

**PITTSBURG  
UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT**

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

**PITTSBURG UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended June 30, 2010  
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Board of Trustees  
Pittsburg Unified School District  
Pittsburg, 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 Pittsburg 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 Pittsburg 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 Pittsburg Unified School District, as of June 30, 2010, and the respective changes in financial position thereof for the fiscal 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 9, 2010 on our consideration of the Pittsburg 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 57, and the schedule of funding progress on page 58 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 Pittsburg Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the combining and individual non-major fund financial statements, and the schedule of financial trends and analysis, 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.

*Christie White Accountancy Corporation*

San Diego, California  
December 9, 2010

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*Management's Discussion and Analysis*

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

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This discussion and analysis of Pittsburg 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**

- Total net assets increased 16% over the course of the year, primarily due to an increase in capital assets in buildings.
- Overall government-wide revenues were \$118,121,897. Revenues were \$18,120,338 more than expenses.
- The total cost of basic programs was \$100,001,559.
- Capital assets increased \$41,935,685 due to the acquisition of buildings.
- The District increased its outstanding long-term debt \$32,093,192 or 26% over the prior year.
- The District's P-2 average daily attendance (ADA) increased by 49, or less than 1%.
- The District maintains sufficient reserves for a district its size at 11% of total expenditures and other outgo. During fiscal year 2009-10, General Fund revenues and other financing sources decreased \$1,507,285 through a combination of state deficit and the loss of the one-time receipt of federal stimulus funds. Total outgo increased by \$305,557.

**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:

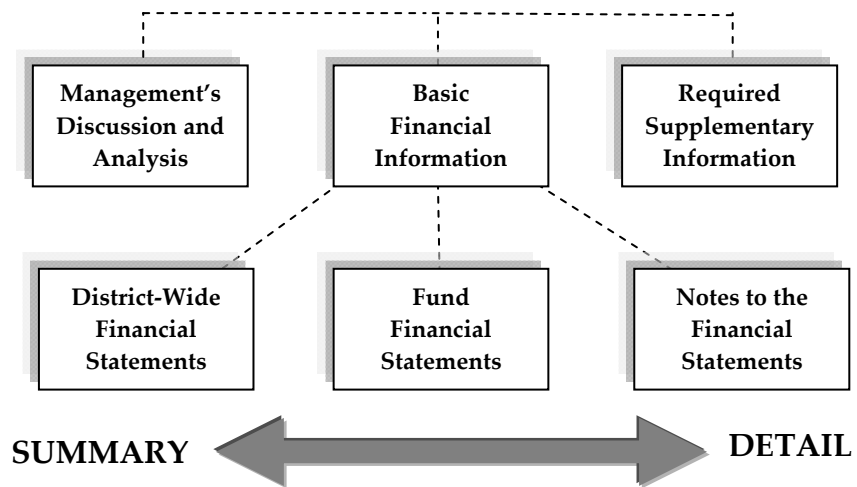
- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's 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.
  - *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.

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

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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 Pittsburg Unified School District's Annual Financial Report**





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

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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**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities money
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
<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
<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 short-term and long-term; The District's funds do not currently contain non-financial 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

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

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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 non-financial 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).

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

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The District has two 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.
- *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.

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

**Net Assets:** The District's combined net assets were higher on June 30, 2010, than they were the year before – increasing 16% to \$134,550,800. (See Table A-1).

**Table A-1**  
**Pittsburg Unified School District's Net Assets**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage</b>
			<b>Change</b>
	<b>2009</b>	<b>2010</b>	<b>2009-10</b>
Current assets	\$ 85,111,510	\$ 97,531,018	15%
Noncurrent assets	169,351,487	207,555,869	23%
Total assets	254,462,997	305,086,887	20%
Current liabilities	19,478,443	19,653,148	1%
Noncurrent liabilities	118,554,092	150,882,939	27%
Total liabilities	138,032,535	170,536,087	24%
<b>Total net assets</b>	<b>\$ 116,430,462</b>	<b>\$ 134,550,800</b>	<b>16%</b>

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

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Changes in net assets, governmental activities.** The District's total revenues were \$118,121,897 (See Table A-2). This is an increase of about \$17,711,742 or 18%, which is due mainly due to an increase in capital grants and contributions.

The total cost of all programs and services was \$100,001,559. The District's expenses are predominantly related to educating and caring for students, 69%. The purely administrative activities of the District accounted for just 5% of total costs. The total expenses increased by 2%.

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

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage Change 2009-10</b>
Revenues:			
<i>Program revenues</i>			
Charges for services	\$ 645,730	\$ 498,587	-23%
Operating grants and contributions	27,627,738	24,041,161	-13%
Capital grants and contributions	4,189,734	20,148,637	381%
<i>General revenues</i>			
Property taxes	16,624,243	18,318,926	10%
Other revenues	51,322,710	55,114,586	7%
Total revenues	<u>100,410,155</u>	<u>118,121,897</u>	18%
Expenses:			
Instruction-related	60,906,190	60,867,737	0%
Student support services	8,916,708	8,455,292	-5%
Maintenance and operations	11,040,745	14,571,391	32%
Administration	7,187,478	4,902,550	-32%
Other expenses	9,930,942	11,204,589	13%
Total expenses	<u>97,982,063</u>	<u>100,001,559</u>	2%
<b>Change in net assets</b>	<u>\$ 2,428,092</u>	<u>\$ 18,120,338</u>	646%

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

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**Governmental Activities**

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 \$100,001,559.
- The federal and state governments subsidized programs with charges for services (\$498,587), operating grants and contributions (\$24,041,161), and capital grants and contributions (\$20,148,637) for governmental activities.
- Most of the District's costs (\$55,313,174) for governmental activities, however, were paid for by District taxpayers and the taxpayers of California. This portion of governmental activities and business-type 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 Pittsburg Unified School District's**  
**Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instructional services	\$ 60,867,737	\$ 23,460,341
Pupil support services	8,455,292	2,556,147
Maintenance and operations	14,571,391	14,335,226
Administration	4,902,550	4,199,938
Other expenses	11,204,589	10,761,522
<b>Total expenses</b>	<b>\$ 100,001,559</b>	<b>\$ 55,313,174</b>

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

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**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 \$81,686,260, which is more than last year's ending fund balance of \$69,241,032.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments from original to final budget fall into these categories:

- Budgeted revenues – increased by \$4,533,715 primarily to reflect federal and state budget actions
- Budgeted expenditures – increased about \$5,098,503 primarily to re-budget carryover funds from the prior year

While the District's final budget for the General Fund anticipated expenditures would exceed revenues by \$1,949,963, the actual results for the year show that revenues actually exceeded expenditures by \$1,373,152. Actual revenues were \$4,475,792 less than anticipated, but expenditures were \$7,798,907 less than budgeted.

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

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2009-10 the District had invested over \$299,385,568 in capital assets as shown in Table A-4. (More detailed information about capital assets can be found in Note 6 to the financial statements.)

**Table A-4**  
**Pittsburg Unified School District's Capital Assets**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage</b>
			<b>Change</b>
			<b>2009-10</b>
Land	\$ 1,785,563	\$ 1,785,563	0%
Site improvements	19,290,881	19,290,881	0%
Buildings	137,648,725	202,860,936	47%
Furniture and equipment	4,246,350	5,920,883	39%
Construction in progress	94,478,364	69,527,305	-26%
<b>Total capital assets</b>	<b>\$ 257,449,883</b>	<b>\$ 299,385,568</b>	<b>16%</b>

**Long-Term Debt**

At year-end the District had \$153,967,284 in general obligation bonds, certificates of participation, other postemployment benefits, and compensated absences – an increase of 26% from last year – 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**  
**Pittsburg Unified School District's Long-Term Debt**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage</b>
			<b>Change</b>
			<b>2009-10</b>
Compensated absences	\$ 183,304	\$ 611,699	234%
Certificates of participation	10,800,000	43,775,000	305%
General obligation bonds	110,161,156	107,792,437	-2%
Other postemployment benefits	729,632	1,788,148	145%
<b>Total long-term debt</b>	<b>\$ 121,874,092</b>	<b>\$ 153,967,284</b>	<b>26%</b>

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

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**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.



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

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**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 Pittsburg 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, Pittsburg Unified School District, 2000 Railroad Avenue, Pittsburg, California 94565.

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*Financial Section*

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**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2010**

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	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 79,264,817
Investments	2,314,997
Accounts receivable	13,794,215
Inventories	59,980
Prepaid expenses	2,097,009
Total current assets	<u>97,531,018</u>
Noncurrent assets:	
Capital assets:	
Land	1,785,563
Site improvements	19,290,881
Buildings	202,860,936
Furniture and equipment	5,920,883
Construction in progress	69,527,305
Less accumulated depreciation	<u>(91,829,699)</u>
Total capital assets, net of depreciation	<u>207,555,869</u>
Total noncurrent assets	<u>207,555,869</u>
Total assets	<u>305,086,887</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,593,059
Deferred revenue	1,975,744
Other current liabilities	9,000,000
Certificates of participation payable, current	605,000
General obligation bonds payable, current	2,479,345
Total current liabilities	<u>19,653,148</u>
Noncurrent liabilities:	
Compensated absences payable	611,699
Certificates of participation payable, noncurrent	43,170,000
General obligation bonds payable, noncurrent	105,313,092
Other postemployment benefits	1,788,148
Total noncurrent liabilities	<u>150,882,939</u>
Total liabilities	<u>170,536,087</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	106,588,302
Restricted for:	
Capital projects	9,701,933
Debt service	4,885,114
Educational programs	3,676,406
Unrestricted	9,699,045
Total net assets	<u>\$ 134,550,800</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>Governmental activities:</b>					
Instructional services:					
Instruction	\$ 51,737,995	\$ 39,390	\$ 14,848,775	\$ 20,148,637	\$ (16,701,193)
Instruction-related services:					
Supervision of instruction	2,191,577	-	1,601,495	-	(590,082)
Instructional library, media and technology	574,490	187	107,028	-	(467,275)
School site administration	6,363,675	3,587	658,297	-	(5,701,791)
Pupil support services:					
Home-to-school transportation	1,447,907	22	712,847	-	(735,038)
Food services	3,533,091	206,549	3,583,731	-	257,189
All other pupil services	3,474,294	735	1,395,261	-	(2,078,298)
General administration services:					
Data processing services	675,276	-	10,315	-	(664,961)
Other general administration	4,227,274	8,977	683,320	-	(3,534,977)
Plant services	14,571,391	23,074	213,091	-	(14,335,226)
Ancillary services	247,366	22	23	-	(247,321)
Community services	49,815	-	-	-	(49,815)
Interest on long-term debt	6,522,043	-	-	-	(6,522,043)
Other outgo	487,378	216,044	226,978	-	(44,356)
Depreciation (unallocated)	3,897,987	-	-	-	(3,897,987)
Total governmental activities	<u>\$ 100,001,559</u>	<u>\$ 498,587</u>	<u>\$ 24,041,161</u>	<u>\$ 20,148,637</u>	<u>(55,313,174)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					6,957,736
Property taxes, levied for debt service					7,590,703
Property taxes, levied for other specific purposes					3,770,487
Federal and state aid not restricted to specific purpose					47,962,402
Interest and investment earnings					194,282
Miscellaneous					6,957,902
					<u>73,433,512</u>
					18,120,338
Net assets - July 1, 2009					<u>116,430,462</u>
Net assets - June 30, 2010					<u>\$ 134,550,800</u>

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

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

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,075,993	\$ 18,307,593	\$ 34,493,393	\$ 9,324,930	\$ 8,062,908	\$ 79,264,817
Investments	1,238,182	1,076,815	-	-	-	2,314,997
Accounts receivable	12,901,963	-	-	-	892,252	13,794,215
Due from other funds	2,000,000	-	-	60,963	9,314,159	11,375,122
Inventories	-	-	-	-	59,980	59,980
Total assets	<u>\$ 25,216,138</u>	<u>\$ 19,384,408</u>	<u>\$ 34,493,393</u>	<u>\$ 9,385,893</u>	<u>\$ 18,329,299</u>	<u>\$ 106,809,131</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,261,089	\$ 1,252,681	\$ 25,250	\$ 22,238	\$ 210,747	\$ 2,772,005
Due to other funds	352,823	-	2,000,000	9,022,299	-	11,375,122
Deferred revenue	1,974,125	-	-	-	1,619	1,975,744
Current loans	9,000,000	-	-	-	-	9,000,000
Total liabilities	<u>12,588,037</u>	<u>1,252,681</u>	<u>2,025,250</u>	<u>9,044,537</u>	<u>212,366</u>	<u>25,122,871</u>
<b>FUND BALANCES</b>						
Reserved for:						
Inventories	-	-	-	-	59,980	59,980
Revolving cash	25,000	-	-	-	5,000	30,000
Debt service	-	-	-	-	4,885,114	4,885,114
Categorical programs	3,676,406	-	-	-	-	3,676,406
Unreserved; reported in:						
General fund	8,926,695	-	-	-	-	8,926,695
Special revenue funds	-	-	-	-	3,806,262	3,806,262
Capital project funds	-	18,131,727	32,468,143	341,356	9,360,577	60,301,803
Total fund balances	<u>12,628,101</u>	<u>18,131,727</u>	<u>32,468,143</u>	<u>341,356</u>	<u>18,116,933</u>	<u>81,686,260</u>
Total liabilities and fund balances	<u>\$ 25,216,138</u>	<u>\$ 19,384,408</u>	<u>\$ 34,493,393</u>	<u>\$ 9,385,893</u>	<u>\$ 18,329,299</u>	<u>\$ 106,809,131</u>

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

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

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**Total fund balances - governmental funds** \$ 81,686,260

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 \$299,385,568 and the accumulated depreciation is (\$91,829,699). 207,555,869

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: (2,821,054)

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: 2,097,009

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:

Compensated absences payable	\$	611,699	
Certificates of participation payable		43,775,000	
General obligation bonds payable		107,792,437	
Other postemployment benefits		1,788,148	(153,967,284)

**Total net assets - governmental activities** \$ 134,550,800

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

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

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General revenues:						
Property taxes	\$ 7,872,652	\$ -	\$ 2,855,572	\$ -	\$ 7,590,704	\$ 18,318,928
Federal and state aid not restricted to specific purpose	47,962,402	-	-	-	-	47,962,402
Interest and investment earnings	26,607	131,192	19,718	-	16,764	194,281
Miscellaneous	634,323	6,198,240	129,089	-	(3,750)	6,957,902
Program revenues:						
Charges for services	263,585	-	-	-	235,002	498,587
Operating grants and contributions	18,424,222	-	-	-	5,616,941	24,041,163
Capital grants and contributions	-	-	-	20,148,637	-	20,148,637
Total revenues	<u>75,183,791</u>	<u>6,329,432</u>	<u>3,004,379</u>	<u>20,148,637</u>	<u>13,455,661</u>	<u>118,121,900</u>
<b>EXPENDITURES</b>						
Instructional services:						
Instruction	47,533,744	-	-	-	2,721,956	50,255,700
Instruction-related services:						
Supervision of instruction	2,191,464	-	-	-	113	2,191,577
Instructional library, media and technology	574,490	-	-	-	-	574,490
School site administration	5,428,267	-	-	-	935,408	6,363,675
Pupil support services:						
Home-to-school transportation	1,447,907	-	-	-	-	1,447,907
Food services	-	-	-	-	3,554,264	3,554,264
All other pupil services	3,449,326	-	-	-	24,968	3,474,294
General administration services:						
Data processing services	684,213	-	-	-	-	684,213
Other general administration	3,029,032	-	-	-	408,447	3,437,479
Plant services	8,918,254	-	6,784,344	-	827,320	16,529,918
Facility acquisition and construction	239,467	23,302,543	141,185	16,847,321	354,085	40,884,601
Ancillary services	247,366	-	-	-	-	247,366
Community services	49,815	-	-	-	-	49,815
Other outgo:						
Transfers between agencies	17,294	-	-	-	-	17,294
Debt service - principal	-	-	929,381	-	2,660,000	3,589,381
Debt service - interest	-	-	829,591	-	4,487,020	5,316,611
Debt service - issuance costs and discounts	-	-	6,047	-	-	6,047
Total expenditures	<u>73,810,639</u>	<u>23,302,543</u>	<u>8,690,548</u>	<u>16,847,321</u>	<u>15,973,581</u>	<u>138,624,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,373,152</u>	<u>(16,973,111)</u>	<u>(5,686,169)</u>	<u>3,301,316</u>	<u>(2,517,920)</u>	<u>(20,502,732)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers in	2,000,000	7,929,013	1,251,088	60,963	11,245,802	22,486,866
Interfund transfers out	(2,584,467)	-	(2,000,000)	(16,951,311)	(1,251,088)	(22,786,866)
Proceeds from long-term debt	-	-	33,247,960	-	-	33,247,960
Total other financing sources and uses	<u>(584,467)</u>	<u>7,929,013</u>	<u>32,499,048</u>	<u>(16,890,348)</u>	<u>9,994,714</u>	<u>32,947,960</u>
Net change in fund balances	788,685	(9,044,098)	26,812,879	(13,589,032)	7,476,794	12,445,228
Fund balances, July 1, 2009	<u>11,839,416</u>	<u>27,175,825</u>	<u>5,655,264</u>	<u>13,930,388</u>	<u>10,640,139</u>	<u>69,241,032</u>
Fund balances, June 30, 2010	<u>\$ 12,628,101</u>	<u>\$ 18,131,727</u>	<u>\$ 32,468,143</u>	<u>\$ 341,356</u>	<u>\$ 18,116,933</u>	<u>\$ 81,686,260</u>

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

**PITTSBURG 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**

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Total net change in fund balances - governmental funds \$ 12,445,228

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	\$ 42,892,163	
Depreciation expense	<u>(3,897,987)</u>	38,994,176

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: 3,640,000

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: 25,372

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: (1,058,516)

Debt proceeds: In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increase to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (34,271,653)

Debt issue costs: 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: 809,037

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (789,794)

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: (1,245,117)

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*). (428,395)

**Change in net assets of governmental activities \$ 18,120,338**

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



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

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	Trust Funds		Agency Funds	Total
	Retiree Benefits Fund	Scholarship Fund	Student Body Funds	
<b>ASSETS</b>				
Cash	\$ 300,851	\$ 43,148	\$ 401,234	\$ 745,233
Investments	-	65,892	-	65,892
Total assets	<u>300,851</u>	<u>109,040</u>	<u>\$ 401,234</u>	<u>811,125</u>
<b>LIABILITIES</b>				
Due to student groups	-	-	\$ 401,234	401,234
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 401,234</u>	<u>401,234</u>
<b>NET ASSETS</b>	<u>\$ 300,851</u>	<u>\$ 109,040</u>		<u>\$ 409,891</u>

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

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Statement of Change in Net Assets – Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2010**

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	Trust Funds	
	Retiree Benefits Fund	Scholarship Fund
<b>ADDITIONS</b>		
Interest	\$ 851	\$ -
Operating grants and contributions	-	17,199
Transfer in from other funds	300,000	-
Total additions	<u>300,851</u>	<u>17,199</u>
<b>DEDUCTIONS</b>		
Operating expenditures	300,000	21,866
Total deductions	<u>300,000</u>	<u>21,866</u>
Change in net assets	851	(4,667)
Net assets held in trust - July 1, 2009	<u>300,000</u>	<u>113,707</u>
Net assets held in trust - June 30, 2010	<u>\$ 300,851</u>	<u>\$ 109,040</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Policies

Pittsburg 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 and Pittsburg Unified School District Financing Corporation (“the Corporation”) have a financial and operational relationship which meet the reporting entity definition criteria of the GASB Statement No. 14, “*The Financial Reporting Entity*”, for inclusion of the Corporation as a component unit of the District. Therefore, the financial activities of the Corporation have been included in the financial statements of the District.

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. In addition, component units are other legally separate organizations for which the District is not financially accountable, but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

The District 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.

The Corporation was formed in March 1994, pursuant to the general California nonprofit corporation laws, to provide financial assistance to the District for construction and acquisition of major capital facilities. Certificates of Participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. At the end of the lease term, title of all Corporate property will pass to the District for no additional consideration.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Reporting Entity (continued)**

The following are those aspects of the relationship between the District and the Facilities District with satisfy GASB Statement No. 14, as amended by GASB Statement No. 39, criteria:

1. Manifestation of Oversight

- The Corporation’s Board of Directors was appointed by the District’s Governing Board. The Corporation has no employees. The District’s Assistant Superintendent of Business Services functions as the agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.

2. Accounting for Fiscal Matters

- a. The District is able to impose its will upon the Corporation, based on the following:
- All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
  - The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.
- b. The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
- Any deficits incurred by the Corporation will be reflected in the lease payments of the District.
  - Any surpluses of the Corporation revert to the District at the end of the lease period.
  - The District has assumed a “moral obligation”, and potentially a legal obligation, on any debt incurred by the Corporation.

**C. Scope of Public Service and Financial Presentation**

- The Corporation was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities. Upon completion, the District intends to occupy all Corporation facilities under a lease-purchase agreement effective through the year 2024.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Basis of Presentation

*Government-wide Financial Statements:*

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Basis of Presentation (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.

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.

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 collectible 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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**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.

*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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

E. 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 major, non-major, and fiduciary funds, as follows:

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Fund Accounting (continued)

**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 *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.
- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.
- The *County School Facilities Fund* is used to account for state apportionments provided for modernization of school facilities under SB50.

**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 *Child Development Fund* is used to account for resources committed to child development programs maintained by the district
  3. The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service operations.
  4. The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.
- *Capital Projects Funds* are used to account for the acquisition and/or construction of major governmental general fixed assets. The District maintains one non-major capital project fund:
  1. The *Special Reserve for Capital Outlay Fund* is used to account for funds set aside for capital outlay projects.



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Fund Accounting (continued)

- *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains two debt service funds:
  1. 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.
  2. The *Debt Service Fund* is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

**Fiduciary Funds:**

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.
- *Trust Funds* are used to account for assets held by the District as trustee. The District maintains two trust funds, the Scholarship fund and Retiree Benefit Fund, which are used to provide financial assistance to students and retiree's of the District

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Assets, Liabilities, and Equity (continued)

3. Capital Assets (continued)

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	5-20 years
Vehicles	8 years

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Assets, Liabilities, and Equity (continued)

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 portions of the fund balance not appropriable 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.

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**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	Fiduciary Funds
Cash in county treasury	\$ 51,290,729	\$ 343,999
Cash on hand and in banks	5,107	401,234
Cash with fiscal agent	27,938,981	-
Cash in revolving fund	30,000	-
Total cash and cash equivalents	\$ 79,264,817	\$ 745,233
 LAIF investment	 \$ 2,314,997	 \$ 65,892

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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**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:

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

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

*Investments*- The investments are held with the Local Agency Investment Fund (LAIF). The program is offered to local agencies and is also part of the Pooled Money Investment Account (PMIA). The investment has a fair market value of \$2,384,803 and an amortized book value of \$2,380,889.



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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

*Cash with Fiscal Agent*

Cash with Fiscal Agent represents \$1,156,776 in the Debt Service Fund held by US Bank and Union Bank and restricted for repayment of COPs, while the remaining balance of \$26,782,205 in the Capital Facilities Fund is held by US Bank and restricted for construction costs of various capital improvements.

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 the 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 Contra Costa County Investment Pool with a fair value of approximately \$51,731,772 and an amortized book value of \$51,634,728. The average weighted maturity for this pool is 122 days.

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 investment with the Contra Costa County Investment Pool is rated at least A by Standard & Poor's.

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 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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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.

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	Governmental Funds
Federal	\$ 1,662,343
State categorical	3,094,278
Other	9,037,594
Total accounts receivable	<u>\$ 13,794,215</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 4 – 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	County School Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 60,963	\$ 291,860	\$ 352,823
Capital Facilities Fund	2,000,000	-	-	2,000,000
County School Facilities Fund	-	-	9,022,299	9,022,299
Total	<u>\$ 2,000,000</u>	<u>\$ 60,963</u>	<u>\$ 9,314,159</u>	<u>\$ 11,375,122</u>

Due from the General Fund to the County School Facilities Fund for special technology projects.	\$ 60,963
Due from the General Fund to the Child Development Fund for encroachment on the General Fund.	291,860
Due from the Capital Facilities Fund to the General Fund to transfer redevelopment agencies general operations.	2,000,000
Due from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects to transfer excess bond money.	9,022,299
Total	<u>\$ 11,375,122</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 4 – 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						
	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Retiree Benefits Funds	Total
General Fund	\$ -	\$ -	\$ -	\$ 60,963	\$ 2,223,504	\$ 300,000	\$ 2,584,467
Capital Facilities Fund	2,000,000	-	-	-	-	-	2,000,000
County School Facilities Fund	-	7,929,013	-	-	9,022,298	-	16,951,311
Other Governmental Funds	-	-	1,251,088	-	-	-	1,251,088
Total	<u>\$ 2,000,000</u>	<u>\$ 7,929,013</u>	<u>\$ 1,251,088</u>	<u>\$ 60,963</u>	<u>\$ 11,245,802</u>	<u>\$ 300,000</u>	<u>\$ 22,786,866</u>

Transfer from the General Fund to the Adult Education Fund for categorical flexibility.	\$ 1,931,644
Transfer from the General Fund to the Child Development Fund for encroachment on the General Fund.	291,860
Transfer from the General Fund to the County School Facilities Fund for special technology projects.	60,963
Transfer from the General Fund to the Retiree Benefit Trust Fund for retiree benefits.	300,000
Transfer from the Capital Facilities Fund to the General Fund to transfer redevelopment agencies general operations.	2,000,000
Transfer from the Debt Service Fund to the Capital Facilities Fund to transfer redevelopment fees to make the COP payment.	1,251,088
Transfer from the County School Facilities Fund to the Building Fund to obtaine moneies for the CTE grants.	7,929,013
Transfer from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects for excess bond money.	9,022,298
Total	<u>\$ 22,786,866</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 5 – 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>
Economic uncertainties	\$ 2,214,657
Tier III carryover	380,672
API carryover by sites	46,817
CCCSIG carryover	8,674
Parcel tax	267,455
Adult carryover	184,831
Total designations	<u>\$ 3,103,106</u>

**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	\$ 1,785,563	\$ -	\$ -	\$ 1,785,563
Site improvements	19,290,881	-	-	19,290,881
Buildings	137,648,725	65,917,760	705,549	202,860,936
Furniture and equipment	4,246,350	1,925,462	250,929	5,920,883
Construction in progress	94,478,364	39,093,944	64,045,003	69,527,305
Total at historical cost	<u>257,449,883</u>	<u>106,937,166</u>	<u>65,001,481</u>	<u>299,385,568</u>
Less accumulated depreciation:				
Site improvements	16,020,402	1,007,323	-	17,027,725
Buildings	69,018,579	1,214,487	3,786	70,229,280
Furniture and equipment	3,059,415	1,676,177	162,898	4,572,694
Total accumulated depreciation	<u>88,098,396</u>	<u>3,897,987</u>	<u>166,684</u>	<u>91,829,699</u>
Total capital assets, net	<u>\$ 169,351,487</u>	<u>\$ 103,039,179</u>	<u>\$ 64,834,797</u>	<u>\$ 207,555,869</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**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
Compensated absences payable	\$ 183,304	\$ 428,395	\$ -	\$ 611,699	\$ -
Certificates of participation payable	10,800,000	33,895,000	920,000	43,775,000	605,000
General obligation bonds payable	109,400,000	6,810,000	9,530,000	106,680,000	2,425,000
Unamortized premiums on long-term debt	761,156	376,653	25,372	1,112,437	54,345
Other postemployment benefits	729,632	1,058,516	-	1,788,148	-
Total long-term debt	<u>\$ 121,874,092</u>	<u>\$ 42,568,564</u>	<u>\$ 10,475,372</u>	<u>\$ 153,967,284</u>	<u>\$ 3,084,345</u>

**A. General Obligation Bonds**

A summary of the District's bonded indebtedness is shown below:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2009	Additions	Deletions	Outstanding June 30, 2010	Due Within One Year
February 1, 1999	4.00% - 7.00%	August 1, 2023 *	\$ 10,000,000	\$ 7,620,000	\$ -	\$ 7,235,000	\$ 385,000	\$ 385,000
August 13, 2003	3.50% - 4.50%	August 1, 2022	8,825,000	7,110,000	-	450,000	6,660,000	465,000
March 9, 2005	3.50% - 12.00%	August 1, 2029	17,100,000	15,975,000	-	175,000	15,800,000	230,000
August 30, 2005	3.40% - 4.375%	August 1, 2024	8,565,000	8,020,000	-	405,000	7,615,000	420,000
June 8, 2006	4.00% - 6.00%	August 1, 2030	13,350,000	12,755,000	-	105,000	12,650,000	125,000
September 26, 2007	4.00% - 8.00%	August 1, 2032	10,050,000	10,000,000	-	240,000	9,760,000	250,000
September 26, 2007	4.00% - 8.00%	August 1, 2032	15,000,000	12,920,000	-	920,000	12,000,000	350,000
March 12, 2009	2.50% - 5.00%	August 1, 2039	35,000,000	35,000,000	-	-	35,000,000	140,000
February 24, 2010	2.00% - 5.00%	August 1, 2023	6,810,000	-	6,810,000	-	6,810,000	60,000
			<u>\$ 124,700,000</u>	<u>\$ 109,400,000</u>	<u>\$ 6,810,000</u>	<u>\$ 9,530,000</u>	<u>\$ 106,680,000</u>	<u>\$ 2,425,000</u>

\* Maturity date changed to August 1, 2010 due to the refunding bond issued February 24, 2010.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

A. General Obligation Bonds (continued)

The annual requirements to amortize the general obligation bonds payable are as follows:

1999 General Obligation Bonds

In 1999, the District issued \$10,000,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2010, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 7.00%. The Bonds were refunded using the 2010 Bond issuance of \$6,810,000. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 385,000	\$ 7,941	\$ 392,941
Total	\$ 385,000	\$ 7,941	\$ 392,941

2003 General Obligation Bonds

In 2003, the District issued \$8,825,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2022, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 4.50%. The Bonds matures as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 465,000	\$ 260,060	\$ 725,060
2012	485,000	242,829	727,829
2013	505,000	224,266	729,266
2014	525,000	204,954	729,954
2015	545,000	184,483	729,483
2016-2020	3,085,000	566,493	3,651,493
2021-2023	1,050,000	39,025	1,089,025
Total	\$ 6,660,000	\$ 1,722,110	\$ 8,382,110

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

A. General Obligation Bonds (continued)

2005 General Obligation Bonds

In 2005, the District issued \$17,100,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2029, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 12.00%. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 230,000	\$ 686,044	\$ 916,044
2012	285,000	666,156	951,156
2013	330,000	646,394	976,394
2014	370,000	630,844	1,000,844
2015	420,000	616,704	1,036,704
2016-2020	2,915,000	2,783,819	5,698,819
2021-2025	4,530,000	2,020,444	6,550,444
2026-2030	6,720,000	799,324	7,519,324
Total	<u>\$ 15,800,000</u>	<u>\$ 8,849,729</u>	<u>\$ 24,649,729</u>

2005 General Obligation Bonds

In 2005, the District issued \$8,565,000 of General Obligation Refunding Bonds. Of this amount, \$8,387,151 was placed into an escrow account to advance refund the remaining \$3,995,000 of the 1998 General Obligation Bonds and \$4,050,000 of the 2000 General Obligation Bonds. The 2005 General Obligation Refunding Bonds require annual principal payments through August 2024, plus interest. Annual interest rates for these General Obligation Bonds range from 3.40% to 4.375%. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 420,000	\$ 290,175	\$ 710,175
2012	435,000	274,144	709,144
2013	455,000	257,456	712,456
2014	470,000	240,935	710,935
2015	485,000	224,458	709,458
2016-2020	2,745,000	766,853	3,511,853
2021-2025	2,605,000	237,581	2,842,581
Total	<u>\$ 7,615,000</u>	<u>\$ 2,291,602</u>	<u>\$ 9,906,602</u>



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

A. General Obligation Bonds (continued)

2006 General Obligation Bonds

In 2006, the District issued \$13,350,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2030, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 6.00%. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 125,000	\$ 582,971	\$ 707,971
2012	150,000	574,721	724,721
2013	180,000	564,821	744,821
2014	220,000	553,921	773,921
2015	250,000	542,171	792,171
2016-2020	1,895,000	2,485,403	4,380,403
2021-2025	3,385,000	1,908,456	5,293,456
2026-2030	5,120,000	934,030	6,054,030
2031	1,325,000	30,475	1,355,475
Total	<u>\$ 12,650,000</u>	<u>\$ 8,176,969</u>	<u>\$ 20,826,969</u>

2008 General Obligation Bonds

In 2008, the District issued \$10,050,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2032, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 250,000	\$ 434,234	\$ 684,234
2012	280,000	414,434	694,434
2013	280,000	398,684	678,684
2014	295,000	386,465	681,465
2015	305,000	373,715	678,715
2016-2020	1,735,000	1,664,069	3,399,069
2021-2025	2,100,000	1,271,966	3,371,966
2026-2030	2,600,000	759,056	3,359,056
2031-2033	1,915,000	140,095	2,055,095
Total	<u>\$ 9,760,000</u>	<u>\$ 5,842,718</u>	<u>\$ 15,602,718</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

A. General Obligation Bonds (continued)

2008 General Obligation Bond

In 2008, the District issued \$15,000,000 of General Obligation Bonds. The Bonds require annual principal payments through August 2032, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 350,000	\$ 533,299	\$ 883,299
2012	355,000	506,874	861,874
2013	380,000	486,374	866,374
2014	390,000	470,011	860,011
2015	415,000	452,905	867,905
2016-2020	2,210,000	1,997,450	4,207,450
2021-2025	2,525,000	1,516,591	4,041,591
2026-2030	3,115,000	901,256	4,016,256
2031-2033	2,260,000	164,885	2,424,885
Total	<u>\$ 12,000,000</u>	<u>\$ 7,029,645</u>	<u>\$ 19,029,645</u>

2009 General Obligation Bond

On March 12, 2009, the District issued General Obligation Bonds in the amount of \$35,000,000. The Bonds require annual principal payments through August 2039, plus interest. Annual interest rates for these General Obligation Bonds range from 2.5% to 5%. The Bonds matures as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 140,000	\$ 1,812,588	\$ 1,952,588
2012	455,000	1,803,663	2,258,663
2013	470,000	1,790,963	2,260,963
2014	485,000	1,778,419	2,263,419
2015	490,000	1,761,950	2,251,950
2016-2020	2,915,000	8,470,450	11,385,450
2021-2025	3,855,000	7,662,628	11,517,628
2026-2030	4,850,000	6,630,281	11,480,281
2031-2035	7,975,000	5,032,569	13,007,569
2036-2040	13,365,000	1,961,016	15,326,016
Total	<u>\$ 35,000,000</u>	<u>\$ 38,704,527</u>	<u>\$ 73,704,527</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

A. General Obligation Bonds (continued)

2010 General Obligation Bond

In fiscal year 2009-10, the District issued \$6,810,000 of General Obligation Refunding Bonds. The 2010 General Obligation Refunding Bonds require annual principal payments through August 2023, plus interest. Annual interest rates for these General Obligation Bonds range from 2.0% to 5.0%. The Bonds were sold to refinance the 1995 Election, Series D Bond which was issued in the principal amount of \$10,000,000. The Bonds mature as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 60,000	\$ 95,463	\$ 155,463
2012	425,000	271,550	696,550
2013	430,000	263,050	693,050
2014	445,000	250,150	695,150
2015	460,000	236,800	696,800
2016-2020	2,530,000	936,875	3,466,875
2021-2024	2,460,000	307,500	2,767,500
Total	\$ 6,810,000	\$ 2,361,388	\$ 9,171,388

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

**B. Certificates of Participation**

A summary of the District's bonded indebtedness is shown below:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2009	Additions	Deletions	Outstanding June 30, 2010	Due Within One Year
June 1, 1997	4.50%	July 1, 2012	\$ 1,020,000	\$ 340,000	\$ -	\$ 340,000	\$ -	\$ -
October 7, 1998	3.75% - 4.70%	August 25, 2024	11,720,000	8,715,000	-	390,000	8,325,000	410,000
January 11, 2001	3.50% - 4.40%	September 1, 2016	3,000,000	1,745,000	-	190,000	1,555,000	195,000
December 10, 2009	3.75% - 6.20%	September 1, 2034	33,895,000	-	33,895,000	-	33,895,000	-
			<u>\$ 49,635,000</u>	<u>\$ 10,800,000</u>	<u>\$ 33,895,000</u>	<u>\$ 920,000</u>	<u>\$ 43,775,000</u>	<u>\$ 605,000</u>

In October 1998 the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of \$11,720,000, with interest rates of 3.75% to 4.40%.

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 410,000	\$ 364,328	\$ 774,328
2012	425,000	347,415	772,415
2013	440,000	329,463	769,463
2014	460,000	310,333	770,333
2015	475,000	290,052	765,052
2016-2020	2,725,000	1,104,849	3,829,849
2021-2025	3,390,000	403,994	3,793,994
Total	<u>\$ 8,325,000</u>	<u>\$ 3,150,434</u>	<u>\$ 11,475,434</u>

In January 2001 the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of \$3,000,000, with interest rates of 3.50% to 4.40%.

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ 195,000	\$ 255,428	\$ 450,428
2012	205,000	257,653	462,653
2013	215,000	259,355	474,355
2014	220,000	255,518	475,518
2015	230,000	256,150	486,150
2016-2017	490,000	511,660	1,001,660
Total	<u>\$ 1,555,000</u>	<u>\$ 1,795,764</u>	<u>\$ 3,350,764</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

B. Certificates of Participation (continued)

In December 2009 the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of \$33,895,000, with interest rates ranging from 3.75% to 6.2%.

Fiscal Year Ended June 30,	Principal	Interest	Total
2011	\$ -	\$ 1,336,466	\$ 1,336,466
2012	-	1,940,031	1,940,031
2013	-	1,940,031	1,940,031
2014	-	1,940,031	1,940,031
2015	-	1,940,031	1,940,031
2016-2020	5,455,000	9,273,440	14,728,440
2021-2025	6,920,000	7,812,475	14,732,475
2026-2030	9,180,000	5,541,700	14,721,700
2031-2035	12,340,000	2,387,310	14,727,310
Total	<u>\$ 33,895,000</u>	<u>\$ 34,111,515</u>	<u>\$ 68,006,515</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 8 – JOINT VENTURES**

The Pittsburg Unified School District participates in two joint powers agreement (JPA) entities, the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation insurance, and the Schools' Self Insurance of Contra Costa County (SSICCC) for dental and vision insurance.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Pittsburg Unified School District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the Pittsburg Unified School District and the JPAs are such that none of the three JPAs is a component unit of the District for financial reporting purposes. Condensed financial information, most current available, of the CCCSIG and SSICCC JPAs is shown below:

	CCCSIG	SSICCC
	June 30, 2010	June 30, 2009
Assets	\$ 97,277,482	\$ 6,518,526
Liabilities	72,699,996	1,008,968
Net assets	<u>\$ 24,577,486</u>	<u>\$ 5,509,558</u>
Revenues	\$ 41,747,625	\$ 15,155,408
Expenses	44,207,706	14,438,881
Operating income	(2,460,081)	716,527
Non-operating income	2,378,286	100,028
Change in net assets	<u>\$ (81,795)</u>	<u>\$ 816,555</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

A. 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.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

C. Construction Commitments

As of June 30, 2010, the District had commitments with respect to unfinished capital projects to be paid from Proposition Measure E and Measure J bond funds.

**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 8, 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.

**NOTE 11 – EXCESS OF EXPENDITURES OVER FINAL BUDGET**

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

General Fund:		
Other outgo	\$	1,294

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 12 – 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 System (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	\$ 1,196,747	100%
2008-09	\$ 1,124,426	100%
2007-08	\$ 1,140,808	100%



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 12 – 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	\$ 2,818,049	100%
2008-09	\$ 2,878,698	100%
2007-08	\$ 3,013,647	100%

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,457,529 to CalSTRS (4.267% of salaries subject to CalSTRS in 2009-10).

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS**

Pittsburg 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.

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits	132
Active plan members	798
Total	<u>930</u>
Number of participating employers	1

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 District's Governing Board.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial 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)	\$ 1,627,527
Interest on net OPEB obligation	36,482
Adjustment to ARC	<u>(48,189)</u>
Annual OPEB cost	1,615,820
Contributions made	<u>557,304</u>
Increase in net OPEB obligation	1,058,516
Net OPEB obligation - July 1, 2009	<u>729,632</u>
Net OPEB obligation - June 30, 2010	<u><u>\$ 1,788,148</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009-10 are as follows:

Year Ended	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
<u>June 30,</u>			
2009	\$ 1,627,527	45%	\$ 729,632
2010	\$ 1,615,820	34%	\$ 1,788,148

**Funded Status and Funding Progress – OPEB Plans**

As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$13.7 million and the unfunded actuarial accrued liability (UAAL) was \$13.4 million.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

Funded Status and Funding Progress – OPEB Plans (continued)

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.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 7, 2009
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	29 years
Asset Valuation	Unsmoothed market value basis
Actuarial Assumptions:	
Investment rate of return	5.0%
Healthcare cost trend rates	4.0%

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 14 – PARCEL TAX**

Parcel Tax – Measure C

On November 2, 2008, 72% of voters of the District approved an annual special parcel tax for seven years at \$65 per taxable parcel with an inflation adjustment of \$6 per year. To purpose of the parcel tax is to “expand student access to technology and computers, college preparatory, honors and advanced placement classes, avoid increased class sizes, maintain essential programs and materials, keep classes small in the early grades, and attract and retain highly qualified teachers.”

**NOTE 15 – TAX ANTICIPATION REVENUE NOTES**

In 2009-10, the District issued \$9,000,000 in Tax and Revenue Anticipation Notes (TRANS) with a yield of 0.9% and interest rate of 2%. The notes mature on February 1, 2011. The TRANS were issued to supplement cash flows. Repayment requirements are that certain amounts are deposited in a special fund. The monies are required to remain on deposit until the maturity date of the note, at which time they are applied to pay the principal and interest on the notes.

**NOTE 16 – SUBSEQUENT EVENTS**

General Obligation Bonds

During the Election of November 2, 2010, the voters of the City of Pittsburg approved the District to issue \$100,000,000 of Measure L General Obligation Bonds. The bonds will be used to provide safe, modern neighborhood schools with updated computer technology, upgrade energy systems, including solar, reduce cost, improving student learning by acquiring, upgrading, constructing, equipping classrooms, science and computer labs, and school facilities, replace aging roofs, plumbing, heating, ventilation, electrical systems, improve fire alarms, school security, and earthquake safety.

Certificates of Participation

Subsequent to June 30, 2010, the District issued \$20,510,000 of certificates of participation. The funds will be used to finance solar energy projects throughout the District. The certificates of participation have interest rates ranging from 3.0% - 5.0%

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*Required Supplementary Information*

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with
	Original	Final		Final Budget - Pos (Neg)
<b>REVENUES</b>				
Revenue limit sources	\$ 48,352,248	\$ 46,219,397	\$ 45,963,009	\$ (256,388)
Federal	9,203,669	12,158,738	7,958,970	(4,199,768)
Other state	13,308,198	16,636,646	15,912,597	(724,049)
Other local	4,261,753	4,644,802	5,349,215	704,413
Total revenues	<u>75,125,868</u>	<u>79,659,583</u>	<u>75,183,791</u>	<u>(4,475,792)</u>
<b>EXPENDITURES</b>				
Certificated salaries	33,414,896	35,931,333	33,727,632	2,203,701
Classified salaries	9,907,589	10,708,733	10,637,772	70,961
Employee benefits	15,277,778	16,123,756	15,522,756	601,000
Books and supplies	5,546,437	5,668,077	2,594,960	3,073,117
Services and other operating expenditures	12,460,745	13,231,812	11,426,066	1,805,746
Capital outlay	284,889	327,126	292,606	34,520
Transfers of indirect costs	(397,291)	(397,291)	(408,447)	11,156
Other outgo	16,000	16,000	17,294	(1,294)
Total expenditures	<u>76,511,043</u>	<u>81,609,546</u>	<u>73,810,639</u>	<u>7,798,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,385,175)</u>	<u>(1,949,963)</u>	<u>1,373,152</u>	<u>3,323,115</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Interfund transfers in	2,000,000	2,000,000	2,000,000	-
Interfund transfers out	(300,000)	(2,584,842)	(2,584,467)	375
Total other financing sources and uses	<u>1,700,000</u>	<u>(584,842)</u>	<u>(584,467)</u>	<u>375</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>314,825</u>	<u>(2,534,805)</u>	<u>788,685</u>	<u>3,323,490</u>
Fund balances, July 1, 2009	<u>11,839,416</u>	<u>11,839,416</u>	<u>11,839,416</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 12,154,241</u>	<u>\$ 9,304,611</u>	<u>\$ 12,628,101</u>	<u>\$ 3,323,490</u>

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

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Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/7/2009	\$ 300,000	\$ 13,719,382	\$ 13,419,382	2%	\$ 48,440,232	28%



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*Supplementary Information Section*

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**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Combining Balance Sheet – All Non-Major Funds**  
**June 30, 2010**

	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,404,029	\$ -	\$ 383,299	\$ 1,052,187	\$ 338,279	\$ 4,885,114	\$ -	\$ 8,062,908
Accounts receivable	309,379	29,206	553,667	-	-	-	-	892,252
Due from other funds	-	291,861	-	-	9,022,298	-	-	9,314,159
Inventories	-	-	59,980	-	-	-	-	59,980
Total assets	<u>\$ 1,713,408</u>	<u>\$ 321,067</u>	<u>\$ 996,946</u>	<u>\$ 1,052,187</u>	<u>\$ 9,360,577</u>	<u>\$ 4,885,114</u>	<u>\$ -</u>	<u>\$ 18,329,299</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 28,616	\$ 145,694	\$ 36,437	\$ -	\$ -	\$ -	\$ -	\$ 210,747
Deferred revenue	-	1,619	-	-	-	-	-	1,619
Total liabilities	<u>28,616</u>	<u>147,313</u>	<u>36,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,366</u>
<b>FUND BALANCES</b>								
Reserved for:								
Inventories	-	-	59,980	-	-	-	-	59,980
Revolving cash	5,000	-	-	-	-	-	-	5,000
Debt service	-	-	-	-	-	4,885,114	-	4,885,114
Unreserved:								
Special revenue funds	1,679,792	173,754	900,529	1,052,187	-	-	-	3,806,262
Capital project funds	-	-	-	-	9,360,577	-	-	9,360,577
Total fund balances	<u>1,684,792</u>	<u>173,754</u>	<u>960,509</u>	<u>1,052,187</u>	<u>9,360,577</u>	<u>4,885,114</u>	<u>-</u>	<u>18,116,933</u>
Total liabilities and fund balances	<u>\$ 1,713,408</u>	<u>\$ 321,067</u>	<u>\$ 996,946</u>	<u>\$ 1,052,187</u>	<u>\$ 9,360,577</u>	<u>\$ 4,885,114</u>	<u>\$ -</u>	<u>\$ 18,329,299</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Change in Fund Balances – All Non-Major Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>								
General revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,590,704	\$ -	\$ 7,590,704
Interest and investment earnings	3,373	-	-	4,208	-	9,183	-	16,764
Miscellaneous	-	-	-	-	-	-	-	-
Program revenues:								
Charges for services	-	17,690	217,312	-	-	-	-	235,002
Operating grants and contributions	391,588	1,487,084	3,737,104	-	1,165	-	-	5,616,941
Total revenues	<u>394,961</u>	<u>1,504,774</u>	<u>3,954,416</u>	<u>4,208</u>	<u>1,165</u>	<u>7,599,887</u>	<u>-</u>	<u>13,459,411</u>
<b>EXPENDITURES</b>								
Instructional services:								
Instruction	1,644,371	1,081,335	-	-	-	-	-	2,725,706
Instruction-related services:								
Supervision of instruction	113	-	-	-	-	-	-	113
School site administration	623,163	312,245	-	-	-	-	-	935,408
Pupil support services:								
Food services	-	43,371	3,510,893	-	-	-	-	3,554,264
All other pupil services	24,894	74	-	-	-	-	-	24,968
General administration services:								
Other general administration	206,048	61,721	140,678	-	-	-	-	408,447
Plant services	323,350	117,737	50,838	335,395	-	-	-	827,320
Facility acquisition and construction	353,684	-	-	401	-	-	-	354,085
Other outgo:								
Debt service - principal	-	-	-	-	-	2,660,000	-	2,660,000
Debt service - interest	-	-	-	-	-	4,487,020	-	4,487,020
Total expenditures	<u>3,175,623</u>	<u>1,616,483</u>	<u>3,702,409</u>	<u>335,796</u>	<u>-</u>	<u>7,147,020</u>	<u>-</u>	<u>15,977,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,780,662)</u>	<u>(111,709)</u>	<u>252,007</u>	<u>(331,588)</u>	<u>1,165</u>	<u>452,867</u>	<u>-</u>	<u>(2,517,920)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Interfund transfers in	1,931,643	291,861	-	-	9,022,298	-	-	11,245,802
Interfund transfers out	-	-	-	-	-	-	(1,251,088)	(1,251,088)
Total other financing sources and uses	<u>1,931,643</u>	<u>291,861</u>	<u>-</u>	<u>-</u>	<u>9,022,298</u>	<u>-</u>	<u>(1,251,088)</u>	<u>9,994,714</u>
Net change in fund balances	(849,019)	180,152	252,007	(331,588)	9,023,463	452,867	(1,251,088)	7,476,794
Fund balances, July 1, 2009	2,533,811	(6,398)	708,502	1,383,775	337,114	4,432,247	1,251,088	10,640,139
Fund balances, June 30, 2010	<u>\$ 1,684,792</u>	<u>\$ 173,754</u>	<u>\$ 960,509</u>	<u>\$ 1,052,187</u>	<u>\$ 9,360,577</u>	<u>\$ 4,885,114</u>	<u>\$ -</u>	<u>\$ 18,116,933</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Local Educational Agency Organization Structure**  
**June 30, 2010**

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The Pittsburg Unified School District was established in 1933, and is located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District is currently operating eight elementary schools, two middle schools, one high school and one continuation high school.

<u>GOVERNING BOARD</u>		
<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Vincent Ferrante	President	November 2010
Mr. Percy McGee	Vice President	November 2010
Mr. Joseph Arenivar	Trustee	November 2010
Dr. William Wong	Trustee	November 2010
Dr. Laura Canciamilla	Trustee	November 2012

DISTRICT ADMINISTRATORS

Ms. Barbara Wilson \*  
*Superintendent*

Ms. Linda Rondeau \*\*  
*Assistant Superintendent of Educational Services*

Ms. Dorothy Epps  
*Assistant Superintendent of Personnel Services*

Mr. Enrique Palacios  
*Associate Superintendent of Business Services*

Ms. Cecile Nunley \*\*\*  
*Finance Director*

\* Ms. Linda Rondeau became Superintendent effective July 1, 2010

\*\* Mr. Abe Doctolero became Assistant Superintendent of Education Services effectively July 1, 2010

\*\*\* Ms. Sonya Marturano became Finance Director effectively December 1, 2010.

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

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	Second Period Report	Second Period Report After Audit Finding Adjustments	Annual Report	Annual Report After Audit Finding Adjustments
<b>Elementary:</b>				
Kindergarten	681	681	685	685
Grades 1 through 3, regular classes	2,308	2,308	2,307	2,307
Grades 4 through 6, regular classes	2,143	2,143	2,141	2,141
Grades 7 and 8, regular classes	1,323	1,323	1,318	1,318
Opportunity schools and full-day opportunity classes	12	12	15	15
Home and hospital	2	2	2	2
Special education	176	176	194	194
<b>Total Elementary</b>	<b>6,645</b>	<b>6,645</b>	<b>6,662</b>	<b>6,662</b>
<b>Secondary:</b>				
Grades 9 through 12, regular classes	2,096	2,096	2,069	2,069
Continuation education	151	157	154	154
Opportunity schools and full-day opportunity classes	25	25	19	19
Home and hospital	5	5	5	5
Special education	151	151	148	148
<b>Total Secondary</b>	<b>2,428</b>	<b>2,434</b>	<b>2,395</b>	<b>2,395</b>
<b>Total Average Daily Attendance</b>	<b>9,073</b>	<b>9,079</b>	<b>9,057</b>	<b>9,057</b>

See accompanying note to supplementary information.

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

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<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1982-83 Reduced Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>1986-87 Reduced Minutes</u>	<u>2009-10 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	31,500	30,625	36,000	35,000	37,800	180	Complied
Grade 1	48,230	46,890	50,400	49,000	53,100	180	Complied
Grade 2	48,230	46,890	50,400	49,000	53,100	180	Complied
Grade 3	48,230	46,890	50,400	49,000	53,100	180	Complied
Grade 4	51,030	49,613	54,000	52,500	53,480	180	Complied
Grade 5	51,030	49,613	54,000	52,500	53,480	180	Complied
Grade 6	56,464	54,896	54,000	52,500	59,406	180	Complied
Grade 7	56,464	54,896	54,000	52,500	59,406	180	Complied
Grade 8	56,464	54,896	54,000	52,500	59,406	180	Complied
Grade 9	57,580	55,981	64,800	63,000	66,098	180	Complied
Grade 10	57,580	55,981	64,800	63,000	66,098	180	Complied
Grade 11	57,580	55,981	64,800	63,000	66,098	180	Complied
Grade 12	57,580	55,981	64,800	63,000	66,098	180	Complied

**PITTSBURG 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	\$ 72,820,503	\$ 77,183,791	\$ 78,691,076	\$ 77,189,993
Expenditures	72,347,122	73,810,639	75,783,260	75,871,511
Other uses and transfers out	1,897,766	2,584,467	306,289	-
Total outgo	<u>74,244,888</u>	<u>76,395,106</u>	<u>76,089,549</u>	<u>75,871,511</u>
Change in fund balance (deficit)	<u>(1,424,385)</u>	<u>788,685</u>	<u>2,601,527</u>	<u>1,318,482</u>
Ending fund balance	<u>\$ 11,203,716</u>	<u>\$ 12,628,101</u>	<u>\$ 11,839,416</u>	<u>\$ 9,237,889</u>
Available reserves*	<u>\$ 7,256,914</u>	<u>\$ 8,038,247</u>	<u>\$ 6,813,188</u>	<u>\$ 2,693,372</u>
Available reserves as a percentage of total outgo	<u>10%</u>	<u>11%</u>	<u>9%</u>	<u>4%</u>
Total long-term debt	<u>\$ 150,882,939</u>	<u>\$ 153,967,284</u>	<u>\$ 121,874,092</u>	<u>\$ 91,754,197</u>
Average daily attendance at P-2	<u>9,024</u>	<u>9,079</u>	<u>9,030</u>	<u>8,847</u>

The General Fund balance has increased by \$3,390,212 over the past two years. The fiscal year 2010-11 adopted budget projects a decrease of \$1,424,385. 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). ABX4 2 reduced the 3% reserve requirement by one-third for the 2009-10 year. Long-term debt has increased \$62,213,087 over the past two years.

\* Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund.

\*\* Revised Final Budget, September 2010.

**PITTSBURG 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 CFDA 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	13396	\$ 2,610,822
Basic School Breakfast	10.553	13390	60,887
Especially Needy Breakfast	10.553	13526	633,579
Meal Supplements	10.557	N/A	135,384
Summers Food Service Program	10.559	13004	54,968
USDA Commodities	10.565	13389	114,650
Total U.S. Department of Agriculture			3,610,290
U.S. Department of Education:			
Passed through California Dept. of Education (CDE):			
No Child Left Behind Act (NCLB):			
Title I, Part A - Basic Grants Low-Income and Neglected	84.010	14329	1,847,816
ARRA - Title I Grants to Local Education Agencies, Recovery Act	84.389	15005	921,649
Title I, Part A - Program Improvement	84.010	15123	2,819
Title I, Part B - Reading First Program	84.357	14787	18,317
Title II, Part A - Improving Teacher Quality	84.367	14341	427,328
Title II, Part D - Enhancing Education Through Technology, Formula Grants	84.318	14334	22,694
Title III - Immigrant Education Program	84.365	14346	2,617
Title III - Limited English Proficient Student Programs	84.365	10084	166,702
Title IV, Part A - Safe and Drug Free Schools & Communities	84.186	14347	20,241
Title V, Part A - Innovative Education Strategies	84.298A	14354	16,159
ARRA - State Fiscal Stabilization Fund (SFSF), Recovery Act	84.394	25008	4,074,923
Department of Rehabilitation, Workability II, Transition Partnership	84.158	10006	137,557
Vocational Programs (Carl Perkins Act)	84.048	13923	14,368
Vocational Education: Voc & Applied Tech Secondary II C	84.048	13924	94,816
Adult Basic Education and ESL	84.002A	14508	131,069
Adult Secondary Education	84.002	13978	15,838
Advanced Placement Incentive Program	84.330C	N/A	3,796
English Literacy & Civics Education	84.002A	14109	84,190
Special Education Cluster (IDEA):			
Basic Local Assistance Entitlement	84.027	13379	1,268,675
ARRA - Basic Local Assistance Entitlement, Part B, Recovery Act	84.391	15003	1,345,502
Preschool Grant, Part B	84.173	13430	34,387
Preschool Local Entitlement, Part B	84.027A	13682	41,193
Total U.S. Department of Education			10,692,656
U.S. Department of Health & Human Services:			
Passed through California Dept. of Education (CDE):			
Child Development: Quality Improvement Activities	93.575	14678	1,781
Medi-Cal Billing Option	93.778	10013	4,585
Total U.S. Department of Health & Human Services			6,366
Total Expenditures of Federal Awards			\$ 14,309,312



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

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	Capital Facilities Fund
	<u>                    </u>
June 30, 2010, annual financial and budget report (SACS) fund balances	\$ 5,780,250
Adjustments and reclassifications:	
Change in fund balance:	
To record the issuance of a COP, net of discount	33,247,960
To record the activity of the COP projects	(6,465,755)
To record additional debt payment	<u>(94,312)</u>
Net adjustments and reclassifications	<u>26,687,893</u>
June 30, 2010, audited financial statement fund balances	<u><u>\$ 32,468,143</u></u>

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**Note to Supplementary Information**  
**June 30, 2010**

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**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.

**Subrecipients**

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

**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  
Pittsburg Unified School District  
Pittsburg, 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 Pittsburg Unified School District as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with generally accepted auditing standards 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 Pittsburg Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pittsburg Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pittsburg Unified School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness as item #2010-5.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as items #2010-1 through #2010-4.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pittsburg 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*.

Pittsburg 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 Pittsburg 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.

 Chintal Patel

San Diego, California  
December 9, 2010

Board of Trustees  
Pittsburg Unified School District  
Pittsburg, 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 Pittsburg 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 Pittsburg Unified School District's major federal programs for the year ended June 30, 2010. Pittsburg 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 Pittsburg Unified School District's management. Our responsibility is to express an opinion on Pittsburg 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 Pittsburg 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 Pittsburg Unified School District's compliance with those requirements.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 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 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.

*Christine White* Accountancy Corporation

San Diego, California  
December 9, 2010

Board of Trustees  
 Pittsburg Unified School District  
 Pittsburg, California

**INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE**

We have audited the basic financial statements of the Pittsburg Unified School District, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 9, 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	Yes
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	Not applicable
Districts with only one school serving K-3	4	Not applicable
After School Education and Safety Program:		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Yes
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

Based on our audit, we found that for the items tested, the District complied with the state laws and regulations referred to above, except as described in the accompany Schedule of Findings and Questioned Costs as items #2010-6 through #2010-7. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Pittsburg 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 9, 2010

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*Findings and Questioned Costs Section*

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

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**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>Yes</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>
84.010, 84.389	Title I, Part A Cluster
84.027, 84.027A,	
84.173, 84.391	Special Education (IDEA) Cluster
84.394	ARRA - State Fiscal Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 429,279</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>

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

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**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: Associated Student Body Internal Controls (30000)**

Internal controls should be implemented to minimize the possibility for waste or abuse of Associated Student Body (ASB) resources. We found the following internal control deficiencies during the audit of the following ASB organizations:

Pittsburg High School

- The student treasurer of the ASB is an authorized signor of the account.
- Three of five cash receipts tested lacked supporting documentation, such as tally sheets to indicate the amount of items sold and the price of those items. The events for these proceeds include concession sales and fundraisers for an aggregate total of \$991.

Hillview Junior High

- Two of five cash receipts tested lacked supporting documentation, such as pre-numbered ticket or tally sheets to indicate the amount of items sold and the price of those items. The events for these proceeds include dance ticket sales and avid refreshment sales for an aggregate total of \$241.

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

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**Section II – Financial Statement Findings (continued)**

**Finding #2010-1: Associated Student Body Internal Controls (30000) (continued)**

**Recommendation:** We recommend that the District provide training to ASB staff and implement controls to address the internal deficiencies noted above in the area of cash receipts.

**District Response:** Due to the constant changes of staff at school sites, the District needs to provide additional training in ASB management. The District has contacted the Contra Costa County Office of Education and FCMAT to provide a training workshop in January for all staff involve in ASB accounts. Thereafter, the District will incorporate periodic refresher training during the year.

**Finding #2010-2: Accounts Payable vs. Purchasing Function (30000)**

We noted the District does not have a separate department devoted to purchasing functions. Currently, the Accounts Payable Department sets up new vendors and makes payments, creating a lack of segregation of duties. The Finance Director is aware of the issue and has been evaluating options to correct. The lack of segregation of duties could cause fictitious vendors to be setup and fraudulent payments to be made.

**Recommendation:** We recommend that the District segregate the vendor set-up function to an individual who is separate from the accounts payable area. Vendor set-up ability should be a function of the purchasing department.

**District Response:** The Board of Education is considering the establishment of a Purchasing position to segregate the duties between Accounts Payable and Purchasing functions.

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

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**Section II – Financial Statement Findings (continued)**

**Finding #2010-3: Revolving Cash Fund (30000)**

We found that cash disbursements from the revolving cash account do not always contain the proper approvals, supporting documentation is not always maintained properly, and that the bank reconciliation is not being done on a timely basis. Specifically, 2 of 10 or 20% of items tested did not have a requisition form to document proper approval of expenditures. Also, the June 2010 reconciliations for the General Fund and Adult Education Fund were reconciled in late October 2010. There is potential for misuse of funds and increase likelihood for fraud.

**Recommendation:** We recommend that the District use requisition forms to document the approval of all expenditures from the revolving cash accounts and that supporting documentation is maintained. We also recommend that the account is reconciled on a monthly basis and reviewed by management.

**District Response:** Management has established monthly reconciliations for revolving cash accounts with proper documentation.

**Finding #2010-4: Expenditure Testing (30000)**

Pre-approval of expenditures is an important function that helps the District ensure that they are within their spending limits. During the expenditure testing, we noted 7 of 72 expenditures tested had purchase orders dated after the invoice date. Two of the expenditures were related to Measure J Bond, one related to Child Nutrition, one related to Deferred Maintenance, one related to Capital Facilities, one related to County School Facilities, and one related to the General fund for IDEA program.

**Recommendation:** We recommend that the District establishes purchase orders prior to payment of all vendors by ensuring purchase requisitions are approved, budgeted funds are sufficient and final purchase order is signed and distributed to all affected parties. Blanket purchase orders may be implemented at the beginning of the year for frequently used vendors.

**District Response:** The District has established procedures to eliminate this deficiency as well as provided training to staff.

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

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**Section II – Financial Statement Findings (continued)**

**Finding #2010-5: Closing Procedures over Financial Statements (30000) (Material Weakness)**

We found in our audit of the District's financial statements that all accounts were not fully analyzed for the fiscal year ended June 30, 2010. The District issued a certificate of participation (COP) in the fiscal year 2009-10 in the principal amount of \$33,895,000 plus a discount of \$647,040.

**Recommendation:** We recommend that the District reviews CSAM Procedure 720 to account for any issuances of certificate of participations.

**District Response:** Staff has reviewed CSAM Procedure 720 to account for any issuance of certificates of participation.

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

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**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 audit findings and questioned costs related to federal awards during 2009-10.*



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

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**Section IV – State Award Findings and Questioned Costs**

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

**Finding #2010-6: After School Education and Safety (ASES) Program Attendance (40000)**

**Criteria:** Education Code 8482.3 requires districts applying for ASES funding to follow all fiscal reporting and accounting requirements of the California Department of Education. The auditor is to verify the district has maintained proper controls over the ASES program to ensure that amounts recorded for reporting to the state are accurate.

**Condition:** In the testing the number of students served in the After School and Before School programs that were submitted to the State, we found that attendance records for the second half of the reporting period was not retained during January and February 2010. In addition, we found in our testing of the Before School program for Hillview Junior High School was overstated by 6 additional pupils in the second half of the reporting period out of 10 days tested. Also, we found in our testing of the After School program for Heights Elementary was overstated by 15 pupils in our 10 days of testing; Parkside Elementary was overstated by 92 pupils in our 10 days of testing; and Hillview Junior High was overstated by 47 pupils in our 10 days of testing. These findings resulted in a cumulative overstatement of 160 student days of attendance out of 3,362 student days tested.

**Questioned Costs:** None. The ASES program funding is not affected as long as the pupil participation level is 85% of the projected attendance or greater. Since the finding noted a net over reporting of 160 student days of attendance, program attendance did not fall below 85% of the projected attendance, therefore there is no questioned cost.

**Cause:** Insufficient controls over attendance reporting.

**Effect:** Incorrect attendance being reported on the report submitted to the state. The District may not meet their participation threshold of a minimum of 85% of attendance should material errors result in the future.

**Recommendation:** We recommend that the District perform monthly reconciliations of manual sign-in sheets and system detail reports to ensure that the correct numbers of students are being recorded for attendance reporting purposes.

**District Response:** Staff has implemented monthly reconciliations of manual sign-in sheets and systems detail reports.

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

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

**Finding #2010-7: Independent Study Attendance (10000)**

**Criteria:** Per California Education Code 51747(b), requires that written records shall be maintained for a period of three years from the date of the evaluation. Also, per California Education Code 51747(c)(1), the current written agreement for each independent study pupil shall include the manner, time, frequency, and place for submitting a pupil's assignments and for the reporting his or her progress.

**Condition:** At Pittsburg Independent Learning Center, we found 2 of 10 students are missing assignments sheets during the written contract period. Also, we found that 8 of 10 pupils tested appeared to be receiving attendance credit before and after the contract date, or even before the weekly assignments are turned in.

**Questioned Costs:** None. The District excluded the 44 days or 0.34 ADA from the school site subsequent to our audit and revised the P2 attendance report. The auditor verified this corrective action.

**Cause:** Lack of program requirements knowledge at the school site. Also, District policies and procedures regarding attendance have not been communicated to those with responsibility for managing attendance.

**Effect:** The District lost ADA associated with independent study pupils at the school site.

**Recommendation:** The District should improve internal controls over compliance at the school site to ensure that independent study agreements are properly accounted for.

**District Response:** Staff is in process of developing systems to improve the management of independent study agreements.

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

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Original Finding No.	Finding	Code	Recommendation	Current Status
Finding #2009-1: <i>Associated Student Body Internal Controls</i>	We audited five of the District's Associated Student Body funds, the following are the findings and district responses discovered at four out of the five schools tested.	30000	We recommend that the District establishes policies and procedures set forth by FCMAT's <i>Associated Student Body Accounting Manual</i> that will ensure proper controls over cash receipts and disbursements.	Partially implemented, see finding #2010-1
	<u>Foothill Elementary</u> Five out of 5 expenditures tested were not supported by requisition forms and did not have proper approval from the Principal.			
	<u>Parkside Elementary School</u> One out of 5 cash receipts tested did not have support to reconcile cash receipts collected and deposited to sales records.			
	<u>Ranch Medanos Junior High</u> One out of 10 cash disbursements tested did not have proper authorization by student body, faculty advisor, and site administrator.			
	<u>Pittsburg High School</u> Eight out of 15 cash receipts tested were not reconciled between cash receipts collected and deposited to sales records. One out of 15 expenditures tested was a questionable expenditure to a District employee and was not supported by a timecard or invoice.			

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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-2: Parkside Parent Club</i>	We discovered upon our audit of the Parkside Parent Club, that no financial records were maintained; including bank statements, reconciliations, expenses, cash receipts and that cash is not kept in secure locations, but is kept at a parent's home or the trunk of a vehicle. This is a potential for misuse or abuse of parent club monies given the lack of controls and documentation.	30000	We recommend that as a condition of the parent groups participation in school activities, that good accounting policies and procedures be established and monitored to ensure accurate collection, distribution, and reporting of the funds.	Implemented
<i>Finding #2009-3: Internal Controls Over Cash Receipts</i>	We discovered during out audit that the accounts receivable technician is responsible for the billing process as well as the opening of the mail when monies are received at the District, which are duties that should be segregated. In addition, it appears that deposits are not done on a timely basis. Moreover, pre-numbered cash receipts are inadequate when collecting monies for musical instruments for the school year. Finally, cash receipts did not have sufficient documentation to reconcile actual money collected with the sales made. This could cause a potential for misuse of funds and increased likelihood for fraud.	30000	We recommend that a separate District employee in the Business Department collect the money and deposit funds on a daily or weekly basis. We also recommend that proceeds have proper support that can reconcile the revenues generated to the cash collected. Also, we recommend using pre-numbered cash receipts.	Implemented
<i>Finding #2009-4: Personnel Files</i>	We noted during our audit that the District did not have complete personnel files for all employees. Also, 4 of 20 employees files tested did not have I-9 forms on file. Greater organization and maintenance of personnel files in Human Resource Department is needed. Non-compliance with district policy and state employment laws could result.	30000	We recommend that I-9 forms be obtained from all District employees and that records are periodically check to verify that all required information has been received and filed.	Implemented

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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-5: Cash Disbursements</i>	We found during the course of the audit that purchase orders are not always approved prior to purchase and that support for expenditures is not always maintained. Three out of 48 expenditures tested had purchase orders dated after the invoice, and support for 4 out of 48 expenditures could not be located. The normal purchasing and cash disbursement approval process is not always being followed and questionable expenditures could potentially be processed for payment, without advance approval.	30000	We recommend that an open purchase order be set up where applicable and that the District be more diligent in requiring sites and departments to submit a purchase order prior to purchase, and that all supporting documentation be maintained.	Not implemented, see finding #2010-4
<i>Finding #2009-6: Revolving Cash Fund</i>	<b>Condition:</b> We found that cash disbursements from the revolving cash account do not always contain the proper approvals, supporting documentation is not always maintained properly, and that the bank reconciliation is not being done on a timely basis. This includes 4 of 10 tested that did not have a requisition form to document proper approval of expenditures, 1 of 10 cash disbursement's supporting documentation could not be located, and the account has not been reconciled since December 2008. There is potential for misuse of funds and increase likelihood for fraud.	30000	We recommend that the District use requisition forms to document the approval of all expenditures from the revolving cash account and that supporting documentation be maintained. We also recommend that the account is reconciled on a monthly basis and reconciliation reviewed by management.	Not implemented, see finding #2010-3

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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-7: Accounts Payable vs. Purchasing Functions</i>	<b>Condition:</b> We noted the District does not have a separate department devoted to purchasing functions. Currently, the Accounts Payable Department sets up new vendors and makes payments, creating a lack of segregation of duties. The Finance Director is aware of the issue and evaluating options to correct. The lack of segregation of duties could cause fictitious vendors to be setup and fraudulent payments to be made.	30000	We recommend that the District segregate the vendor set-up function to an individual who is separate from the accounts payable area. Vendor set-up ability should be a function of the purchasing department. Also, the District should consider establishing a purchasing department.	Not implemented, see finding #2010-2
<i>Finding #2009-8: Cafeteria Cash</i>	<b>Criteria:</b> Cash that is collect should be deposited immediately.  <b>Condition:</b> We found that cash for food service sales is not being deposited in a timely manner. Also, the June 30, 2009 reconciliation for cash in bank does not reconcile to the general ledger at June 30, 2009. More accounting training and supervision is needed in this department. Without good cash controls there could be potential for improper use of funds and fraudulent activity.	30000	We recommend that the district uses the reconciled book balance for the general ledger balance. Also, cash collected should be deposited at a minimum of weekly and training provided to food service staff.	Implemented

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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-9: Attendance Rosters</i>	<p><b>Criteria:</b> Signed weekly attendance rosters should be reviewed and signed by teachers and maintained by District to support attendance per Education Code Section 44809. Auditors are required to verify compliance in Section 19817.1 of the <i>Standards and Procedures for Audits of California K-12 Local Education Agencies</i>.</p> <p><b>Condition:</b> Student’s attendance records could not always be traced to the original documentation (signed weekly teachers’ rosters). We found 3 of 10 attendance record could not be located at Stoneman Elementary. Also, at Riverside Independent Study Program, we noted that attendance records from 3/30 – 4/10 were missing for all teachers.</p> <p><b>Questioned Costs:</b> Approximately 12.10 ADA or a fiscal impact of \$74,017.</p> <p><b>Context:</b> A total of 9 of 35 samples were missing corresponding signed weekly teacher’s rosters from Stoneman Elementary and Riverside Independent Study.</p> <p><b>Cause:</b> District policies and procedures regarding attendance have not been communicated to those responsible for managing attendance.</p> <p><b>Effect:</b> Possible errors in attendance records and ADA totals.</p>	10000	We recommend that attendance clerk verify that teachers turn in their signed rosters weekly. We also recommend that the District revised its P-2 and Annual attendance reports to reflect only properly supported and allowable	Implemented

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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-10: After School Education and Safety Program</i>	<p><b>State Funding Source:</b> ASES Categorical Grant Program</p> <p><b>Criteria:</b> Per Education Code 8482.3 the District must report the number of students served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.</p> <p><b>Condition:</b> We found three conditions in the audit of the District’s after school program:</p> <ul style="list-style-type: none"> <li>a. Four out of 10 students tested could not be traced from sign-in sheets to weekly attendance report.</li> <li>b. Monthly summary attendance does not match amount of students served that is reported to the state.</li> <li>c. Sign in sheets have not been retained for the majority of the year.</li> </ul> <p><b>Questioned Costs:</b> \$1,906,689 was awarded to the District in fiscal year 2009-10.</p> <p><b>Effect:</b> For all three conditions, District is over-reporting pupil attendance since attendance cannot be claimed without support of students actually being present.</p> <p><b>Cause:</b> Inadequate supervision of students signing in and out, as well as not maintaining accurate attendance records.</p>	40000	<p>We recommend that the District monitors the attendance process at each school site and ensures that the attendance record process is properly recorded by the Activity Leaders. We also recommend that all sign-in sheets be retained by each school site and made available to auditors. We recommend that the monthly summary amounts printed from the After School Web program match the Manage Grant Edit Attendance Report submitted to the California Department of Education. Finally, the District should work with CDE in terms of resolution of the audit finding and any apportionment consequence for the 2009-10 school year – a 100% internal audit might help to establish how much in funding is at risk of loss.</p>	Partially implemented, see finding #2010-6



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

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<i>Original Finding No.</i>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding #2009-11: School Accountability Report Card</i>	<p><b>Criteria:</b> School facilities conditions assessments as indicated in a school’s annual School Accountability Report Card should match the information indicated in facility conditions evaluation instruments developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002. Auditors are required to verify compliance in Section 19837.1 of the <i>Standards and Procedures for Audits of California K-12 Local Educational Agencies</i>.</p> <p><b>Condition:</b> 3 of 4 School Accountability Report Cards (SARC) reported data that was inconsistent with the documentation obtained from the sites facility inspection tool reports. Updating annually and fully reporting complaints is a requirement of the Williams Act.</p> <p><b>Cause:</b> District was unaware of this issue.</p> <p><b>Questioned Cost:</b> None.</p> <p><b>Effect:</b> The School Accountability Report Card did not contain accurate information regarding condition of facilities for Stoneman Elementary, Parkside Elementary, and Foothill Elementary schools.</p>	72000	District should complete a local evaluation instrument that meets the criteria for proper School Accountability Report Card reporting. The results of the local evaluation instrument should then be indicated on the respective year’s School Accountability Report Card.	Implemented