSACTIONS

One of the governing board members of the District is the Chief Executive Officer for UNCLE Credit Union that the District conducts business with. The only charges incurred were due to insufficient funds fees totaling \$168 for the fiscal year 2009-10. The District was not charged a monthly fee.

PLEASANTON UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

NOTE 16 – SUBSEQUENT EVENTS

Tax Revenue Anticipation Notes

The District issued \$14,998,965 of Tax Revenue Anticipation Notes dated July 23, 2010 through the California School Cash Reserve Program Authority. The notes mature on January 2011 and April 2011. The notes were sold by the District to supplement its cash flow. Repayment requirements are that certain amounts are to be deposited in a special fund. The monies are required to remain on deposit until the maturity date of the note, at which time they will be applied to pay the principal and interest on the notes in the amounts of \$7,442,500 and \$7,715,392 on January 2011 and April 2011, respectively.

Required Supplementary Information

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PLEASANTON UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Pos (Neg)
REVENUES				
Revenue limit sources	\$ 79,301,258	\$ 79,328,798	\$ 79,356,745	\$ 27,947
Federal	11,506,522	16,742,139	18,448,465	1,706,326
Other state	31,861,919	32,438,994	31,751,087	(687,907)
Other local	8,705,691	10,729,547	12,122,936	1,393,389
Total revenues	<u>131,375,390</u>	<u>139,239,478</u>	<u>141,679,233</u>	<u>2,439,755</u>
EXPENDITURES				
Certificated salaries	67,632,315	68,292,255	67,443,576	848,679
Classified salaries	14,288,168	15,082,368	15,074,899	7,469
Employee benefits	15,277,262	15,689,273	14,932,266	757,007
Books and supplies	3,012,530	4,277,338	3,005,451	1,271,887
Services and other operating expenditures	11,107,212	11,788,047	10,737,577	1,050,470
Capital outlay	24,000	466,076	459,232	6,844
Transfers of indirect costs	(219,941)	(196,637)	(192,744)	(3,893)
Other outgo	24,442,358	29,789,684	30,813,453	(1,023,769)
Total expenditures	<u>135,563,904</u>	<u>145,188,404</u>	<u>142,273,710</u>	<u>2,914,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,188,514)</u>	<u>(5,948,926)</u>	<u>(594,477)</u>	<u>5,354,449</u>
OTHER FINANCING SOURCES AND USES				
Interfund transfers in	376,000	868,590	865,481	(3,109)
Interfund transfers out	(886,655)	(912,644)	(1,277,769)	(365,125)
Total other financing sources and uses	<u>(510,655)</u>	<u>(44,054)</u>	<u>(412,288)</u>	<u>(368,234)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,699,169)</u>	<u>(5,992,980)</u>	<u>(1,006,765)</u>	<u>4,986,215</u>
Fund balances, July 1, 2009, as originally stated	<u>9,666,564</u>	<u>9,666,564</u>	<u>9,666,564</u>	<u>-</u>
Adjustments for Restatements - See Note 14	100,000	100,000	100,000	
Fund balances, July 1, 2009, as restated	<u>9,766,564</u>	<u>9,766,564</u>	<u>9,766,564</u>	
Fund balances, June 30, 2010	<u>\$ 5,067,395</u>	<u>\$ 3,773,584</u>	<u>\$ 8,759,799</u>	<u>\$ 4,986,215</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2010

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$ -	\$ 15,362,000	\$ 15,362,000	0%	\$ 89,667,322	17%
July 1, 2009	\$ -	\$ 11,893,000	\$ 11,893,000	0%	\$ 80,585,410	15%

Supplementary Information Section

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PLEASANTON UNIFIED SCHOOL DISTRICT
Local Education Agency Organization Structure
June 30, 2010

Pleasanton Unified School District was established in 1867. The District is a political subdivision of the State of California. The District is located in the city of Pleasanton in Alameda County within 22 square miles. There were no changes in the District boundaries in the current year. The District currently operates nine elementary schools, three middle schools, two comprehensive high schools and one continuation high school.

The Board of Trustees of Pleasanton Unifies School District is comprised of five elected officials who develop and set policies for the District which are then implemented by the Superintendent and the administrative team.

<u>GOVERNING BOARD</u>		
<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Chris Grant	President	December 2012
Pat Kernan	Clerk	December 2010
Jim Ott	Member	December 2010
Valerie Arkin	Member	December 2012
Jamie Hintzke	Member	December 2012

DISTRICT ADMINISTRATORS

Parvin Admadi
Superintendent

Luz T. Cázares
Assistant Superintendent, Business Services

Cindy Galbo
Assistant Superintendent, Educational Services

Bill Faraghan
Assistant Superintendent, Human Resources

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2010

	Second Period Report	Second Period Report After Audit Finding Adjustments *	Annual Report	Annual Report After Audit Finding Adjustments *
Elementary:				
Kindergarten	867	867	870	870
Grades 1 through 3, regular classes	2,919	2,919	2,925	2,925
Grades 4 through 6, regular classes	3,146	3,146	3,151	3,151
Grades 7 and 8, regular classes	2,298	2,298	2,301	2,301
Home and hospital	3	3	3	3
Special education	212	212	218	218
Total Elementary	9,445	9,445	9,468	9,468
Secondary:				
Grades 9 through 12, regular classes	4,657	4,657	4,643	4,643
Continuation education	154	154	157	157
Home and hospital	4	4	6	6
Special education	122	122	121	121
Total Secondary	4,937	4,937	4,927	4,927
Classes for Adults:				
Adults in correctional facilities	347	347	374	374
Total Adult Classes	347	347	374	374
Total Average Daily Attendance	14,729	14,729	14,769	14,769

* No adjustments were made to Second Period or Annual reports, see Findings #2010-6 and 2010-7.

See accompanying note to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT
Non - Major Governmental Funds
Combining Balance Sheet
June 30, 2010

	Adult Education Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 75,502	\$ 269,695	\$ 245,460	\$ -	\$ 748,915	\$ -	\$ 2,846,148	\$ 4,185,720
Accounts receivable	182,085	22,278	250	-	809	46,574	1,966	253,962
Due from other funds	10,000	-	-	337,001	-	-	-	347,001
Inventories	-	39,171	-	-	-	-	-	39,171
Total assets	<u>\$ 267,587</u>	<u>\$ 331,144</u>	<u>\$ 245,710</u>	<u>\$ 337,001</u>	<u>\$ 749,724</u>	<u>\$ 46,574</u>	<u>\$ 2,848,114</u>	<u>\$ 4,825,854</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 169,113	\$ 60,285	\$ -	\$ -	\$ -	\$ 26	\$ -	\$ 229,424
Cash overdraft with County Treasury	-	-	-	-	-	46,548	-	46,548
Due to other funds	20,981	171,785	-	-	-	-	-	192,766
Total liabilities	<u>190,094</u>	<u>232,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,574</u>	<u>-</u>	<u>468,738</u>
FUND BALANCES								
Reserved for:								
Inventories	-	39,171	-	-	-	-	-	39,171
Unreserved:								
Special revenue funds	77,493	59,903	245,710	337,001	-	-	-	720,107
Capital project funds	-	-	-	-	749,724	-	2,848,114	3,597,838
Total fund balances	<u>77,493</u>	<u>99,074</u>	<u>245,710</u>	<u>337,001</u>	<u>749,724</u>	<u>-</u>	<u>2,848,114</u>	<u>4,357,116</u>
Total liabilities and fund balances	<u>\$ 267,587</u>	<u>\$ 331,144</u>	<u>\$ 245,710</u>	<u>\$ 337,001</u>	<u>\$ 749,724</u>	<u>\$ 46,574</u>	<u>\$ 2,848,114</u>	<u>\$ 4,825,854</u>

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PLEASANTON UNIFIED SCHOOL DISTRICT
Non - Major Governmental Funds
Combining Statement of Revenues, Expenditures and Change in Fund Balance
For the Fiscal Year Ended June 30, 2010

	Adult Education Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
REVENUES								
General revenues:								
Federal and state aid not restricted to specific purpose	\$ 11,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,987
Interest and investment earnings	18	-	2,904	-	-	(2,296)	-	626
Interagency revenues	22,792	-	-	-	-	-	-	22,792
Miscellaneous	130,711	-	-	-	-	495,215	-	625,926
Program revenues:								
Charges for services	-	3,548,612	-	-	-	-	-	3,548,612
Operating grants and contributions	767,895	543,108	-	-	5,223	-	-	1,316,226
Capital grants and contributions	-	-	-	-	-	-	3,340,537	3,340,537
Total revenues	<u>933,403</u>	<u>4,091,720</u>	<u>2,904</u>	<u>-</u>	<u>5,223</u>	<u>492,919</u>	<u>3,340,537</u>	<u>8,866,706</u>
EXPENDITURES								
Instructional services:								
Instruction	973,425	-	-	-	-	-	-	973,425
Instruction-related services:								
School site administration	251,492	-	-	-	-	-	-	251,492
Pupil support services:								
Food services	-	3,815,076	-	-	-	-	-	3,815,076
General administration services:								
Other general administration	20,980	171,765	-	-	-	-	-	192,745
Plant services	5,558	11,919	52,999	-	-	217,977	-	288,453
Facility acquisition and construction	-	-	-	-	404,858	-	-	404,858
Other outgo:								
Debt service - principal	-	-	-	-	-	620,000	-	620,000
Debt service - interest	-	-	-	-	-	269,635	-	269,635
Debt service - issuance costs and discounts	-	-	-	-	-	35,224	-	35,224
Total expenditures	<u>1,251,455</u>	<u>3,998,760</u>	<u>52,999</u>	<u>-</u>	<u>404,858</u>	<u>1,142,836</u>	<u>-</u>	<u>6,850,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(318,052)</u>	<u>92,960</u>	<u>(50,095)</u>	<u>-</u>	<u>(399,635)</u>	<u>(649,917)</u>	<u>3,340,537</u>	<u>2,015,798</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	395,545	-	-	337,001	591,500	649,917	-	1,973,963
Interfund transfers out	-	(26,265)	-	-	(37,972)	-	(591,500)	(655,737)
Total other financing sources and uses	<u>395,545</u>	<u>(26,265)</u>	<u>-</u>	<u>337,001</u>	<u>553,528</u>	<u>649,917</u>	<u>(591,500)</u>	<u>1,318,226</u>
Net change in fund balances	77,493	66,695	(50,095)	337,001	153,893	-	2,749,037	3,334,024
Fund balances, July 1, 2009	-	32,379	295,805	-	595,831	-	99,077	1,023,092
Fund balances, June 30, 2010	<u>\$ 77,493</u>	<u>\$ 99,074</u>	<u>\$ 245,710</u>	<u>\$ 337,001</u>	<u>\$ 749,724</u>	<u>\$ -</u>	<u>\$ 2,848,114</u>	<u>\$ 4,357,116</u>

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PLEASANTON UNIFIED SCHOOL DISTRICT
Combining Statement of Assets And Liabilities - All Agency Funds
June 30, 2010

<u>Elementary</u>	Alisal Elementary	Fairlands Elementary	Hearst Elementary	Lydiksen Elementary	Mohr Elementary	Valley View Elementary	Vintage Hills Elementary	Walnut Grove Elementary
Assets								
Cash on hand and in banks	\$ 33,368	\$ 7,601	\$ 5,131	\$ 17,557	\$ 17,700	\$ 1,934	\$ 9,297	\$ 55,209
Total Assets	<u>\$ 33,368</u>	<u>\$ 7,601</u>	<u>\$ 5,131</u>	<u>\$ 17,557</u>	<u>\$ 17,700</u>	<u>\$ 1,934</u>	<u>\$ 9,297</u>	<u>\$ 55,209</u>
Liabilities								
Due to student groups	\$ 33,368	\$ 7,601	\$ 5,131	\$ 17,557	\$ 17,700	\$ 1,934	\$ 9,297	\$ 55,209
Total Liabilities	<u>\$ 33,368</u>	<u>\$ 7,601</u>	<u>\$ 5,131</u>	<u>\$ 17,557</u>	<u>\$ 17,700</u>	<u>\$ 1,934</u>	<u>\$ 9,297</u>	<u>\$ 55,209</u>
<u>Secondary</u>								
	Hart Middle	Harvest Park Middle	Pleasanton Middle	Amador Valley High	Foothill High	Village High	Outdoor Education Program	Total
Assets								
Cash on hand and in banks	\$ 54,406	\$ 76,687	\$ 154,603	\$ 343,360	\$ 448,872	\$ 15,691	\$ 11,367	\$ 1,252,783
Total Assets	<u>\$ 54,406</u>	<u>\$ 76,687</u>	<u>\$ 154,603</u>	<u>\$ 343,360</u>	<u>\$ 448,872</u>	<u>\$ 15,691</u>	<u>\$ 11,367</u>	<u>\$ 1,252,783</u>
Liabilities								
Due to student groups	\$ 54,406	\$ 76,687	\$ 154,603	\$ 343,360	\$ 448,872	\$ 15,691	\$ 11,367	\$ 1,252,783
Total Liabilities	<u>\$ 54,406</u>	<u>\$ 76,687</u>	<u>\$ 154,603</u>	<u>\$ 343,360</u>	<u>\$ 448,872</u>	<u>\$ 15,691</u>	<u>\$ 11,367</u>	<u>\$ 1,252,783</u>

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PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2010

Grade Level	1982-83	1982-83	1986-87	1986-87	2009-10	Number of Days	Status
	Actual Minutes	Reduced Minutes	Minutes Requirement	Reduced Minutes	Actual Minutes	Traditional Calendar	
Kindergarten	31,938	31,051	36,000	35,000	36,000	180	Complied
Grade 1	45,063	43,811	50,400	49,000	55,915	180	Complied
Grade 2	45,063	43,811	50,400	49,000	55,915	180	Complied
Grade 3	45,063	43,811	50,400	49,000	55,915	180	Complied
Grade 4	52,500	51,042	54,000	52,500	56,100	180	Complied
Grade 5	52,500	51,042	54,000	52,500	56,100	180	Complied
Grade 6	52,500	51,042	54,000	52,500	60,980	180	Complied
Grade 7	52,500	51,042	54,000	52,500	60,980	180	Complied
Grade 8	52,500	51,042	54,000	52,500	60,980	180	Complied
Grade 9	55,435	53,895	64,800	63,000	73,234	180	Complied
Grade 10	55,435	53,895	64,800	63,000	73,234	180	Complied
Grade 11	55,435	53,895	64,800	63,000	73,234	180	Complied
Grade 12	55,435	53,895	64,800	63,000	73,234	180	Complied

See accompanying note to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2010

General Fund	(Budget) 2011**	2010	2009	2008
Revenues and other financing sources	\$ 130,749,306	\$ 142,544,714	\$ 139,284,565	\$ 125,787,320
Expenditures	130,801,172	142,273,710	130,364,688	127,920,734
Other uses and transfers out	766,170	1,277,769	1,235,364	1,074,259
Total outgo	131,567,342	143,551,479	131,600,052	128,994,993
Change in fund balance (deficit)	(818,036)	(1,006,765)	7,684,513	(3,207,673)
Ending fund balance	\$ 7,941,763	\$ 8,759,799	\$ 9,666,564	\$ 1,982,051
Available reserves*	\$ 3,258,415	\$ 6,341,916	\$ 2,717,380	\$ 5,427,532
Available reserves as a percentage of total outgo	2.5%	4.4%	2.1%	4.2%
Total long-term debt	\$ 112,312,739	\$ 123,495,747	\$ 133,050,210	\$ 141,296,047
Average daily attendance at P-2	14,379	14,382	14,829	14,796

The General Fund balance has increased by \$6,777,748 over the past two years. The fiscal year 2010-11 adopted budget projects a decrease of \$818,036. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has decreased \$17,800,300 over the past two years.

* Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund or Special Reserve Fund (Other than Capital Outlay).

** Revised Final Budget, September 2010.

See accompanying note to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Programs:			
U.S. Department of Agriculture:			
Passed through California Dept. of Education (CDE):			
National School Lunch	10.555	13391	\$ 427,756
National School Breakfast	10.553	13390	27,459
Especially Needy Breakfast	10.553	13526	19,298
USDA Commodities (non-cash assistance)	10.565	13389	109,093
Total U.S. Department of Agriculture			583,606
U.S. Department of Education:			
Passed through California Dept. of Education (CDE):			
No Child Left Behind Act (NCLB):			
Title I - Part A	84.010	14329	327,558
Title II - Part D Enhancing Education Through Technology (EETT)	84.318	14334	2,550
Title II - Part A Improving Teacher Quality	84.367A	14341	208,720
Title III - Immigrant Education	84.365	14346	72,514
Title III - Limited English Proficiency	84.365	10084	51,972
Title IV - Safe and Drug Free Schools	84.186	14347	26,066
Title V - Innovative Education Strategies	84.298A	14354	2,746
Vocational Programs	84.048	13924	41,731
ARRA - State Fiscal Stabilization Fund	84.394	24997	6,830,644
Individuals with Disabilities Education Act (IDEA):			
Preschool Grants	84.173	13430	195,453
ARRA - Part B, Preschool Grants	84.392	15000	186,395
Preschool Staff Development	84.173A	13431	2,281
Early Intervention Grants	84.181	23761	263,549
Preschool Local Entitlements, Part B	84.027	13682	404,040
ARRA - Part B, Preschool Local Entitlement	84.391	15002	264,815
Basic Local Assistance Entitlement, Part B	84.027	13379	7,479,371
ARRA - Basic Local Assistance Entitlement, Part B	84.391	15003	7,061,788
Total U.S. Department of Education			23,422,193
U.S. Corporation for National and Community Service:			
CalServe: Learn & Serve America	94.004	13161	76,158
Total U.S. Corporation for National and Community Service			76,158
Total Expenditures of Federal Awards			\$ 24,081,957

See accompanying note to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2010

There were no adjustments made to reconcile the fund balances to the audited financial statements in 2009-10.

See accompanying note to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT
Note to the Supplementary Information
June 30, 2010

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code section 46201. For 2009-10 through 2012-13, the instructional day and minute requirements have been reduced pursuant to Education Code Section 46201.2.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

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Other Independent Auditor's Reports

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Board of Trustees
Pleasanton Unified School District
Pleasanton, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

We have audited the basic financial statements of Pleasanton Unified School District as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 2, 2010. 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 Pleasanton 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 Pleasanton Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasanton Unified School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Audit Findings and Questioned Costs as items #2010-1 through #2010-6 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasanton 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*.

Pleasanton Unified School District's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit Pleasanton Unified School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California State Controller's Office, 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.

Chintalvi & Accountancy Corporation

San Diego, California
December 2, 2010

Board of Trustees
Pleasanton Unified School District
Pleasanton, California

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Compliance

We have audited Pleasanton Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pleasanton Unified School District's major federal programs for the year ended June 30, 2010. Pleasanton 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 Pleasanton Unified School District's management. Our responsibility is to express an opinion on Pleasanton 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. 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 Pleasanton 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 Pleasanton Unified School District's compliance with those requirements.

In our opinion, Pleasanton Unified School District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Pleasanton Unified School District's 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 Pleasanton Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pleasanton Unified School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Cherry White Accountancy Corporation

San Diego, California
December 2, 2010

Board of Trustees
Pleasanton Unified School District
Pleasanton, California

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

We have audited the basic financial statements of the Pleasanton Unified School District (the District), as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 2, 2010. 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, 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 opinions.

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:

Description	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (see below)
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable

Description	Procedures in Audit Guide	Procedures Performed
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement – Receipt of Funds	1	Yes
Class Size Reduction Program:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Yes
Districts with only one school serving K-3	4	Not applicable
After School Education and Safety Program:		
General Requirements	4	Not applicable
After School	4	Not applicable
Before School	5	Not applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not applicable
Mode of Instruction	1	Not applicable
Nonclassroom-Based Instruction/Independent Study	15	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not applicable
Annual Instructional Minutes – Classroom Based	3	Not applicable

We did not perform testing for independent study because the ADA was under the level that requires testing.

Based on our audit, we found that, for the items tested, the Pleasanton Unified School District complied with the state laws and regulations referred to above, except as described in the accompanying schedule of findings and questioned costs as items #2010-7 and #2010-8. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Pleasanton Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California Department of Finance, the California State Controller’s Office, 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.

Christie White Accountancy Corporation

San Diego, California
December 2, 2010

Findings and Questioned Costs Section

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PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027-84.391	Special Education Cluster (IDEA)
84.394	ARRA - State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 722,459</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for state programs:	<u>Qualified</u>

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Finding #2010-1: Cash Receipts (30000)

Finding: Auditor found that pre-numbered cash receipts were missing for fees collected and there is a lack of segregation of duties with the cash receipting process. The Administrative Secretary collects and records all cash transactions then makes the deposit to the bank. Three of ten cash receipt deposits tested did not have proper supporting documentation for cash receipts. Items were missing the pre-numbered cash receipts.

Recommendation: We recommend that the Adult Education Center maintain all pre-numbered cash receipts for cash collections. We also recommend that the Adult Education center have another employee reconcile the cash collection documentation with the deposit amounts and perhaps make the deposits to the bank. These documents should then be supplied to the District to the person responsible for preparing the reconciliation.

District Response: The Adult Education Department will maintain pre-numbered receipts for cash collections. The Administrative Secretary will collect and record all cash transactions and the administrator will make the bank deposits. The documents will then be given to the district account technician to prepare the reconciliation.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-2: Credit Card Internal Controls (30000)

Finding: Through testing a sample of credit card transactions from the September and November we found that 7 out of 12 expenditures did not have supporting documentation to show appropriateness or proper following of credit card policy. 4 of the 12 contained receipts which were not itemized. 1 out of 12 transactions was used for personal use which was later reimbursed by the employee and 2 out of 12 transactions had no receipts at all. The District has a Board approved credit card policy that is not being enforced or followed by employees which causes a potential for fraud or abuse of District funds to occur.

Recommendation: We recommend that the District ensure that credit policies are being adhered to as well as further reduce the amount of credit cards outstanding to only those necessary to reduce the risk of fraud or abuse.

District Response: Corrective Action Plan: The District will reduce the amount of credit cards to reduce the risk of fraud or abuse. The District will enforce the approved credit card policies.

Finding #2010-3: Payroll Segregation of Duties (30000)

Finding: Through inquiry, the auditor found that payroll clerks are able to change pay rates and distribute paychecks which are duties that should be segregated from the payroll processing function. The functions of processing and releasing payroll should be segregated from the function of distributing payment.

Recommendation: The paychecks should be distributed and monitored in the Human Resource department in order to maintain segregation of duties.

District Response: Corrective Action Plan: The District will assign an account technician to distribute paychecks to maintain segregation of duties.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-4: Cafeteria Internal Controls (30000)

Finding: The number of meals served and daily sales from daily activity reports did not agree to the monthly summary report for the month of October 2009 and March 2010. For the month of October, meal counts per daily activity reports were 268,806 and per monthly summary meal counts were 268,797 which is a variance of 9. For the month of October, sales per daily activity reports were \$420,438.75 and per monthly summary sales was \$420,418.35; which is a variance of \$20.40. For the month of March, meal counts per daily activity reports were 290,709 and per monthly summary meal counts were 290,759; which is a variance of 50. For the month of March, sales per daily activity reports were \$468,594.80 and per monthly summary sales was \$468,633.50; which is a variance of \$38.70. It appears that the food service staff members are making changes in the system after the monthly claim has been submitted without notifying the food service management.

Recommendation: The daily sales activity reports should reconcile to the monthly summary report as the activity is derived from the same system. This also affects the amount of meals submitted on the monthly claim reimbursement form because this information is derived from the monthly summary report. We recommend that any changes being made to meal counts or sales be done by management. In addition, we recommend that food service staff be blocked in the system from making changes after each day of activity.

District Response: The District will limit changes made to meal counts or sales to two employees including the Director of Child Nutrition. The District will block access at the end of each day.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-5: Fraud Hotline (30000)

Finding: In conducting our SAS 99 fraud interviews throughout the District, we found that the District's views on moral and ethical issues are not communicated frequently at all levels throughout the District. Personnel interviewed were unaware of a way that fraud or unethical behavior could be reported anonymously or without fear of repercussions. Although no employee felt there was a concern of fraud occurring, it is important that procedures are in place, and communicated, to properly treat these types of activities that could have an adverse, material effect on the financial statements.

Recommendation: We recommend that the District hold regular meetings concerning ethical values and clearly state the District's views on illegal, unethical or negligent behavior. Reporting this kind of activity should be encouraged and made easier for those involved. Something such as an anonymous hotline is a great way to allow for activities to be reported in a non-hostile manner without fear of repercussions.

District Response: The District will communicate standards of behavior on an annual basis. In addition, District will set up an anonymous hotline to report any illegal, unethical, or negligent behavior.

Finding #2010-6: Student Body Funds (30000)

Finding: During our test of Student Body Funds, we noted the following deficiencies at the individual sites visited:

Harvest Park Middle School ASB

There is a lack of segregation of duties at the ASB as the bookkeeper is a signor on the bank account.

Expenditures:

- Six of six cash disbursements did not have proper approvals. The cash disbursements were missing approval signatures from a faculty advisor and the student representative on the expenditure request forms.

Cash Receipts:

- Five of six cash receipts tested were lacking adequate cash receipt detail. There were currency count sheets attached to each deposit, but this is not sufficient for an audit trail. The site should be using a log of cash collected by student for fundraisers or pre-number cash receipts.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-6: Student Body Funds (30000) (continued)

Foothill High School ASB

Cash Receipts:

- Four of fifteen cash receipts tested totaling \$4,890 lacked supporting documentation (such as a sales report or inventory count) to verify money collected/proceeds from sales. Events included a pancake breakfast, pasta feed event, Basketball game snack bar, PPIE Grant for Health Quest.
- Two of fifteen cash receipts tested had overages/shortages per the ticket logs and ticket sales reports that appear excessive. One of cash receipt that tested with this exception was over by \$45 for Homecoming ticket sales. The other cash receipt that tested with this exception was short by \$560.43 and was for Football Gate Sales. For the Football gate sales, it was noted on the ticket log that the wrong tickets were distributed (a \$6 ticket was sold for \$3).

Fairlands Elementary School ASB

Cash Disbursement:

- One of ten cash disbursements, for a reimbursement, did not tie to the receipts provided. Receipts totaled \$416.63 and the check was written for \$424.47 (difference of \$7.84). The difference was because the change due (\$13.92) on one receipt was added instead of the total (\$6.08).

Pleasanton Middle School ASB

Cash Receipts:

- Two of eight cash receipts tested totaling \$855.96 did not have supporting documentation, such as a sales report or tally sheet, to verify that the proceeds from the sales matched amount deposited. Events included a Jamba Juice sale and Rose sale.

Hearst Elementary School ASB

There is a lack of segregation of duties at the ASB as the bookkeeper is a signor on the bank account.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-6: Student Body Funds (30000) (continued)

Valley High Continuation ASB

There is a lack of segregation of duties at the ASB as the bookkeeper is a signor on the bank account.

Cash Receipts:

- One of Five cash receipts tested did not have proper supporting documentation. The exception was for the “close-up” fundraising activity for the students to raise money for a trip. The activity consisted of a bake sale. There were no bake sale inventory count sheets present. Also, deposits were not made on a timely basis. There was not a deposit made from 10/30/09 through 2/2/10 while the ASB bookkeeper was collecting money for other events during this time period. Lastly, pre-numbered cash receipts were being properly used in sequence. There are many different books being used.

Amador Valley High School ASB

Cash Disbursement:

- Two of ten cash disbursements did not have proper approval from an ASB Advisor and the school administrators for check #s 15461 & 15737.

Cash Receipts:

- Two of nine cash receipts tested did not have supporting documentation for the gate receipts sales for athletic events. Ticket control worksheets are not being used. These events include the girl’s volleyball game for \$504 on 11/20/09 and a football game for \$1,469.50 on 12/9/09.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings (continued)

Finding #2010-6: Student Body Funds (30000) (continued)

Walnut Grove Elementary School ASB

Bank reconciliations are not prepared on a timely basis and the ASB bookkeeper is a signor on the bank account.

Cash receipts

- Four of six cash receipts tested were not deposited timely. Deposit request forms dated 9/30, 10/7, and 10/5 were not deposited until 11/5. Deposit request form dated 11/19 was not deposited until 12/22.
- Pre-numbered cash receipts are not used.

Cash Disbursements:

- One of six cash disbursements tested lacked supporting documentation such as an invoice or receipt to verify the amount written on the check.
- Three of six cash disbursements tested lacked proper approval such as the principal's signature on the check.

Recommendation: We recommend that the District work with the ASB staff and students in ensuring the District's procedures are followed for sound internal controls.

District Response: The Fiscal Services Department will address these concerns with ASB staff at each site and will introduce and implement improvements to processes and controls. ASB staffs are scheduled to attend the ASB workshop in February. The PUSD will continue to provide access to multiple workshops for professional development as part of ongoing learning.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings and questioned costs in 2009-10.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding #2010-7 Attendance Internal Controls (10000)

State Funding Source: Revenue Limit ADA

Criteria: All source documentation should agree to P2 and Annual attendance reports submitted to CDE.

Condition: P2 and annual reports submitted to CDE do not match to the supporting documentation provided by the District. The District's attendance system, Zangle, automatically calculates the P2 and annual reports extracting data from the attendance system. It is these numbers that do not agree with the P2 and annual reports. Through inquiry, auditor revealed that school staff possesses the ability to alter the attendance records prior to submission. Changes that are made at the school level are not being communicated with the District office and therefore are unaware of said changes. School ADA should be calculated in accordance with Education Code 46300-46307.1 and contemporaneous records should be kept supporting these calculations per Education Code 46000.

Questioned Costs: \$13,996 for Period 2 attendance report from the 2.09 ADA understatement and \$5,625 for Annual attendance report for the 0.84 ADA understatement, both at a base revenue limit of \$6,696.70.

Context: P2 and annual reports do not tie to supporting documentation from the attendance reporting system.

Effect: P2 and annual reports understated for year 09-10

Cause: Teachers and attendance clerks have the capability of modifying attendance records at any time during the school year. Modified records cause year to date totals reported in each report to fluctuate and be inconsistent with reported numbers.

Recommendation: P2 and annual reports should be revised and resubmitted to CDE. Also, attendance records should have limited access after entering values. Teachers should be locked from the system after one week and attendance clerks one month thereafter. If any changes are made to the attendance records, monthly reports should be rerun and submitted to the district office to properly account for changes.

District Response: The District will resubmit revised P2 and annual reports to the CDE. Data Processing will lock out the teachers and attendance clerks in a timely manner. If changes are made, a new report will be given to the District office staff to review.

PLEASANTON UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section IV – State Award Findings and Questioned Costs (continued)

Finding #2010-8 Class Size Reduction (10000)

State Funding Source: Class Size Reduction (CSR)

Criteria: Procedures for reporting for CSR attendance should be followed pursuant to Education Code 52123.

Condition: CSR report submitted to the CDE does not match supporting documentation provided by the District. Reporting for CSR requires that the District take the year to date average of students in attendance from the first day of school through April 15. The amounts are then reported by class to the CSR form and funding is based on the amounts reported. Attendance records appear to be accurate, however, the reporting of them into the forms are inconsistent.

Questioned Costs: \$2,142 for the 1 class misclassified, resulting in a 2 pupils per class size difference claimed, multiplied by the \$1,071 funding per total pupils per class size.

Context: One (1) class of 159 classes tested was incorrectly reported in the CSR report.

Effect: CSR award underreported by above amount.

Cause: Possible clerical error in accounting for classes claimed cause class to be incorrectly reported.

Recommendation: CSR report should be corrected to reflect the numbers presented in the attendance system and resubmitted. District should also implement a second count of reported numbers to assure all numbers reported in the CSR form are accurate.

District Response: The CSR Report has been corrected and will be re-submitted to CDE. The District will assign an account technician to be the second person to verify the reported numbers on the CSR report.

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding #2009-1: Going Concern</i>	Pleasanton Unified School District filed a qualified certification on the First Interim report with the Alameda County Office of Education for the fiscal year 2008-09. The qualified finding status states that the District is unable to meet its cash flow needs. In addition, the District did not meet their 3% reserve. As a result, there is a substantial doubt that the Pleasanton Unified School District will be able to continue as a going concern.	60000	We recommend the District take the necessary corrective actions to meet their cash flow needs, including spending reductions, and borrowing funds, if necessary.	Implemented
<i>Finding #2009-2: Associated Student Body Internal Controls</i>	<p>We audited all of the District's Associated Student Body Funds. The findings by school are:</p> <p>Hart Middle School ASB</p> <ul style="list-style-type: none"> • Individual clubs do not have constitutions or charters on file. • 6 out of 7 cash receipt activities did not have adequate supporting documentation including ticket logs or ticket sales reports totaling \$13,180.04. • Revenue potentials are not prepared for major activities. <p>Fairlands Elementary School ASB</p> <ul style="list-style-type: none"> • The ASB Bookkeeper collects money, makes the deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. 	30000	We recommend that the District work with the ASB staff and students in ensuring that the District's standardized procedures are followed.	Implemented

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding #2009-2: Associated Student Body Internal Controls (continued)</i>	Amador Valley High School ASB <ul style="list-style-type: none"> • 5 out of 8 cash receipt activities did not have adequate supporting documentation including ticket logs or ticket sales reports totaling \$4,017.88. • Revenue potentials are not prepared for major activities. • 2 out of 8 cash receipt activities were not deposited timely. • Equipment was purchased including audio equipment and laptop computers without going through the District's warehouse to be inventoried and insured. 	30000		
	Foothill High School ASB <ul style="list-style-type: none"> • 6 out of 10 cash receipt activities did not have adequate supporting documentation including ticket logs or ticket sales reporting totaling \$60,497.77. • Sales analysis or cash registers are not used to record snack bar sales, tested \$2,768.15. • Revenue potentials are not prepared for major activities. • 5 out of 10 cash receipt activities were not deposited timely and for 3 of the 10, the auditor was unable to determine when the cash was collected to verify a timely deposit. • 1 out of 11 expenditures had no evidence of receipt including a receipt, invoice or proof of payment in the amount of \$226.55. 			

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding #2009-2: Associated Student Body Internal Controls (continued)</i>	<p>Vintage Hills Elementary School ASB</p> <ul style="list-style-type: none"> • The ASB Bookkeeper collects money, makes deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. <p>Mohr Elementary School ASB</p> <ul style="list-style-type: none"> • The ASB Bookkeeper collects money, makes deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. <p>Walnut Grove Elementary School ASB</p> <ul style="list-style-type: none"> • The ASB Bookkeeper collects money, makes deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. • Pre-numbered cash receipts were not issued. Per District policy, all receipts are to be pre-numbered. <p>Village High Continuation School ASB</p> <ul style="list-style-type: none"> • The ASB Bookkeeper collects money, makes the deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. • 8 out of 8 cash receipts tested could not be traced to a deposit as the receipts are not reconciled to a deposit and “splits” are not allowed in QuickBooks. • Timeliness of deposits was unable to be determined, however, auditor observed more than \$300 in physical cash that was collected prior to 5/15/2010 that was not deposited as of 5/26/2010. 	30000		

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding #2009-2: Associated Student Body Internal Controls (continued)	<p>Pleasanton Middle School ASB</p> <ul style="list-style-type: none"> • Adequate procedures do not exist to deal with overages/shortages in the student store and the occurrence is daily. One day tested had a variance of over \$20. • 4 out of 7 cash receipt activities did not have adequate supporting documentation including ticket logs or ticket sales reporting totaling \$2,644.81. • 1 out of 7 expenditures had no evidence of receipt including a receipt, invoice or proof of payment in the amount of \$150.00. • Gift cards are purchased and are not monitored to make sure they are not being misused. • The ASB Bookkeeper collects money, makes the deposits, reconciles the bank account, books the activity in QuickBooks and is also a signor on the bank account. <p>Hearst Elementary School</p> <ul style="list-style-type: none"> • Inappropriate expenditures were made from student funds account for staff lunches. Average balance in the account for the year 2008-09 is \$4,500. Total expenditures on staff lunches year to date totaled \$3,190.25, several of the staff lunches exceeded \$500 in costs. Only expenditures spent on students for the year 2008-09 was \$13 for lice treatment by the school nurse. Two other expenditures from account for the year 2008-09 were an estimated \$100 in office supplies. • ASB Bookkeeper is also a signor on the account. 	30000		

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding #2009-3: Cash Receipting Internal Controls</i>	The cash collection process for Kids Club has a lack of segregation of duties. The Kids Club Technician has custody of cash along with the record keeping responsibilities. The custody of cash and record-keeping functions need to be separated to lessen the risk of potential fraud.	30000	We recommend that the District separate the duties of the Kids Club Technician so that the cash collected is submitted to the District office and not to the Kids Club.	In Progress
<i>Finding #2009-4: Credit Card Internal Controls</i>	Through inquiry, auditor found that items are being purchased with credit cards on a "want" rather than on a "need" basis. Equipment is purchased on credit cards to avoid waiting for the item to go through the normal purchasing cycle. Due to the large number of credit cards used in the district, it appears that the cards are not being used out of necessity and it is difficult to enforce the policies in place.	30000	We recommend a stricter policy be put into place to prevent the repeat misuse of district credit cards. The middle schools and high schools should use petty cash funds for small purchases. Also, for schools with Petty Cash Accounts, they should not also need credit cards as they serve the same purpose.	In Progress
<i>Finding #2009-5: District Reimbursements to Employees</i>	Through inquiry and review of expenditures, the auditor found that employees may be reimbursed for expenditures by submitting an affidavit, which does not require proof of receipt. Although the employees are required to submit an affidavit if they do not have a receipt, this presents a high risk for fraud or abuse due to lack of supporting documentation.	30000	We recommend that employees be required to submit receipts for all reimbursements made by the district and that the affidavit form no longer be allowed.	Implemented

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PLEASANTON UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2010

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding #2009-6: Adult Education Cash Receipting</i>	Four out of ten cash receipts tested at Amador Valley Adult Education could not be traced to a deposit. The total amount of cash receipts was \$510. There appears to be a lack of controls to provide for an audit trail from cash receipts to deposit, therefore we were unable to determine that all amounts collected were, in fact, deposited.	30000	In order to strengthen internal controls, all deposits should contain detail of individual receipts included in the total deposit. "Splits" can be used in QuickBooks to ensure linkage between the receipt book and the deposit.	In Progress
<i>Finding #2009-7 Attendance Internal Controls</i>	<p>State Funding Source: Revenue Limit ADA</p> <p>Criteria: All source documents prepared for attendance accounting should be maintained to support the accuracy of the system information pursuant to provisions of the California Code of Regulations Title V- Regulations Required.</p> <p>Condition: For Fairlands Elementary, Hearst Elementary, Hart Middle, and Pleasanton Middle Schools, attendance clerks are collecting substitute rosters that are filled out manually with attendance data, entering the information into the attendance system, and discarding the source documentation.</p> <p>Questioned Costs: None</p> <p>Context: All substitute rosters at the above mentioned school sites.</p> <p>Effect: The District is out of compliance with respect to maintaining contemporaneous records that support the attendance being reported.</p> <p>Cause: The attendance clerks at the above mentioned school sites were simply discarding the substitute teacher rosters unaware of the contemporaneous record keeping requirement.</p>	10000	Although we believe there are alternative procedures that mitigate the risk of inaccurate attendance records including weekly review of the signed weekly certificated teacher rosters, parent notes, parent call logs, and parent access to attendance database online. We recommend that the attendance personnel maintain those records to support the attendance information being reported by the District.	Implemented