

# PITTSBURG UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2013

San Diego

Los Angeles

San Francisco  
Bay Area

christy  white  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**PITTSBURG UNIFIED SCHOOL DISTRICT  
OF CONTRA COSTA COUNTY**

**PITTSBURG, CALIFORNIA**

**JUNE 30, 2013**

---

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.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Mr. Vincent Ferrante	President	December 2014
Mr. George Miller	Vice President	December 2016
Mr. Joseph Arenivar	Trustee	December 2014
Dr. Laura Canciamilla	Trustee	December 2016
Mr. Duane Smith	Trustee	December 2014

**DISTRICT ADMINISTRATORS**

Ms. Linda Rondeau  
*Superintendent*

Mr. Enrique Palacios  
*Deputy Superintendent*

Mr. Abe Doctolero  
*Assistant Superintendent of Educational Services*

Ms. Dorothy Epps  
*Assistant Superintendent of Personnel Services*

**PITTSBURG UNIFIED SCHOOL DISTRICT  
 TABLE OF CONTENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL SECTION**

Independent Auditors' Report ..... 1  
 Management's Discussion and Analysis..... 4  
 Basic Financial Statements  
   Government-wide Financial Statements  
     Statement of Net Position ..... 11  
     Statement of Activities ..... 12  
   Fund Financial Statements  
     Governmental Funds – Balance Sheet..... 13  
     Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ..... 14  
     Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances..... 15  
     Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund  
       Balances to the Statement of Activities ..... 16  
     Fiduciary Funds – Statement of Net Position..... 18  
     Fiduciary Funds – Statement of Changes in Net Position..... 19  
 Notes to Financial Statements ..... 20

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule ..... 52  
 Schedule of Funding Progress ..... 53  
 Notes to Required Supplementary Information..... 54

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards ..... 55  
 Schedule of Average Daily Attendance (ADA)..... 56  
 Schedule of Instructional Time..... 57  
 Schedule of Financial Trends and Analysis ..... 58  
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements..... 59  
 Combining Statements – Non-Major Governmental Funds  
   Combining Balance Sheet..... 60  
   Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... 61  
 Notes to Supplementary Information..... 62

**PITTSBURG UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 64

Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133 ..... 66

Report on State Compliance..... 68

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results ..... 71

Financial Statement Findings..... 72

Federal Award Findings and Questioned Costs ..... 74

State Award Findings and Questioned Costs..... 75

Summary Schedule of Prior Audit Findings ..... 76

---

---

## **FINANCIAL SECTION**

---

---

## INDEPENDENT AUDITORS' REPORT

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

### Corporate Office:

2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

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

*Licensed by the California  
State Board of Accountancy*

Governing Board  
Pittsburg Unified School District  
Pittsburg, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsburg Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Pittsburg Unified School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsburg Unified School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 52, and the schedule of funding progress on page 53 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013 on our consideration of Pittsburg Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pittsburg Unified School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
December 10, 2013



**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

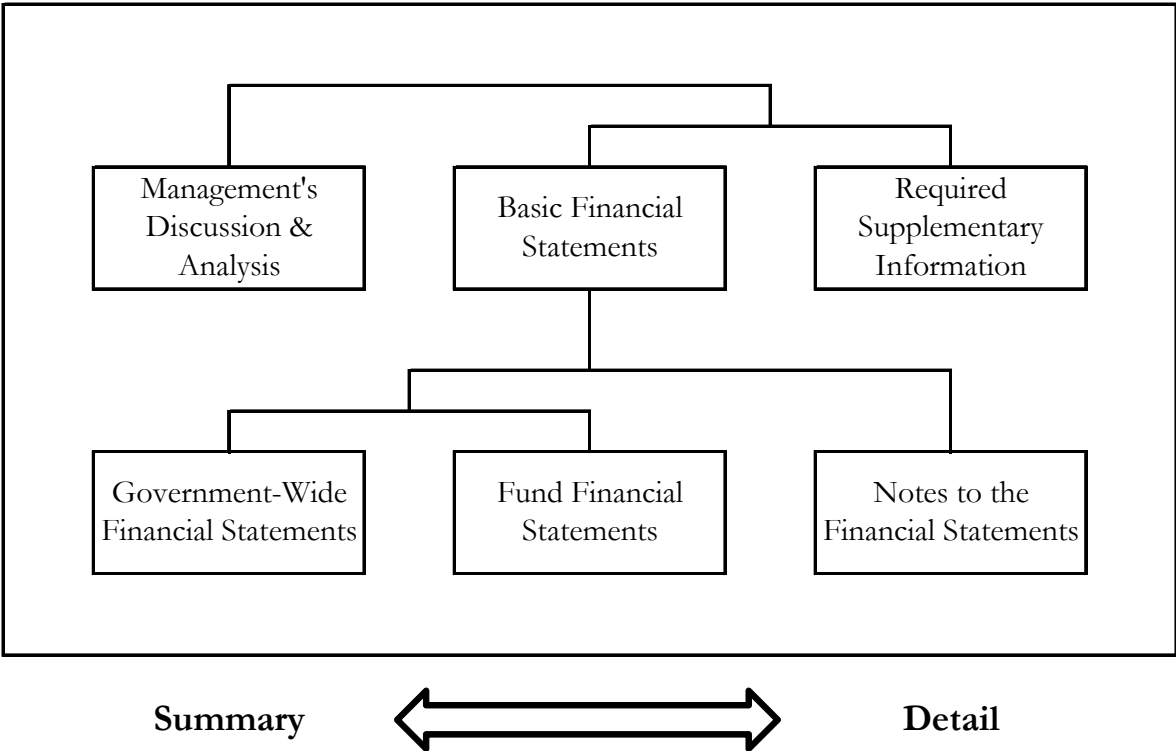
Our discussion and analysis of Pittsburg Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net position was \$143,357,253 at June 30, 2013. This was a decrease of \$1,735,834 from the prior year.
- ▶ Overall revenues were \$117,090,256 which were exceeded by expenses of \$118,826,090.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**



**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### **Government-Wide Statements**

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

The two government-wide statements report the District's net position and how it has changed. Net position one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

**Net Position**

The District's net position was \$143,357,253 at June 30, 2013, as reflected below. Of this amount, \$9,574,516 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 77,134,000	\$ 71,452,458	\$ 5,681,542
Capital assets	305,066,890	288,931,049	16,135,841
<b>Total Assets</b>	<b>382,200,890</b>	<b>360,383,507</b>	<b>21,817,383</b>
<b>LIABILITIES</b>			
Current liabilities	13,376,315	22,863,274	(9,486,959)
Long-term liabilities	225,467,322	192,427,146	33,040,176
<b>Total Liabilities</b>	<b>238,843,637</b>	<b>215,290,420</b>	<b>23,553,217</b>
<b>NET POSITION</b>			
Net investment in capital assets	114,403,957	100,119,542	14,284,415
Restricted	19,378,780	31,673,561	(12,294,781)
Unrestricted	9,574,516	13,299,984	(3,725,468)
<b>Total Net Position</b>	<b>\$143,357,253</b>	<b>\$145,093,087</b>	<b>\$ (1,735,834)</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The following table takes the information from the Statement, rounds off the numbers, and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 753,944	\$ 765,408	\$ (11,464)
Operating grants and contributions	25,548,635	33,812,756	(8,264,121)
Capital grants and contributions	11,084,459	2,579,010	8,505,449
General revenues			
Property taxes	19,538,969	21,973,349	(2,434,380)
Unrestricted federal and state aid	59,234,146	55,595,398	3,638,748
Other	930,103	785,461	144,642
<b>Total Revenues</b>	<b>117,090,256</b>	<b>115,511,382</b>	<b>1,578,874</b>
<b>EXPENSES</b>			
Instruction	60,197,241	58,668,458	1,528,783
Instruction-related services	11,027,208	9,983,550	1,043,658
Pupil services	10,687,508	9,812,231	875,277
General administration	6,259,586	5,063,042	1,196,544
Plant services	17,109,880	11,968,938	5,140,942
Ancillary and community services	304,100	334,326	(30,226)
Debt service	5,558,593	8,024,515	(2,465,922)
Other Outgo	-	740,660	(740,660)
Depreciation	7,681,974	10,679,662	(2,997,688)
<b>Total Expenses</b>	<b>118,826,090</b>	<b>115,275,382</b>	<b>3,550,708</b>
<b>Change in net position</b>	<b>(1,735,834)</b>	<b>236,000</b>	<b>(1,971,834)</b>
<b>Net Position - Beginning</b>	<b>145,093,087</b>	<b>144,857,087</b>	<b>236,000</b>
<b>Net Position - Ending</b>	<b>\$143,357,253</b>	<b>\$145,093,087</b>	<b>\$ (1,735,834)</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

The cost of all our governmental activities this year was \$118,826,090, while net cost of services was only \$81,439,080. The amount that our taxpayers ultimately financed for these activities through taxes was only \$19,538,969 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

	<b>Net Cost of Services</b>	
	<b>2013</b>	<b>2012</b>
Instruction	\$ 34,752,354	\$ 33,942,001
Instruction-related services	8,832,520	7,555,987
Pupil services	3,286,775	3,164,615
General administration	5,474,659	4,258,714
Plant services	16,556,096	11,634,841
Ancillary and community services	304,100	334,326
Debt service	5,558,593	8,024,515
Other outgo	(1,008,019)	(1,476,453)
Depreciation	7,681,974	10,679,662
<b>Total Expenses</b>	<b>\$ 81,439,052</b>	<b>\$ 78,118,208</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$71,902,745, which is greater than last year's ending fund balance of \$53,678,683. The District's General Fund had \$1,456,047 less in operating revenues than expenditures for the year ended June 30, 2013. The District's Building Fund had an increase in fund balance of \$32,150,644, due to the issuance of general obligation bonds. The District's Bond Interest and Redemption Fund had an increase in fund balance of \$1,357,048.

**CURRENT YEAR BUDGET 2012-13**

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

**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2012-13 the District had invested \$305,066,890 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 1,785,563	\$ 1,785,563	\$ -
Construction in progress	150,460,023	160,594,232	(10,134,209)
Land improvements	20,314,033	19,802,457	511,576
Buildings & improvements	237,384,201	204,908,184	32,476,017
Furniture & equipment	6,275,793	5,311,362	964,431
Accumulated depreciation	(111,152,723)	(103,470,749)	(7,681,974)
<b>Total Capital Assets</b>	<b>\$305,066,890</b>	<b>\$288,931,049</b>	<b>\$ 16,135,841</b>

**Long-Term Debt**

At year-end, the District had \$232,743,885 in long-term debt, an increase of \$35,638,037 from last year – as shown below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$200,325,294	\$163,734,457	\$ 36,590,837
Total certificates of participation	26,335,000	28,880,336	(2,545,336)
Compensated absences	480,752	474,842	5,910
Net OPEB obligation	5,602,839	4,016,213	1,586,626
<b>Total Long-term Liabilities</b>	<b>\$232,743,885</b>	<b>\$197,105,848</b>	<b>\$ 35,638,037</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

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

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

Assembly Bill 97 (Chapter 47, Statutes of 2013), as amended by Senate Bills 91 and 97, enacted landmark legislation reform in California school district finance by creating the new Local Control Funding Formula (LCFF). The District is analyzing the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21.

Factors related to LCFF that the District is in the process of evaluating include estimates of new funding in the next budget year and beyond; creation of the Local Control and Accountability Plan (LCAP) for fiscal year 2014-15 that aims to link student accountability measurements to funding allocations; ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, meeting new compliance and audit requirements.

The State's economy "mirrors the slow growth of the nation", this is according to the UCLA Newsroom reporting on the September 2013 Anderson Economic Forecast. "While the economy is returning to normal, it is still operating well below what would have been expected prior to the recession." The ability of the State to fund the new LCFF is largely dependent on the strength of the State's economy and remains uncertain.

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

All of these factors were considered in preparing the District's budget for the 2013-14 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office, Pittsburg Unified School District, 2000 Railroad Avenue; Pittsburg, California 94565.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 52,383,480
Accounts receivable	22,832,347
Inventory	45,989
Deferred charges	1,872,184
Capital assets, not depreciated	152,245,586
Capital assets, net of accumulated depreciation	152,821,304
<b>Total Assets</b>	<b>382,200,890</b>
<b>LIABILITIES</b>	
Deficit cash	1,006,131
Accrued liabilities	4,114,465
Unearned revenue	979,156
Long-term liabilities, current portion	7,276,563
Long-term liabilities, non-current portion	225,467,322
<b>Total Liabilities</b>	<b>238,843,637</b>
<b>NET POSITION</b>	
Net investment in capital assets	114,403,957
Restricted:	
Capital projects	8,373,908
Debt service	5,835,021
Educational programs	3,968,197
All others	1,201,654
Unrestricted	9,574,516
<b>Total Net Position</b>	<b>\$ 143,357,253</b>

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



**PITTSBURG UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Function/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 60,197,241	\$ 69,501	\$ 14,290,927	\$ 11,084,459	\$	(34,752,354)
Instruction-related services						
Instructional supervision and administration	2,168,912	-	1,332,304	-		(836,608)
Instructional library, media, and technology	723,520	-	113,523	-		(609,997)
School site administration	8,134,776	20,543	728,318	-		(7,385,915)
Pupil services						
Home-to-school transportation	1,289,036	-	525,437	-		(763,599)
Food services	5,323,523	405,933	4,937,200	-		19,610
All other pupil services	4,074,949	1,090	1,531,073	-		(2,542,786)
General administration						
Centralized data processing	730,878	2,555	28,307	-		(700,016)
All other general administration	5,528,708	21,309	732,756	-		(4,774,643)
Plant services	17,109,880	57,465	496,319	-		(16,556,096)
Ancillary services	259,680	-	-	-		(259,680)
Community services	44,420	-	-	-		(44,420)
Interest on long-term debt	5,558,593	-	-	-		(5,558,593)
Other Outgo	-	175,548	832,471	-		1,008,019
Depreciation (unallocated)	7,681,974	-	-	-		(7,681,974)
<b>Total Governmental Activities</b>	<b>\$ 118,826,090</b>	<b>\$ 753,944</b>	<b>\$ 25,548,635</b>	<b>\$ 11,084,459</b>		<b>(81,439,052)</b>
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes						7,481,091
Property taxes, levied for debt service						10,873,008
Property taxes, levied for other specific purposes						1,184,870
Federal and state aid not restricted for specific purposes						59,234,146
Interest and investment earnings						112,676
Miscellaneous						817,427
<b>Subtotal, General Revenue</b>						<b>79,703,218</b>
<b>CHANGE IN NET POSITION</b>						<b>(1,735,834)</b>
<b>Net Position - Beginning</b>						<b>145,093,087</b>
<b>Net Position - Ending</b>						<b>\$ 143,357,253</b>

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

**PITTSBURG UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest &amp; Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 167,865	\$ 36,086,607	\$ 8,551,647	\$ 7,577,361	\$ 52,383,480
Accounts receivable	19,621,437	-	24,055	3,186,855	22,832,347
Due from other funds	61,009	-	-	2,642,194	2,703,203
Stores inventory	-	-	-	45,989	45,989
<b>Total Assets</b>	<b>\$ 19,850,311</b>	<b>\$ 36,086,607</b>	<b>\$ 8,575,702</b>	<b>\$ 13,452,399</b>	<b>\$ 77,965,019</b>
<b>LIABILITIES</b>					
Deficit cash	\$ -	\$ -	\$ -	\$ 1,006,131	\$ 1,006,131
Accrued liabilities	612,404	660,715	-	100,665	1,373,784
Due to other funds	1,969,042	-	-	734,161	2,703,203
Unearned revenue	935,228	-	-	43,928	979,156
<b>Total Liabilities</b>	<b>3,516,674</b>	<b>660,715</b>	<b>-</b>	<b>1,884,885</b>	<b>6,062,274</b>
<b>FUND BALANCES</b>					
Nonspendable	25,000	-	-	50,989	75,989
Restricted	3,891,219	35,425,892	8,575,702	9,652,540	57,545,353
Committed	-	-	-	1,863,985	1,863,985
Assigned	8,843,775	-	-	-	8,843,775
Unassigned	3,573,643	-	-	-	3,573,643
<b>Total Fund Balances</b>	<b>16,333,637</b>	<b>35,425,892</b>	<b>8,575,702</b>	<b>11,567,514</b>	<b>71,902,745</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,850,311</b>	<b>\$ 36,086,607</b>	<b>\$ 8,575,702</b>	<b>\$ 13,452,399</b>	<b>\$ 77,965,019</b>

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

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2013**

---

**Total Fund Balance - Governmental Funds** \$ 71,902,745

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 416,219,613	
Accumulated depreciation	(111,152,723)	305,066,890

Unamortized costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included as deferred charges on the statement of net position are:

1,872,184

Unmatured interest on long-term debt:

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

(2,740,681)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 200,325,294	
Total certificates of participation	26,335,000	
Compensated absences	480,752	
Net OPEB obligation	5,602,839	(232,743,885)

**Total Net Position - Governmental Activities** \$ 143,357,253

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

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Revenue limit sources	\$ 54,048,072	\$ -	\$ -	\$ -	\$ 54,048,072
Federal sources	5,986,821	-	-	5,602,423	11,589,244
Other state sources	19,535,057	-	76,557	12,895,433	32,507,047
Other local sources	5,782,035	78,267	11,097,041	1,988,550	18,945,893
<b>Total Revenues</b>	<b>85,351,985</b>	<b>78,267</b>	<b>11,173,598</b>	<b>20,486,406</b>	<b>117,090,256</b>
<b>EXPENDITURES</b>					
Current					
Instruction	56,019,094	-	-	2,644,120	58,663,214
Instruction-related services					
Instructional supervision and administration	2,168,912	-	-	-	2,168,912
Instructional library, media, and technology	723,520	-	-	-	723,520
School site administration	7,139,139	-	-	1,057,884	8,197,023
Pupil services					
Home-to-school transportation	1,289,036	-	-	-	1,289,036
Food services	-	-	-	5,943,651	5,943,651
All other pupil services	4,060,792	-	-	14,157	4,074,949
General administration					
Centralized data processing	752,819	-	-	-	752,819
All other general administration	5,182,840	-	-	373,053	5,555,893
Plant services	8,757,835	-	-	394,471	9,152,306
Facilities acquisition and maintenance	177,992	10,617,639	-	20,182,816	30,978,447
Ancillary services	266,612	-	-	-	266,612
Community services	44,420	-	-	-	44,420
Transfers to other agencies	225,021	-	-	250,000	475,021
Debt service					
Principal	-	-	12,459,952	2,495,000	14,954,952
Interest and other	-	313,195	4,442,679	958,837	5,714,711
<b>Total Expenditures</b>	<b>86,808,032</b>	<b>10,930,834</b>	<b>16,902,631</b>	<b>34,313,989</b>	<b>148,955,486</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>(1,456,047)</b>	<b>(10,852,567)</b>	<b>(5,729,033)</b>	<b>(13,827,583)</b>	<b>(31,865,230)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	1,955,421	1,955,421
Other sources	-	43,003,211	15,921,081	7,050,000	65,974,292
Transfers out	(1,955,421)	-	-	-	(1,955,421)
Other uses	-	-	(8,835,000)	(7,050,000)	(15,885,000)
<b>Net Financing Sources (Uses)</b>	<b>(1,955,421)</b>	<b>43,003,211</b>	<b>7,086,081</b>	<b>1,955,421</b>	<b>50,089,292</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,411,468)</b>	<b>32,150,644</b>	<b>1,357,048</b>	<b>(11,872,162)</b>	<b>18,224,062</b>
<b>Fund Balance - Beginning</b>	<b>19,745,105</b>	<b>3,275,248</b>	<b>7,218,654</b>	<b>23,439,676</b>	<b>53,678,683</b>
<b>Fund Balance - Ending</b>	<b>\$ 16,333,637</b>	<b>\$ 35,425,892</b>	<b>\$ 8,575,702</b>	<b>\$ 11,567,514</b>	<b>\$ 71,902,745</b>

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

**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 YEAR ENDED JUNE 30, 2013**

---

**Net Change in Fund Balances - Governmental Funds** \$ 18,224,062

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 23,817,815	
Depreciation expense:	<u>(7,681,974)</u>	16,135,841

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

30,839,952

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(65,974,292)

Debt issuance costs:

In governmental funds, debt issuance costs and deferred amounts on refunding are recognized as expenditures in the period they are incurred. In the government-wide statements, issuance costs and deferred amounts on refunding are amortized over the life of the debt. The difference between debt issuance costs and deferred amounts on refunding recognized in the current period and issuance costs and deferred amounts on refunding amortized for the period is:

Issuance costs and deferred amounts on refunding incurred during the period:	\$ 946,871	
Issuance costs and deferred amounts on refunding amortized for the period:	<u>(1,083,600)</u>	(136,729)

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

**PITTSBURG UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (121,022)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (43,431)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (5,910)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (1,586,626)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 932,321

**Change in Net Position of Governmental Activities**

**\$ (1,735,834)**

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

PITTSBURG UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

---

	Trust Funds		Agency Funds
	Retiree Benefit Fund	Private-Purpose Trust Fund	Student Body Fund
<b>ASSETS</b>			
Cash and investments	\$ 491,791	\$ 89,231	\$ 422,596
<b>Total Assets</b>	<b>491,791</b>	<b>89,231</b>	<b>\$ 422,596</b>
<b>LIABILITIES</b>			
Due to student groups	-	-	\$ 422,596
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>\$ 422,596</b>
<b>NET POSITION</b>			
Unrestricted	491,791	89,231	
<b>Total Net Position</b>	<b>\$ 491,791</b>	<b>\$ 89,231</b>	

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

**PITTSBURG UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013**

---

	<b>Trust Funds</b>	
	<b>Retiree Benefit Fund</b>	<b>Private-Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Investment earnings	\$ 1,521	\$ 352
Other local revenues	-	3,000
<b>Total Additions</b>	<b>1,521</b>	<b>3,352</b>
<b>DEDUCTIONS</b>		
Other trust activities	7,258	6,516
<b>Total Deductions</b>	<b>7,258</b>	<b>6,516</b>
<b>CHANGE IN NET POSITION</b>	<b>(5,737)</b>	<b>(3,164)</b>
<b>Net Position - Beginning</b>	<b>497,528</b>	<b>92,395</b>
<b>Net Position - Ending</b>	<b>\$ 491,791</b>	<b>\$ 89,231</b>

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



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The 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).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, 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.

**B. Component Units**

The District and Pittsburg Unified School District Financing Corporation (“the Corporation”) have a financial and operational relationship that meets the reporting entity definition criteria 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 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, continued**  
**JUNE 30, 2013**

---

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

**B. Component Units (continued)**

The following are those aspects of the relationship between the District and the Corporation:

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 Deputy Superintendent 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.

3. 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.

The Corporation is presented in these financial statements as a blended component unit.

PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. Basis of Presentation

**Government-Wide Statements:** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

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

PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. Basis of Presentation (*continued*)

Major Governmental Funds (*continued*)

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

**Capital Project Funds:** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

**County School Facilities Fund:** This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Fiduciary Funds

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Retiree Benefit Fund:** This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

**Foundation Private-Purpose Trust Fund:** This fund is used to account separately for gifts or bequests per *Education Code Section 41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

**Student Body Fund:** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. **Basis of Accounting – Measurement Focus**

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

**Governmental Funds**

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

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**D. Basis of Accounting – Measurement Focus (continued)**

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Fund Balance and Net Position**

**Cash and Cash Equivalents**

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

**Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**Inventories**

Inventories are 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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**E. Assets, Liabilities, Fund Balance and Net Position (continued)**

**Capital Assets**

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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



PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Fund Balance** (*continued*)

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

---

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

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

**GASB Statement No. 61** – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No.14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement is effective for periods beginning after June 15, 2012. The District has implemented GASB Statement No. 61 for the year ended June 30, 2013.

**GASB Statement No. 62** – In December 2010, GASB issued Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 62 for the year ended June 30, 2013.

**GASB Statement No. 63** - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definition of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 63 for the year ended June 30, 2013.

**GASB Statement No. 65** – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The District has not yet determined the impact on the financial statements.

PITTSBURG UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2013

---

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

J. New Accounting Pronouncements (*continued*)

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Fiduciary Funds
Cash in county	\$ 47,704,634	\$ 514,307
Cash on hand and in banks	2,500	422,596
Cash with fiscal agent	2,293,914	-
Cash in revolving fund	30,000	-
Investments	1,346,301	66,715
Deficit cash	1,006,131	-
<b>Total cash and investments</b>	<b>\$ 52,383,480</b>	<b>\$ 1,003,618</b>

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**B. Policies and Practices (continued)**

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Contra Costa County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**C. General Authorizations**

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

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

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**C. General Authorizations (continued)**

*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 value of \$1,411,428 and an amortized book value of \$1,413,016.

*Cash with Fiscal Agent* - Cash with Fiscal Agent represents \$2,293,914 in the Capital Facilities Fund held by US Bank and restricted for construction costs of various capital improvements.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$48,064,760 and an amortized book value of \$48,218,941. The average weighted maturity for this pool is 178 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2013, the pooled investments in the County Treasury were rated AA Af/S1+ by Standard and Poor's.

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, the District's bank balance was not exposed to custodial credit risk.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of the following:

	<b>General Fund</b>	<b>Bond Interest &amp; Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal Government				
Categorical aid	\$ 1,945,107	\$ -	\$ 1,322,214	\$ 3,267,321
State Government				
Apportionment	12,417,797	-	-	12,417,797
Categorical aid	3,632,306	-	240,553	3,872,859
Lottery	860,085	-	-	860,085
Local Government				
Other local sources	766,142	24,055	1,624,088	2,414,285
<b>Total</b>	<b>\$ 19,621,437</b>	<b>\$ 24,055</b>	<b>\$ 3,186,855</b>	<b>\$ 22,832,347</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<b>Balance July 01, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,785,563	\$ -	\$ -	\$ 1,785,563
Construction in progress	160,594,232	22,291,850	32,426,059	150,460,023
<b>Total Capital Assets not Being Depreciated</b>	<b>162,379,795</b>	<b>22,291,850</b>	<b>32,426,059</b>	<b>152,245,586</b>
Capital assets being depreciated				
Land improvements	19,802,457	511,576	-	20,314,033
Buildings & improvements	204,908,184	32,476,017	-	237,384,201
Furniture & equipment	5,311,362	964,431	-	6,275,793
<b>Total Capital Assets Being Depreciated</b>	<b>230,022,003</b>	<b>33,952,024</b>	<b>-</b>	<b>263,974,027</b>
Less Accumulated Depreciation				
Land improvements	17,800,763	268,495	-	18,069,258
Buildings & improvements	81,344,170	7,042,451	-	88,386,621
Furniture & equipment	4,325,816	371,028	-	4,696,844
<b>Total Accumulated Depreciation</b>	<b>103,470,749</b>	<b>7,681,974</b>	<b>-</b>	<b>111,152,723</b>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 288,931,049</b>	<b>\$ 48,561,900</b>	<b>\$ 32,426,059</b>	<b>\$ 305,066,890</b>

PITTSBURG UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2013 were as follows:

Due To Other Funds	Due From Other Funds		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 1,969,042	\$ 1,969,042
Non-Major Governmental Funds	61,009	673,152	734,161
<b>Total Due From Other Funds</b>	<b>\$ 61,009</b>	<b>\$ 2,642,194</b>	<b>\$ 2,703,203</b>
Due from Adult Education Fund to General Fund for indirect costs.			\$ 61,009
Due from General Fund to Adult Education Fund for utility costs and Tier III flexibility.			1,969,042
Due from Special Reserve Fund for Capital Outlay Projects to Capital Facilities Fund to move expenditures to proper fund.			136,401
Due from Capital Facilities Fund to Special Reserve Fund for Capital Outlay Projects for prior year solar projects.			536,751
<b>Total</b>			<b>\$ 2,703,203</b>

B. Operating Transfers

Interfund transfers for the year ended June 30, 2013 consisted of the following:

Interfund Transfers Out	Interfund Transfers In	
	Funds	Total
General Fund	\$ 1,955,421	\$ 1,955,421
<b>Total Interfund Transfers</b>	<b>\$ 1,955,421</b>	<b>\$ 1,955,421</b>
Transfer from the General Fund to the Adult Education Fund for Tier III flexibility.		\$ 1,897,766
Transfer from the General Fund to the Child Development Fund for prior year amounts.		57,655
<b>Total</b>		<b>\$ 1,955,421</b>



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2013 consisted of the following:

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>District-Wide</b>	<b>Total Governmental Activities</b>
Payroll	\$ 173,258	\$ -	\$ -	\$ -	\$ 173,258
Construction	-	660,715	-	-	660,715
Vendors payable	439,146	-	100,665	-	539,811
Unmatured interest	-	-	-	2,740,681	2,740,681
<b>Total</b>	<b>\$ 612,404</b>	<b>\$ 660,715</b>	<b>\$ 100,665</b>	<b>\$ 2,740,681</b>	<b>\$ 4,114,465</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2013, consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal sources	\$ 676,781	\$ -	\$ 676,781
State categorical sources	255,477	-	255,477
Local sources	2,970	43,928	46,898
<b>Total</b>	<b>\$ 935,228</b>	<b>\$ 43,928</b>	<b>\$ 979,156</b>

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2013 consisted of the following:

	<b>Balance July 01, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 161,384,952	\$ 56,268,211	\$ 21,294,952	\$ 196,358,211	\$ 5,405,000
Unamortized premium	1,821,467	2,656,081	881,985	3,595,563	196,944
Accreted interest	528,038	571,469	528,038	571,469	-
Deferred amount on refunding	-	(215,330)	(15,381)	(199,949)	(15,381)
Total general obligation bonds	163,734,457	59,280,431	22,689,594	200,325,294	5,586,563
Certificates of participation	28,830,000	7,050,000	9,545,000	26,335,000	1,690,000
Unamortized premium	50,336	-	50,336	-	-
Total certificates of participation	28,880,336	7,050,000	9,595,336	26,335,000	1,690,000
Compensated absences	474,842	5,910	-	480,752	-
Net OPEB obligation	4,016,213	1,586,626	-	5,602,839	-
<b>Total</b>	<b>\$ 197,105,848</b>	<b>\$ 67,922,967</b>	<b>\$ 32,284,930</b>	<b>\$ 232,743,885</b>	<b>\$ 7,276,563</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2013 amounted to \$480,752. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. General Obligation Bonds**

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

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2013
				Outstanding July 01, 2012	Additions	Deductions	
August 13, 2003	Refunded	3.50% - 4.50%	\$ 8,825,000	\$ 5,710,000	\$ -	\$ 5,710,000	\$ -
March 9, 2005	August 1, 2029	3.50% - 12.00%	17,100,000	15,285,000	-	9,165,000	6,120,000
August 30, 2005	August 1, 2024	3.40% - 4.375%	8,565,000	6,760,000	-	455,000	6,305,000
June 8, 2006	August 1, 2030	4.00% - 6.00%	13,350,000	12,375,000	-	180,000	12,195,000
September 26, 2007	August 1, 2032	4.00% - 8.00%	10,050,000	9,230,000	-	280,000	8,950,000
September 26, 2007	August 1, 2032	4.00% - 8.00%	15,000,000	11,295,000	-	380,000	10,915,000
March 12, 2009	August 1, 2039	2.50% - 5.00%	35,000,000	34,405,000	-	470,000	33,935,000
February 24, 2010	August 1, 2023	2.00% - 5.00%	6,810,000	6,325,000	-	430,000	5,895,000
July 1, 2011	September 1, 2046	5.50%	59,999,952	59,999,952	-	4,224,952	55,775,000
July 24, 2012	August 1, 2034	4.15%-4.92%	25,000,000	-	25,000,000	-	25,000,000
July 24, 2012	August 1, 2026	3.00%-5.00%	13,265,000	-	13,265,000	-	13,265,000
August 7, 2012	August 1, 2052	4.25%	18,003,211	-	18,003,211	-	18,003,211
				<b>\$ 161,384,952</b>	<b>\$ 56,268,211</b>	<b>\$ 21,294,952</b>	<b>\$ 196,358,211</b>

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

**2003 General Obligation Bonds**

In 2003, the District issued \$8,825,000 of General Obligation Bonds. The Bonds require annual principal payments through 2022, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 4.50%. The Bonds were refunded during the year ended June 30, 2013 on a current basis. The net proceeds were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability has been removed from the District's liabilities. The defeased bonds were redeemed in full on September 6, 2012.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**B. 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 1, 2029, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 12.00%. The Bonds were partially refunded during the year ended June 30, 2013 on an advance basis. The net proceeds were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability has been removed from the District's liabilities. The defeased bonds will be redeemed in full on August 1, 2013. The Bonds that were not refunded mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 370,000	\$ 254,980	\$ 624,980
2015	420,000	240,840	660,840
2016	470,000	224,363	694,363
2017	525,000	205,313	730,313
2018	-	195,075	195,075
2019 - 2023	-	975,375	975,375
2024 - 2028	1,340,000	945,225	2,285,225
2029 - 2030	2,995,000	137,363	3,132,363
<b>Total</b>	<b>\$ 6,120,000</b>	<b>\$ 3,178,534</b>	<b>\$ 9,298,534</b>

**2005 General Obligation Refunding 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 1, 2024, plus interest. Annual interest rates for these General Obligation Bonds range from 3.40% to 4.375%. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 470,000	\$ 240,935	\$ 710,935
2015	485,000	224,458	709,458
2016	510,000	206,726	716,726
2017	525,000	187,639	712,639
2018	545,000	106,895	651,895
2019 - 2023	3,100,000	474,486	3,574,486
2024 - 2025	670,000	28,688	698,688
<b>Total</b>	<b>\$ 6,305,000</b>	<b>\$ 1,469,827</b>	<b>\$ 7,774,827</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**B. 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 1, 2030, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 6.00%. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 220,000	553,921	\$ 773,921
2015	250,000	542,171	792,171
2016	290,000	528,671	818,671
2017	325,000	513,296	838,296
2018	365,000	497,871	862,871
2019 - 2023	2,765,000	2,188,466	4,953,466
2024 - 2028	4,365,000	1,372,610	5,737,610
2029 - 2031	3,615,000	257,450	3,872,450
<b>Total</b>	<b>\$ 12,195,000</b>	<b>\$ 6,454,456</b>	<b>\$ 18,649,456</b>

**2008 General Obligation Bonds**

In 2008, the District issued \$10,050,000 of General Obligation Bonds. The Bonds require annual principal payments through August 1, 2032, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 295,000	\$ 386,465	\$ 681,465
2015	305,000	373,715	678,715
2016	320,000	360,434	680,434
2017	335,000	346,934	681,934
2018	350,000	333,234	683,234
2019 - 2023	1,940,000	1,440,666	3,380,666
2024 - 2028	2,380,000	981,034	3,361,034
2029 - 2033	3,025,000	372,884	3,397,884
<b>Total</b>	<b>\$ 8,950,000</b>	<b>\$ 4,595,366</b>	<b>\$ 13,545,366</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

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

**2008 General Obligation Bonds**

In 2008, the District issued \$15,000,000 of General Obligation Bonds. The Bonds require annual principal payments through August 1, 2032, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 390,000	\$ 470,011	\$ 860,011
2015	415,000	452,905	867,905
2016	425,000	435,055	860,055
2017	430,000	417,424	847,424
2018	450,000	399,824	849,824
2019 - 2023	2,360,000	1,720,070	4,080,070
2024 - 2028	2,855,000	1,167,134	4,022,134
2029 - 2033	3,590,000	440,675	4,030,675
Total	\$ 10,915,000	\$ 5,503,098	\$ 16,418,098

**2010 General Obligation Bonds**

On March 12, 2009, the District issued Series B General Obligation Bonds in the amount of \$35,000,000. The Bonds require annual principal payments through August 1, 2039, plus interest. Annual interest rates for these General Obligation Bonds range from 2.50% to 5.00%. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 485,000	\$ 1,778,419	\$ 2,263,419
2015	490,000	1,761,950	2,251,950
2016	520,000	1,741,750	2,261,750
2017	555,000	1,720,250	2,275,250
2018	570,000	1,697,750	2,267,750
2019 - 2023	3,470,000	8,017,750	11,487,750
2024 - 2028	4,420,000	7,088,859	11,508,859
2029 - 2033	5,650,000	5,780,156	11,430,156
2034 - 2038	11,990,000	3,380,663	15,370,663
2039 - 2040	5,785,000	329,766	6,114,766
Total	\$ 33,935,000	\$ 33,297,313	\$ 67,232,313

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

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

**2010 General Obligation Refunding Bonds**

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 2.00% to 5.00%. 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:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 445,000	\$ 243,475	\$ 688,475
2015	460,000	229,900	689,900
2016	470,000	214,775	684,775
2017	485,000	198,063	683,063
2018	505,000	179,475	684,475
2019 - 2023	2,870,000	525,000	3,395,000
2024	660,000	15,563	675,563
<b>Total</b>	<b>\$ 5,895,000</b>	<b>\$ 1,606,251</b>	<b>\$ 7,501,251</b>

**2011 General Obligation Revenue Bonds**

In fiscal year 2011-12, the Financing Corporation issued \$59,999,952 of General Obligation Revenue Bonds. The Bonds were issued to purchase the Election of 2006, Series C and Election 2010, Series A bonds. Annual interest rates for these Bonds range are 5.50%. The two District bonds were structured with amortization schedules that match the constraints of each bond authorization. The Bonds also refunded the District's 2009 Certificates of Participation. The Bonds mature as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,245,000	\$ 342,500	\$ 2,587,500
2015	2,220,000	482,500	2,702,500
2016	2,095,000	605,000	2,700,000
2017	1,970,000	722,500	2,692,500
2018	1,840,000	857,500	2,697,500
2019 - 2023	8,500,000	6,695,000	15,195,000
2024 - 2028	7,705,000	11,895,000	19,600,000
2029 - 2033	7,185,000	18,390,000	25,575,000
2034 - 2038	6,680,000	26,020,000	32,700,000
2039 - 2043	8,330,000	40,712,075	49,042,075
2044 - 2047	7,005,000	41,560,250	48,565,250
<b>Total</b>	<b>\$ 55,775,000</b>	<b>\$ 148,282,325</b>	<b>\$ 204,057,325</b>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

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

**Election 2010, Series B Bonds**

In fiscal year 2012-13, the District issued \$25,000,000 in Direct Payment Qualified School Construction Bonds. The Bonds require principal and interest payments through August 1, 2034. Annual interest rates for these Bonds range from 4.15% to 4.92%. The Bonds mature as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 1,155,888	\$ 1,155,888
2015	-	1,155,888	1,155,888
2016	-	1,155,888	1,155,888
2017	-	1,155,888	1,155,888
2018	-	1,155,888	1,155,888
2019 - 2023	-	5,779,438	5,779,438
2024 - 2028	9,625,000	4,780,844	14,405,844
2029 - 2033	-	3,782,250	3,782,250
2034 - 2035	15,375,000	1,134,675	16,509,675
Total	\$ 25,000,000	\$ 21,256,647	\$ 46,256,647

**2012 General Obligation Refunding Bonds**

In fiscal year 2012-13, the District issued \$13,265,000 in General Obligation Refunding Bonds. The Bonds were issued to advance refund a portion of the Election of 2004, Series A Bonds and current refund the 2003 Refunding Bonds. The Bonds require principal and interest payments through August 1, 2026. Annual interest rates for these Bonds range from 3.00% to 5.00%. The refunding transaction resulted in a net savings to the District of approximately \$835,000. The Bonds mature as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 485,000	\$ 514,275	\$ 999,275
2015	495,000	497,100	992,100
2016	575,000	476,200	1,051,200
2017	600,000	452,700	1,052,700
2018	1,115,000	417,900	1,532,900
2019 - 2023	5,780,000	1,338,725	7,118,725
2024 - 2027	4,215,000	275,275	4,490,275
Total	\$ 13,265,000	\$ 3,972,175	\$ 17,237,175

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

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

**Election of 2010, Series C**

In fiscal year 2012-13, the District issued \$18,003,211 in General Obligation Refunding Bonds. The Bonds consist of \$8,340,000 in current interest bonds and \$9,663,211 in capital appreciation bonds. The Bonds mature on August 1, 2052. Annual interest rates for these Bonds are 4.25%. The Bonds mature as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 354,450	\$ 354,450
2015	-	354,450	354,450
2016	-	354,450	354,450
2017	-	354,450	354,450
2018	-	354,450	354,450
2019 - 2023	-	1,772,250	1,772,250
2024 - 2028	-	1,772,250	1,772,250
2029 - 2033	-	1,772,250	1,772,250
2034 - 2038	451,731	8,470,519	8,922,250
2039 - 2043	2,899,854	12,962,396	15,862,250
2044 - 2048	2,898,921	18,939,389	21,838,310
2049 - 2053	11,752,705	29,689,404	41,442,109
Total	\$ 18,003,211	\$ 77,150,708	\$ 95,153,919

**C. Certificates of Participation**

A summary of the District's certificates of participation is shown below:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2013</u>
October 7, 1998	Refunded	3.75% - 4.70%	\$ 11,720,000	\$ 7,490,000	\$ -	\$ 7,490,000	\$ -
January 11, 2001	Refunded	3.50% - 4.40%	3,000,000	1,155,000	-	1,155,000	-
July 20, 2010	June 1, 2035	3.00% - 5.00%	20,510,000	20,185,000	-	900,000	19,285,000
October 1, 2012	September 1, 2023	2.54%	7,050,000	-	7,050,000	-	7,050,000
				\$ 28,830,000	\$ 7,050,000	\$ 9,545,000	\$ 26,335,000

The annual requirements to amortize the certificates of participation are as follows:

In October 1998, the Pittsburgh 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%. The amounts were fully refunded during the year ended June 30, 2013. The net proceeds deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded Certificates of Participation are considered to be defeased, and the related liability has been removed from the District's liabilities.



**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

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

**C. Certificates of Participation (continued)**

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%. The amounts were fully refunded during the year ended June 30, 2013. The net proceeds deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded Certificates of Participation are considered to be defeased, and the related liability has been removed from the District's liabilities.

In July 2010, the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of \$20,510,000, with interest rates ranging from 3.00% to 5.00%.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 950,000	\$ 892,094	\$ 1,842,094
2015	1,025,000	854,094	1,879,094
2016	1,325,000	813,094	2,138,094
2017	735,000	760,094	1,495,094
2018	275,000	730,694	1,005,694
2019 - 2023	2,135,000	3,457,188	5,592,188
2024 - 2028	3,735,000	2,864,850	6,599,850
2029 - 2033	5,940,000	1,730,000	7,670,000
2034 - 2035	3,165,000	240,750	3,405,750
Total	\$ 19,285,000	\$ 12,342,858	\$ 31,627,858

In October 2012, the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of \$7,050,000, with an interest rate of 2.54%. These Certificates of Participation were issued to refund the outstanding amounts of the Certificates of Participation issued in October 1998 and January 2001. The refunding transaction results in a net savings to the District of approximately \$1,300,000.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 740,000	\$ 169,672	\$ 909,672
2015	720,000	151,130	871,130
2016	745,000	132,525	877,525
2017	550,000	116,078	666,078
2018	570,000	101,854	671,854
2019 - 2023	3,070,000	281,813	3,351,813
2024	655,000	8,319	663,319
Total	\$ 7,050,000	\$ 961,391	\$ 8,011,391

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2013:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>					
Revolving cash	\$ 25,000	\$ -	\$ -	\$ 5,000	\$ 30,000
Stores inventory	-	-	-	45,989	45,989
Total non-spendable	25,000	-	-	50,989	75,989
<b>Restricted</b>					
Educational programs	3,891,219	-	-	76,978	3,968,197
Capital projects	-	35,425,892	-	8,373,908	43,799,800
Debt service	-	-	8,575,702	-	8,575,702
All others	-	-	-	1,201,654	1,201,654
Total restricted	3,891,219	35,425,892	8,575,702	9,652,540	57,545,353
<b>Committed</b>					
Other commitments	-	-	-	1,863,985	1,863,985
Total committed	-	-	-	1,863,985	1,863,985
<b>Assigned</b>					
Special reserve	7,341,791	-	-	-	7,341,791
Site discretionary carryover	612,764	-	-	-	612,764
CCCSIG carryover	29,290	-	-	-	29,290
Parcel tax carryover	859,930	-	-	-	859,930
Total assigned	8,843,775	-	-	-	8,843,775
<b>Unassigned</b>					
Reserve for economic uncertainties	2,642,446	-	-	-	2,642,446
Remaining unassigned	931,197	-	-	-	931,197
Total unassigned	3,573,643	-	-	-	3,573,643
<b>Total</b>	<b>\$ 16,333,637</b>	<b>\$ 35,425,892</b>	<b>\$ 8,575,702</b>	<b>\$ 11,567,514</b>	<b>\$ 71,902,745</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description and Contribution Information**

The 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.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**A. Plan Description and Contribution Information (continued)**

Membership of the plan as of the latest actuarial valuation consisted of the following:

Retirees and beneficiaries receiving benefits	197
Active plan members	861
Total*	<u>1,058</u>

Number of participating employers	1
-----------------------------------	---

\*As of March 1, 2012 actuarial study

**B. Funding Policy**

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.

As of June 30, 2013, the District has established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors with plan assets of \$662,307 as of the date of the actuarial study.

**C. Annual OPEB Cost and Net OPEB Obligation**

The District’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB obligation to the Plan:

Annual required contribution	\$ 2,313,260
Interest on net OPEB obligation	200,811
Adjustment to annual required contribution	<u>(261,260)</u>
Annual OPEB cost (expense)	2,252,811
Contributions made	<u>(666,185)</u>
Increase (decrease) in net OPEB obligation	1,586,626
Net OPEB obligation, beginning of the year	<u>4,016,213</u>
Net OPEB obligation, end of the year	<u>\$ 5,602,839</u>

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2013 and the preceding two years were as follows:

<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 2,252,811	30%	\$ 5,602,839
2012	\$ 2,273,827	39%	\$ 4,016,213
2011	\$ 1,598,386	48%	\$ 2,619,898

**D. Funded Status and Funding Progress**

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
March 1, 2012	\$ 662,307	\$ 17,186,957	\$ 16,524,650	4%	\$ 53,742,758	31%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation Date	3/1/2012
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	28
Asset Valuation	Market Value Basis
Actuarial Assumptions:	
Investment rate of return	5.0%
Health care trend rate	4.0%

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

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

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013 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>
2012-13	\$ 3,268,075	100%
2011-12	\$ 3,065,827	100%
2010-11	\$ 2,891,563	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 \$1,814,149 to CalSTRS (5.176% of 2010-11 creditable compensation subject to CalSTRS).

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)**

**California Public Employees’ Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, CA 95811.

**Funding Policy**

Active plan members 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 rate for fiscal year 2013 was 11.417% of annual payroll. 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>
2012-13	\$ 1,632,143	100%
2011-12	\$ 1,470,754	100%
2010-11	\$ 1,343,982	100%

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

---

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

**C. Construction Commitments**

As of June 30, 2013, the District had commitments with respect to unfinished capital projects from its various bond funds.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

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 neither of the JPAs is a component unit of the District for financial reporting purposes. The audited financial statements are generally available from the respective entities.



---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

**PITTSBURG UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources	\$ 48,869,669	\$ 53,830,548	\$ 54,048,072	\$ 217,524
Federal sources	6,031,629	6,965,932	5,986,821	(979,111)
Other state sources	15,624,282	17,289,121	17,720,908	431,787
Other local sources	8,033,153	7,002,345	5,771,895	(1,230,450)
<b>Total Revenues</b>	<b>78,558,733</b>	<b>85,087,946</b>	<b>83,527,696</b>	<b>(1,560,250)</b>
<b>EXPENDITURES</b>				
Certificated salaries	38,016,736	39,486,621	39,206,350	280,271
Classified salaries	11,138,587	12,121,239	12,264,003	(142,764)
Employee benefits	17,528,646	17,841,449	17,688,758	152,691
Books and supplies	3,820,118	4,320,688	3,612,513	708,175
Services and other operating expenditures	9,966,389	10,493,410	11,958,579	(1,465,169)
Capital outlay	228,524	312,713	368,934	(56,221)
Other outgo				
Excluding transfers of indirect costs	38,416	188,416	225,021	(36,605)
Transfers of indirect costs	(442,409)	(570,409)	(373,052)	(197,357)
<b>Total Expenditures</b>	<b>80,295,007</b>	<b>84,194,127</b>	<b>84,951,106</b>	<b>(756,979)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(1,736,274)	893,819	(1,423,410)	(2,317,229)
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,000,000	4,000,000	-	(4,000,000)
Transfers out	(1,897,766)	(1,897,766)	(3,130,421)	(1,232,655)
<b>Net Financing Sources (Uses)</b>	<b>2,102,234</b>	<b>2,102,234</b>	<b>(3,130,421)</b>	<b>(5,232,655)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>365,960</b>	<b>2,996,053</b>	<b>(4,553,831)</b>	<b>(7,549,884)</b>
<b>Fund Balance - Beginning</b>	<b>10,771,723</b>	<b>13,545,677</b>	<b>13,545,677</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 11,137,683</b>	<b>\$ 16,541,730</b>	<b>\$ 8,991,846</b>	<b>\$ (7,549,884)</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments of \$1,814,149 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2013**

---

<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
March 1, 2012	\$ 662,307	\$ 17,186,957	\$ 16,524,650	4%	\$ 53,742,758	31%
July 1, 2009	\$ 300,000	\$ 13,719,382	\$ 13,419,382	2%	\$ 48,440,232	28%

See accompanying note to required supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District’s budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Funding Progress**

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2013, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Classified salaries	\$ 12,121,239	\$ 12,264,003	\$ 142,764
Services and other operating expenditures	\$ 10,493,410	\$ 11,958,579	\$ 1,465,169
Capital outlay	\$ 312,713	\$ 368,934	\$ 56,221
Other outgo			
Excluding transfers of indirect costs	\$ 188,416	\$ 225,021	\$ 36,605

---

---

**SUPPLEMENTARY  
INFORMATION**

---

---

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A Cluster			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 2,433,260
Title I, Part A, Program Improvement LEA Corrective Action Plan	84.010	14955	253,856
Subtotal Title I, Part A Cluster			<u>2,687,116</u>
Title I, Part B, Reading First Program	84.357	14328	23,310
Adult Education Grants			
Adult Education: Adult Secondary Education	84.002	13978	50,669
Adult Education: English Literacy and Civics Education	84.002A	14109	75,374
Adult Education: Basic Education	84.002A	14508	147,356
Subtotal Adult Education Grants			<u>273,399</u>
Title II, Part A, Teacher Quality	84.367A	14341	489,925
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512	433,612
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	355,680
Department of Rehab: Workability II, Transition Partnership	84.158	10006	124,687
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,430,681
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	129,297
Part B, Preschool Grants	84.173	13430	65,378
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	224,052
IDEA Quality Assurance Focused Monitoring	84.027A	13693	40,200
Subtotal Special Education Cluster			<u>1,889,608</u>
Vocational Grants			
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	15,266
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 132 (Carl Perkins Act)	84.048	14894	64,095
Subtotal Vocational Grants			<u>79,361</u>
Advanced Placement Test Fee Program	84.330B	*	2,480
<b>Total U. S. Department of Education</b>			<u><u>6,359,178</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	23668	57,486
National School Lunch Program	10.555	13391	3,079,250
Especially Needy Breakfast	10.553	13526	993,413
USDA Commodities	10.555	*	260,641
Meal Supplements	10.555	13528	130,964
Subtotal Child Nutrition Cluster			<u>4,521,754</u>
Child and Adult Food Care Program	10.558	13665	517,917
<b>Total U. S. Department of Agriculture</b>			<u><u>5,039,671</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	28,080
Medi-Cal Administrative Activities	93.778	10060	25,251
Subtotal Medicaid Cluster			<u>53,331</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>53,331</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 11,452,180</u></u>

\* - PCS Number not available or not applicable

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2013**

---

	<b>Second Period Report</b>	<b>Annual Report</b>
<b>ELEMENTARY</b>		
Kindergarten	771	771
First through third	2,408	2,408
Fourth through sixth	2,304	2,298
Seventh through eighth	1,461	1,459
Opportunity schools	27	28
Home and hospital	3	3
Special education	152	156
Total Elementary	7,126	7,123
<b>SECONDARY</b>		
Regular classes	2,510	2,482
Continuation education	186	190
Opportunity schools	16	16
Home and hospital	5	6
Special education	200	193
Total Secondary	2,917	2,887
 Average Daily Attendance Total	 10,043	 10,010

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Grade Level	1982-83		1986-87		2012-13	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced	Actual Minutes		
Kindergarten	31,500	30,625	36,000	35,000	35,100	180	Complied
Grade 1	48,230	46,890	50,400	49,000	52,730	180	Complied
Grade 2	48,230	46,890	50,400	49,000	52,730	180	Complied
Grade 3	48,230	46,890	50,400	49,000	52,730	180	Complied
Grade 4	51,030	49,613	54,000	52,500	54,195	180	Complied
Grade 5	51,030	49,613	54,000	52,500	54,195	180	Complied
Grade 6	56,464	54,896	54,000	52,500	59,778	180	Complied
Grade 7	56,464	54,896	54,000	52,500	59,778	180	Complied
Grade 8	56,464	54,896	54,000	52,500	59,778	180	Complied
Grade 9	57,580	55,981	64,800	63,000	64,978	180	Complied
Grade 10	57,580	55,981	64,800	63,000	64,978	180	Complied
Grade 11	57,580	55,981	64,800	63,000	64,978	180	Complied
Grade 12	57,580	55,981	64,800	63,000	64,978	180	Complied

See accompanying note to supplementary information.



**PITTSBURG UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014 (Budget)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 91,856,700	\$ 83,527,696	\$ 83,342,368	\$ 79,748,062
Expenditures And Other Financing Uses	92,661,097	88,081,527	80,638,972	82,199,722
Net change in Fund Balance	\$ (804,397)	\$ (4,553,831)	\$ 2,703,396	\$ (2,451,660)
Ending Fund Balance	\$ 8,187,449	\$ 8,991,846	\$ 12,879,837	\$ 10,176,441
Available Reserves*	\$ 3,786,289	\$ 3,573,643	\$ 6,564,233	\$ 3,395,387
Available Reserves As A Percentage Of Outgo	4.09%	4.06%	8.14%	4.13%
Long-term Debt	\$ 225,467,322	\$ 232,743,885	\$ 197,105,848	\$ 172,266,097
Average Daily Attendance At P-2	10,043	10,043	9,843	9,410

The General Fund balance has decreased by \$1,184,595 over the past two years. The fiscal year 2013-14 budget projects a further decrease of \$804,397. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2013-14 fiscal year. Total long term obligations have increased by \$60,477,788 over the past two years.

Average daily attendance has increased by 633 ADA over the past two years. No change in ADA is anticipated during the 2013-14 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund.

\*\*The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments of \$1,814,149 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2013, annual financial and budget report fund balance	\$ 8,991,846	\$ 7,341,791
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	7,341,791	(7,341,791)
Net adjustments and reclassifications	7,341,791	(7,341,791)
June 30, 2013, audited financial statement fund balance	\$ 16,333,637	\$ -

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 452,482	\$ 240,462	\$ 3,133,458	\$ -	\$ 3,750,959	\$ 7,577,361
Accounts receivable	616,958	240,553	782,593	-	1,245,199	-	301,552	3,186,855
Due from other funds	1,969,042	-	-	-	136,401	-	536,751	2,642,194
Stores inventory	-	-	45,989	-	-	-	-	45,989
<b>Total Assets</b>	<b>\$ 2,586,000</b>	<b>\$ 240,553</b>	<b>\$ 1,281,064</b>	<b>\$ 240,462</b>	<b>\$ 4,515,058</b>	<b>\$ -</b>	<b>\$ 4,589,262</b>	<b>\$ 13,452,399</b>
<b>LIABILITIES</b>								
Deficit cash	\$ 834,480	\$ 171,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,131
Accrued liabilities	7,831	220	33,421	1,933	23,758	-	33,502	100,665
Due to other funds	61,009	-	-	-	536,751	-	136,401	734,161
Unearned revenue	43,928	-	-	-	-	-	-	43,928
<b>Total Liabilities</b>	<b>947,248</b>	<b>171,871</b>	<b>33,421</b>	<b>1,933</b>	<b>560,509</b>	<b>-</b>	<b>169,903</b>	<b>1,884,885</b>
<b>FUND BALANCES</b>								
Non-spendable	5,000	-	45,989	-	-	-	-	50,989
Restricted	8,296	68,682	1,201,654	-	3,954,549	-	4,419,359	9,652,540
Committed	1,625,456	-	-	238,529	-	-	-	1,863,985
<b>Total Fund Balances</b>	<b>1,638,752</b>	<b>68,682</b>	<b>1,247,643</b>	<b>238,529</b>	<b>3,954,549</b>	<b>-</b>	<b>4,419,359</b>	<b>11,567,514</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,586,000</b>	<b>\$ 240,553</b>	<b>\$ 1,281,064</b>	<b>\$ 240,462</b>	<b>\$ 4,515,058</b>	<b>\$ -</b>	<b>\$ 4,589,262</b>	<b>\$ 13,452,399</b>

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>REVENUES</b>								
Federal sources	\$ 413,352	\$ 149,399	\$ 5,039,672	\$ -	\$ -	\$ -	\$ -	\$ 5,602,423
Other state sources	-	1,150,552	320,152	355,221	-	11,069,508	-	12,895,433
Other local sources	155,953	71,002	435,206	2,291	447,031	14,951	862,116	1,988,550
<b>Total Revenues</b>	<b>569,305</b>	<b>1,370,953</b>	<b>5,795,030</b>	<b>357,512</b>	<b>447,031</b>	<b>11,084,459</b>	<b>862,116</b>	<b>20,486,406</b>
<b>EXPENDITURES</b>								
Current								
Instruction	1,678,899	965,221	-	-	-	-	-	2,644,120
Instruction-related services								
School site administration	772,265	285,619	-	-	-	-	-	1,057,884
Pupil services								
Food services	-	8,562	5,935,089	-	-	-	-	5,943,651
All other pupil services	14,157	-	-	-	-	-	-	14,157
General administration								
All other general administration	67,445	78,923	226,685	-	-	-	-	373,053
Plant services	173,229	69,460	30,275	-	121,507	-	-	394,471
Facilities acquisition and maintenance	34,840	-	-	886,278	7,598,301	11,157,791	505,606	20,182,816
Transfers to other agencies	-	-	-	-	250,000	-	-	250,000
Debt service								
Principal	-	-	-	-	2,495,000	-	-	2,495,000
Interest and other	-	-	-	-	958,837	-	-	958,837
<b>Total Expenditures</b>	<b>2,740,835</b>	<b>1,407,785</b>	<b>6,192,049</b>	<b>886,278</b>	<b>11,423,645</b>	<b>11,157,791</b>	<b>505,606</b>	<b>34,313,989</b>
<b>Excess (Deficiency) of Revenues</b>								
<b>Over Expenditures</b>	<b>(2,171,530)</b>	<b>(36,832)</b>	<b>(397,019)</b>	<b>(528,766)</b>	<b>(10,976,614)</b>	<b>(73,332)</b>	<b>356,510</b>	<b>(13,827,583)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	1,897,766	57,655	-	-	-	-	-	1,955,421
Other sources	-	-	-	-	7,050,000	-	-	7,050,000
Other uses	-	-	-	-	(7,050,000)	-	-	(7,050,000)
<b>Net Financing Sources (Uses)</b>	<b>1,897,766</b>	<b>57,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,955,421</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(273,764)</b>	<b>20,823</b>	<b>(397,019)</b>	<b>(528,766)</b>	<b>(10,976,614)</b>	<b>(73,332)</b>	<b>356,510</b>	<b>(11,872,162)</b>
<b>Fund Balance - Beginning</b>	<b>1,912,516</b>	<b>47,859</b>	<b>1,644,662</b>	<b>767,295</b>	<b>14,931,163</b>	<b>73,332</b>	<b>4,062,849</b>	<b>23,439,676</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,638,752</b>	<b>\$ 68,682</b>	<b>\$ 1,247,643</b>	<b>\$ 238,529</b>	<b>\$ 3,954,549</b>	<b>\$ -</b>	<b>\$ 4,419,359</b>	<b>\$ 11,567,514</b>

See accompanying note to supplementary information.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

---

**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2013 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2013.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 11,589,244
Medi-Cal Billing Option	93.778	(16,017)
School Improvement Grants	84.377	28,352
Child Development: Federal Child Care	93.596	(149,399)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$11,452,180</u>

**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 requirements, whichever is greater, as required by *Education Code Section 46201*. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

**PITTSBURG UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION, continued**  
**JUNE 30, 2013**

---

**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)

---

---

**OTHER INDEPENDENT  
AUDITORS' REPORTS**

---

---

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

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

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

*Licensed by the California  
State Board of Accountancy*

Independent Auditors' Report

Governing Board  
Pittsburg Unified School District  
Pittsburg, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsburg Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Pittsburg Unified School District's basic financial statements, and have issued our report thereon dated December 10, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pittsburg Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pittsburg Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pittsburg Unified School District's internal control.

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2013-1)

### **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 Response to Findings**

Pittsburg Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Pittsburg Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California  
December 10, 2013

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

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

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

*Licensed by the California  
State Board of Accountancy*

Independent Auditors' Report

Governing Board  
Pittsburg Unified School District  
Pittsburg, California

**Report on Compliance for Each Major Federal Program**

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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

### *Opinion on Each Major Federal Program*

In our opinion, Pittsburg Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Pittsburg Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pittsburg Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Christy White Associates*

San Diego, California  
December 10, 2013

## REPORT ON STATE COMPLIANCE

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

### Corporate Office:

2727 Camino Del Rio South  
Suite 219  
San Diego, CA 92108

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

*Licensed by the California  
State Board of Accountancy*

### Independent Auditors' Report

Governing Board  
Pittsburg Unified School District  
Pittsburg, California

#### **Report on State Compliance**

We have audited Pittsburg Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Pittsburg Unified School District's state programs for the fiscal year ended June 30, 2013, as identified below.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Pittsburg Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about 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 on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Pittsburg Unified School District's compliance with those requirements.

*Opinion on State Compliance*

In our opinion, Pittsburg Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2013.

*Procedures Performed*

In connection with the audit referred to above, we selected and tested transactions and records to determine Pittsburg Unified School District's compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time for:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Yes
Contemporaneous Records of Attendance; for charter schools	1	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable

*Christy White Associates*

San Diego, California  
December 10, 2013

---

---

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

---

---

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>10.558</u>	<u>Child and Adult Food Care Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 343,565</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?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>



**PITTSBURG UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FIVE DIGIT CODE**

20000

30000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

**FINDING #2013-1: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000)**

**Criteria:** Proper internal controls are necessary to ensure the safeguard over the Associated Student Body (ASB) assets. Maintaining sound internal control procedures reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** A summary of the internal control deficiencies observed are listed below:

***Martin Luther King Jr., Junior High***

*Disbursements*

- 1 out of 7 disbursements tested was missing an approval form to provide authorization for the purchase
- 6 out of 7 disbursements tested had approval forms that were missing an approval signature from the ASB/Club Advisor and a student representative. The approval forms were only signed by the Principal
- The bank account has a debit card associated with it. Purchases have been made online using this debit card. The standard approval form/process is not followed for these online purchases. There is a greater risk of misuse of ASB assets with the presence of a debit card including inappropriate uses of ASB funds and ability to withdraw cash from the account

*Cash Receipts*

- 5 out of 10 cash receipts tested lacked adequate supporting documentation to reconcile the amount of sales/collections to the amount deposited

***Pittsburg High School***

*Disbursements*

- 1 out of 15 disbursements tested was missing an approval form to provide authorization for the purchase

*Cash Receipts*

- 5 out of 12 cash receipts tested lacked adequate supporting documentation to reconcile the amount of sales/collections to the amount deposited
- 3 out of 12 cash receipts tested showed that there were large shortages between the amount deposited and the amount of sales.
- 2 out of 12 cash receipts tested were not deposited timely

PITTSBURG UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, *continued*  
JUNE 30, 2013

---

**FINDING #2013-1: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000) (continued)**

**Condition (continued):** A summary of the internal control deficiencies observed are listed below:

*Hillview Junior High*

*Cash Receipts*

- 4 out of 10 cash receipts tested were not deposited timely
- 2 out of 10 cash receipts tested lacked adequate supporting documentation to reconcile the amount of sales/collections to the amount deposited

**Cause:** Insufficient controls over student body activities.

**Effect:** The potential for irregularities to go undetected.

**Perspective:** We audited 5 ASBs at the school sites selected for testing in fiscal year 2012-13. Our audit included an evaluation of internal control procedures over: cash disbursements, cash receipts, and ASB organization.

**Recommendation:** The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**District Response:** The District provided two ASB trainings in September 2013. The first training was conducted by the auditing firm, Christy White and Associates, to develop an overall understanding of the rules and regulations surrounding ASB activities for both new and returning personnel responsible for ASB. The second training was conducted by the ASB software firm ASB Works, which our school sites use for tracking ASB activities, to learn how to implement the rules through the ASB software. We are also maintaining the monthly site visits to each school site and have started a quarterly ASB roundtable to share knowledge on how different sites handle situations to develop District-wide Best Practices.

PITTSBURG UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

---

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*There were no federal award findings and questioned costs for the year ended June 30, 2013.*

**PITTSBURG UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

*There were no state award findings and questioned costs for the year ended June 30, 2013.*

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINDING #2012-1: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000)**

**Criteria:** Proper internal controls are necessary to ensure the safeguard over the Associated Student Body (ASB) assets. Maintaining sound internal control procedures reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** A summary of the internal control deficiencies observed are listed below:

*Hillview Jr. High*

- 3 out of 8 cash receipts selections had a sales/fundraising activity that could not be reconciled to receipts due to lack of supporting documentation (i.e. tally sheets, individualized receipts, etc.)

*Pittsburg High School*

- 2 out of 15 cash receipts selections had a sales/fundraising activity that could not be reconciled to receipts due to lack of supporting documentation (i.e. tally sheets, individualized receipts, etc.)
- 

*Riverside Continuation High School*

- The attendance clerk is the only authorized signer on the Student Body Funds account and checks are only required to have one signature. Double signature requirement for checks is recommended.

*General Comments*

The ASB System is not properly generating financial statements. We noted that no sites were able to produce an adequate income statement for the 2011-12 school year. Outstanding deposits greater than one month were present for Pittsburg High School's ASB. Stale dated checks over 1 year were noted at several ASBs.

**Cause:** Insufficient controls over student body activities.

**Effect:** The potential for irregularities in accounting to go undetected.

**Perspective:** We audited 5 ASBs at the school sites selected for testing in fiscal year 2011-12. Our audit included an evaluation of internal control procedures over: cash disbursements, cash receipts, and ASB organization.

PITTSBURG UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2013

---

**FINDING #2012-1: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000) (continued)**

**Recommendation:** The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**District Response:** The District provided FCMAT training in ASB Management in April 2011. FCMAT training in ASB Management will again be provided in January 2012, at the Contra Costa County Office of Education, based on an updated version of the FCMAT ASB Management Manual. The District is also conducting monthly visits and individual site training with each ASB site to ensure internal controls are met.

**Current Status:** Partially implemented, see Finding #2013-1.

**PITTSBURG UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINDING #2012-2: BANK ACCOUNTS AND RECONCILIATIONS (30000)**

**Criteria:** All District cash receipts should be properly supported by receipts and refund detail maintained. Individual receipts should be traceable to deposits to ensure timely and complete deposits.

**Condition:** In our testing of cash in banks and cash with fiscal agent, it was determined that the reconciliations were not prepared timely and accurately.

**Cause:** Staff in-charge of accounts were not preparing reconciliations in good form.

**Effect:** Lack of sound internal controls and potential for misappropriation of District assets.

**Perspective:** There was an adjustment necessary to properly state the District's cash with fiscal agent balance. Also, two of two cash in bank balances tested had an immaterial discrepancy, and no reconciliation or explanation for this variance was noted.

**Recommendation:** We recommend that staff responsible for these accounts be trained on proper documentation, and preparation of reconciliation to avoid possible misstatements.

**District Response:** The District has added a second review and approval to all bank account reconciliations to ensure all bank account reconciliations are prepared timely and accurately.

**Current Status:** Implemented.