

**ACALANES UNION HIGH SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

**COUNTY OF CONTRA COSTA
LAFAYETTE, CALIFORNIA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010
AND THE THREE MONTHS ENDED JUNE 30, 2009**

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to the Financial Statements	7
SUPPLEMENTAL INFORMATION	
Combining Balance Sheet	14
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	16
Schedule of Budget and Actual Expenditures	18
Full Text of Bond Measure E	19
OTHER INDEPENDENT AUDITOR'S REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Independent Auditor's Report on Measure E Bond Performance	25



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Acalanes Union High School District
Lafayette, California

We have audited the accompanying balance sheet of the Measure E General Obligation Bond Building Fund of Acalanes Union High School District (the "District"), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2010 and the three months ended June 30, 2009. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements referred to above present only the individual Measure E General Obligation Bond Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure E General Obligation Bond Building Fund as of June 30, 2010 and 2009, and the results of its operations for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2011 on our consideration of the District's internal control over the Measure E General Obligation Bond Building Fund's financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Measure E General Obligation Bond Building Fund taken as a whole. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Measure E General Obligation Bond Building Fund. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "James Marta". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants

January 7, 2011

BASIC FINANCIAL STATEMENTS

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

BALANCE SHEET

JUNE 30, 2010

ASSETS

Cash and Cash Equivalents	\$ 21,182,397
Investments	<u>3,864,757</u>
Total Assets	<u>\$ 25,047,154</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	\$ 812,756
Fund Balance	
Restricted for Measure E Projects	<u>24,234,398</u>
Total Liabilities and Fund Balance	<u>\$ 25,047,154</u>

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

BALANCE SHEET

JUNE 30, 2009

ASSETS

Cash and Cash Equivalents	\$ 12,455,553
Investments	2,410,691
Accounts Receivable	<u>32,377</u>
Total Assets	<u>\$ 14,898,621</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	\$ 178,766
Fund Balance	
Restricted for Measure E Projects	<u>14,719,855</u>
Total Liabilities and Fund Balance	<u>\$ 14,898,621</u>

**ACALANES UNION HIGH SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
AND THE THREE MONTHS ENDED JUNE 30, 2009**

REVENUES

Local Revenues - Interest	\$ 264,474
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Total Revenues	<u>264,474</u>
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EXPENDITURES

Classified Salaries	192,168
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Employee Benefits	72,331
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Books and Supplies	165,154
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Services and Other Operating Expenditures	428,939
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Capital Outlay	5,296,156
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Debt Service Expenditures	<u>15,000,000</u>
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Total Expenditures	<u>21,154,748</u>
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Deficiency of Revenues Over Expenditures	<u>(20,890,274)</u>
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OTHER FINANCING SOURCES

Proceeds from Issuance of Bonds	<u>30,404,817</u>
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Total Other Financing Sources	<u>30,404,817</u>
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Net Change in Fund Balances	9,514,543
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Beginning Fund Balance - July 1, 2009	<u>14,719,855</u>
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Ending Fund Balance - June 30, 2010	<u><u>\$ 24,234,398</u></u>
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ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

FOR THE THREE MONTHS ENDED JUNE 30, 2009

REVENUES

Local Revenues - Interest	\$ 303,610
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Total Revenues	303,610
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EXPENDITURES

Services and Other Operating Expenditures	323,731
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Capital Outlay	260,024
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Total Expenditures	583,755
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Deficiency of Revenues Over Expenditures	(280,145)
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OTHER FINANCING SOURCES

Proceeds from Issuance of Bonds	15,000,000
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Total Other Financing Sources	15,000,000
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Net Change in Fund Balances	14,719,855
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Beginning Fund Balance - April 1, 2009	-
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Ending Fund Balance - June 30, 2009	\$ 14,719,855
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ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Acalanes Union High School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Contra Costa County. The District was established in 1939 and serves students in grades nine through twelve.

On November 8, 2008, the voters of the District approved by 63% vote Measure E, authorizing the issuance of \$93,000,000 of general obligation bonds to establish a ten-year technology fund, upgrade instructional classroom technology, replace worn, aging roofs, convert obsolete facilities into additional classroom space, upgrade electrical and energy management systems to improve efficiency and repair, construct, equip or upgrade school facilities. Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The financial statements presented are for the individual Measure E General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond and Interest Redemption fund of the District. The Measure E Bond Building Fund forms part and not all of the net assets in the District's Building Fund which contains other sources of funding.

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

C. ACCOUNTING POLICIES

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

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In addition, the District has the option to apply FASB pronouncements issued after that date to business-type activities and enterprise funds, if applicable. The District does not currently have any business activities or enterprise funds that require the District to follow the pronouncement of the FASB.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. BUDGETS AND BUDGETARY ACCOUNTING

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

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

F. ENCUMBRANCES

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

G. DEPOSITS AND INVESTMENTS

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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; and collateralized mortgage obligations.

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.

H. CAPITAL AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balances is considered a measure of “available spendable resources”. Thus,, the capital assets and long-term liabilities associated with the Measure E General Obligation Bond Fund are accounted for in the basic financial statements of the District.

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

2. CASH AND INVESTMENTS

Cash and investments as of June 30 consist of the following:

	2010	2009
Cash in county treasury	\$ 10,830,376	\$ 923,056
Local agency investment fund	8,060,624	8,000,000
Cash with fiscal agent	2,291,397	3,532,497
Total Cash and Equivalents	21,182,397	12,455,553
Investments	3,864,757	2,410,691
Total Cash and Investments	<u>\$ 25,047,154</u>	<u>\$ 14,866,244</u>

A. County in County Treasury

Cash in County Treasurer consists of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 122 days. The pool is rated AAA by Standard and Poor's.

B. Local Agency Investment Fund (LAIF)

The District may also invest in the State of California's Local Agency Investment Fund (LAIF) administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit and loans to various bond funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. LAIF has a weighted average maturity of 235 days. LAIF is currently unrated as to credit risk.

ACALANES UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office, 915 Capitol Mall, Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized and that prudent management prevails. LAIF has a continuing audit process throughout the year. The State Controller's Office, as well as an in-house audit process involving three separate divisions, audits all investments on a daily basis.

C. Cash with Fiscal

Cash with fiscal agent consist of a tax-exempt money market mutual fund which invests all of its net assets in short-term municipal obligations that provide income. **The fund is** currently unrated as to credit risk.

D. Investment Risks

Investment limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

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 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

ACALANES UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2010

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, 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 that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Investment Maturities		
		<1 Year	1-5 Years	>5 Years
Municipal Obligations	\$ 3,864,757	\$ -	\$ 1,564,070	\$ 2,300,687

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. Presented in the next page is the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Rating as of June 30, 2010		
		AAA	BBB	Unrated
Municipal Obligations	\$ 3,864,757	\$ 3,297,369	\$ -	\$ 567,388

3. MEASURE E GENERAL OBLIGATION BONDS

On March 30, 2010, the District issued General Obligation Bonds 2008 Series A in the aggregate principal amount of \$29,999,818 to refund its 2009 General Obligation Bond Anticipation Notes in the amount of \$15,000,000 and to renovate, repair, and construct and equip certain District schools, sites, and facilities. These bonds were issued as capital appreciation bonds and convertible capital appreciation bonds. The obligation for the 2008 Series bonds at June 30, 2010, was as follows:

Date of Issue	Interest Rate %	Date of Maturity	Original Issue	Outstanding June 30, 2010
March 30, 2010	6.08-12.00	August 1, 2039	\$ 29,999,818	\$ 30,480,039

ACALANES UNION HIGH SCHOOL DISTRICT**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND****NOTES TO THE FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED JUNE 30, 2010**

The outstanding obligation for the 2008 Series bonds at June 30, 2010 presented by date of maturity was as follows:

<u>Maturity Year</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Outstanding</u>
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016-2020	-	-	-
2021-2025	-	-	-
2026-2030	3,838,450	51,877	3,890,327
2031-2035	9,019,429	199,508	9,218,937
2036-2040	17,141,939	228,835	17,370,774
Totals	<u>\$ 29,999,818</u>	<u>\$ 480,220</u>	<u>\$ 30,480,038</u>

The annual requirements to amortize the capital appreciation bonds as of June 30, 2010, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016-2020	-	-	-
2021-2025	-	1,933,598	1,933,598
2026-2030	3,838,450	28,867,525	32,705,975
2031-2035	9,019,429	31,081,546	40,100,975
2036-2040	17,141,939	32,011,387	49,153,326
	<u>\$ 29,999,818</u>	<u>\$ 93,894,056</u>	<u>\$ 123,893,874</u>

SUPPLEMENTARY INFORMATION

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Construction Fund</u>	<u>Technology Endowment</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,124,026	\$ 2,058,371	\$ 21,182,397
Investments	<u>-</u>	<u>3,864,757</u>	<u>3,864,757</u>
Total Assets	<u>\$ 19,124,026</u>	<u>\$ 5,923,128</u>	<u>\$ 25,047,154</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 623,975	\$ 188,781	\$ 812,756
Fund Balance			
Restricted for Measure E Projects	<u>18,500,051</u>	<u>5,734,347</u>	<u>24,234,398</u>
Total Liabilities and Fund Balance	<u>\$ 19,124,026</u>	<u>\$ 5,923,128</u>	<u>\$ 25,047,154</u>

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

COMBINING BALANCE SHEET

JUNE 30, 2009

	<u>Construction Fund</u>	<u>Technology Endowment</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,919,129	\$ 3,536,424	\$ 12,455,553
Investments	-	2,410,691	2,410,691
Accounts Receivable	<u>32,377</u>	<u>-</u>	<u>32,377</u>
Total Assets	<u>\$ 8,951,506</u>	<u>\$ 5,947,115</u>	<u>\$ 14,898,621</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 178,766	\$ -	\$ 178,766
Fund Balance			
Restricted for Measure E Projects	<u>8,772,740</u>	<u>5,947,115</u>	<u>14,719,855</u>
Total Liabilities and Fund Balance	<u>\$ 8,951,506</u>	<u>\$ 5,947,115</u>	<u>\$ 14,898,621</u>

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Construction Fund</u>	<u>Technology Endowment</u>	<u>Total</u>
REVENUES			
Local Revenues - Interest	\$ 51,896	\$ 212,578	\$ 264,474
Total Revenues	<u>51,896</u>	<u>212,578</u>	<u>264,474</u>
EXPENDITURES			
Classified Salaries	192,168	-	192,168
Employee Benefits	72,331	-	72,331
Books and Supplies	786	164,368	165,154
Services and Other Operating Expenditures	415,753	13,186	428,939
Capital Outlay	5,048,364	247,792	5,296,156
Debt Service Expenditures	<u>9,000,000</u>	<u>6,000,000</u>	<u>15,000,000</u>
Total Expenditures	<u>14,729,402</u>	<u>6,425,346</u>	<u>21,154,748</u>
Deficiency of Revenues Over Expenditures	<u>(14,677,506)</u>	<u>(6,212,768)</u>	<u>(20,890,274)</u>
OTHER FINANCING SOURCES			
Proceeds from Issuance of Bonds	<u>24,404,817</u>	<u>6,000,000</u>	<u>30,404,817</u>
Total Other Financing Sources	<u>24,404,817</u>	<u>6,000,000</u>	<u>30,404,817</u>
Net Change in Fund Balances	9,727,311	(212,768)	9,514,543
Beginning Fund Balance - July 1, 2009	<u>8,772,740</u>	<u>5,947,115</u>	<u>14,719,855</u>
Ending Fund Balance - June 30, 2010	<u><u>\$ 18,500,051</u></u>	<u><u>\$ 5,734,347</u></u>	<u><u>\$ 24,234,398</u></u>

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

FOR THE THREE MONTHS ENDED JUNE 30, 2009

	<u>Construction Fund</u>	<u>Technology Endowment</u>	<u>Total</u>
REVENUES			
Local Revenues - Interest	<u>\$ 226,495</u>	<u>\$ 77,115</u>	<u>\$ 303,610</u>
Total Revenues	<u>226,495</u>	<u>77,115</u>	<u>303,610</u>
EXPENDITURES			
Services and Other Operating Expenditures	193,731	130,000	323,731
Capital Outlay	<u>260,024</u>	<u>-</u>	<u>260,024</u>
Total Expenditures	<u>453,755</u>	<u>130,000</u>	<u>583,755</u>
Deficiency of Revenues Over Expenditures	<u>(227,260)</u>	<u>(52,885)</u>	<u>(280,145)</u>
OTHER FINANCING SOURCES			
Proceeds from Issuance of Bonds	<u>9,000,000</u>	<u>6,000,000</u>	<u>15,000,000</u>
Total Other Financing Sources	<u>9,000,000</u>	<u>6,000,000</u>	<u>15,000,000</u>
Net Change in Fund Balances	8,772,740	5,947,115	14,719,855
Beginning Fund Balance - April 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance - June 30, 2009	<u><u>\$ 8,772,740</u></u>	<u><u>\$ 5,947,115</u></u>	<u><u>\$ 14,719,855</u></u>

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES

JUNE 30, 2010 AND 2009

<u>Measure E Funds</u>	<u>Original Budget*</u>	<u>FY 2008-09 Actual Expenditures</u>	<u>Remaining Balance as of June 30, 2009</u>	<u>FY 2009-10 Actual Expenditures</u>	<u>Remaining Balance as of June 30, 2010</u>
Construction Projects Fund					
Acalanes High School	\$ 12,276,959	\$ 148,297	\$ 12,128,662	\$ 1,119,243	\$ 11,009,419
Campolindo High School	22,134,782	-	22,134,782	836,488	21,298,294
Las Lomas High School	11,326,338	-	11,326,338	1,051,980	10,274,358
Miramonte High School	12,151,106	-	12,151,106	781,608	11,369,498
District Office	4,277,490	-	4,277,490	-	4,277,490
Del Valle Educational Center	24,833,325	111,726	24,721,599	1,259,949	23,461,650
Unallocated Operating Expenditures	<u>-</u>	<u>731</u>	<u>(731)</u>	<u>275,135</u>	<u>(275,866)</u>
Total	87,000,000	260,754	86,739,246	5,324,403	81,414,843
Technology Endowment Fund	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>425,436</u>	<u>5,574,564</u>
Total Measure E Funds	<u>\$ 93,000,000</u>	<u>\$ 260,754</u>	<u>\$ 92,739,246</u>	<u>\$ 5,749,839</u>	<u>\$ 86,989,407</u>

** Includes budget for unissued bonds*

ACALANES UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

The following is the full proposition presented to the voters by the Acalanes Union High School District:

“To establish a ten-year technology fund, upgrade instructional classroom technology, replace worn, aging roofs, convert obsolete facilities into additional classroom space, upgrade electrical and energy management systems to improve efficiency and repair, construct, equip or upgrade school facilities, shall the Acalanes Union High School District issue \$93 million in bonds at interest rates within the legal limit, with all expenditures reviewed by an independent citizens' oversight committee without increasing current tax rates?”

Priority School Projects List

The Board of Trustees of the Acalanes Union High School District evaluated the District's urgent and critical facility needs, including safety issues, enrollment trends, class size, and computer and information technology, in developing the scope of projects to be funded. In developing the scope of projects, teachers, staff and community members have prioritized the key health and safety needs so that the most critical facility needs are addressed. The Board conducted a facilities evaluation and received public input and review in developing this Priority School Projects List, as reflected in the District's Facility Master Plan, approved by the Board on July 21, 2008, incorporated herein, and as shall be amended from time to time. The District's Facility Master Plan is on file at the Superintendent's Office and on the District's website, www.acalanes.k12.ca.us. This input concluded that if these needs were not addressed now, the problems would only get worse.

In approving this Priority School Projects List, the Board of Trustees determines that the District must:

- i. Upgrade instructional classroom technology;
- ii. Replace worn, aging roofs;
- iii. Upgrade electrical and energy management systems to improve efficiency;
- iv. Repair, construct, equip, or upgrade school facilities;
- v. Convert obsolete facilities into additional classroom space; and
- vi. Establish a ten-year classroom technology fund.

The Bond Project List is on file at the District Office of the Superintendent and includes the following projects:

Project costs for repair and renovation of all existing school facilities include, but are not limited to, some or all of the following: improve electrical systems for classroom technology; repair and/or replace leaky roofs, heating, and ventilation systems; repair and replace worn-out windows, walls and doors, and hardware; upgrade or replace walk-way canopies; repair and replace fire alarms, and security systems (including outdoor lighting); interior and exterior painting; demolition; improve drainage and irrigation systems; restore stadium surfaces; inspect for and abate any hazardous materials; install instructional classroom technology; replace gas and water mains for safety; convert obsolete campus facilities such as darkrooms into classroom space; and implement ten-year classroom technology replacement plan.

ACALANES UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

Acalanes High School (Built in 1940)

- Upgrade aging and outdated classroom technology.
- Replace or repair old and leaky roofs to prevent damage to classrooms, carpeting, floors and walls.
- Upgrade electrical systems to accommodate modern classroom and laboratory technology.
- Upgrade classrooms to enhance student achievement.
- Replace existing 50-year old swimming pool.
- Replace floor in small gym.
- Convert obsolete facilities into additional classroom space.
- Convert storage space into an art lab.
- Upgrade energy management system to improve efficiency, conserve energy, and reduce costs.

Campolindo High School (Built in 1961)

When the district began the renovations of its schools with voter-approved bond funds, Campolindo was its newest school and required less renovation work than the other schools. Campolindo is now 50 years old and in need of significant repair and renovation.

- Upgrade aging and outdated classroom technology.
- Replace or repair old and leaky roofs to prevent damage to classrooms, carpeting, floors and walls.
- Upgrade electrical systems to accommodate modern classroom and laboratory technology.
- Enhance student safety with improved security systems, outdoor lighting, and fire alarm systems.
- Upgrade aging and/or deteriorating restrooms.
- Replace worn mechanical equipment including exhaust fans, heating, ventilation, and cooling systems.
- Convert obsolete facilities into additional classroom space.
- Convert an obsolete classroom into a career technology classroom.
- Modernize music classrooms and the cafeteria.
- Convert existing space to expand the number of science classrooms to accommodate student demand.
- Upgrade energy management system to improve efficiency, conserve energy, and reduce costs.

Las Lomas High School (Built in 1950)

- Upgrade aging and outdated classroom technology.
- Replace or repair old and leaky roofs to prevent damage to classrooms, carpeting, floors and walls.
- Upgrade electrical systems to accommodate modern classroom and laboratory technology.
- Add additional restrooms.
- Improve campus safety by replacing outdated main gas and water lines.
- Enhance student safety with improved outdoor lighting.
- Renovate and upgrade culinary career classroom and update classroom space for art instruction.
- Replace pedestrian bridge walkways to ensure safety.
- Upgrade energy management to improve efficiency, conserve energy, and reduce costs.

ACALANES UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BOND BUILDING FUND

FULL TEXT OF BOND MEASURE

Miramonte High School (Built in 1955)

- Upgrade aging and outdated classroom technology.
- Replace or repair old and leaky roofs to prevent damage to classrooms, carpeting, floors and walls.
- Upgrade electrical systems to accommodate modern classroom and laboratory technology.
- Replace worn mechanical equipment including exhaust fans, heating, ventilation, and cooling system.
- Improve campus safety by replacing outdated gas and water mains.
- Renovate and upgrade the 420 art classroom building.
- Renovate and update culinary career classroom.
- Upgrade energy management system to improve efficiency, conserve energy, and reduce costs.

District Office (Built in 1955)

- Repair and expand existing District administrative center.

Del Valle Educational Center (Built in 1958)

The Del Valle Campus serves the Acalanes Adult Education Center and two alternative high schools, Del Oro High School and the Center for Independent Study. The Adult Education Program serves 8,000 community members. The facilities have not benefited significantly from previous local or state bonds. As the baby boomer population ages, the demand for programs and classrooms at this 50-year old campus continues to increase.

- Improve the Adult Education facilities by constructing a new classroom building.
- Renovate existing classrooms.
- Increase parking.

Ten-Year Classroom Technology

- Create a ten-year technology fund to provide students and teachers with up-to-date classroom computers and technology.

The listed building repair and rehabilitation projects, including upgrades will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program management, staff training expenses and a customary contingency, and escalation for unforeseen design and construction costs. In addition to the listed repair and construction projects stated above, the Priority School Projects List also includes the payment of the costs of preparation of all facility planning, facility assessment reviews, environmental studies, construction documentation, inspection and permit fees, and temporary housing of dislocated District activities caused by bond projects. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over IP, call manager and network security/firewall, and other miscellaneous equipment and software. The allocation of bond proceeds may be affected by the District's receipt of State matching funds and the final costs of each project.

ACALANES UNION HIGH SCHOOL DISTRICT

**MEASURE E GENERAL OBLIGATION BOND
BUILDING FUND**

FULL TEXT OF BOND MEASURE

In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District may not be able to complete some of the projects listed above. Certain projects may be undertaken as joint use projects in cooperation with other local public agencies. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration, landscaping, may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, redirecting fire access, and acquiring any necessary easements, licenses, or rights of way to the property.

Bond proceeds shall only be expended for the specific purposes identified herein. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to the bond projects. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

Fiscal Accountability: In accordance with education code section 15272, the board of trustees will appoint a citizens' oversight committee and conduct annual independent audits to assure that funds are spent only on district projects and for no other purpose. The expenditure of bond money on these projects is subject to stringent financial accountability requirements. By law, performance and financial audits will be performed annually, and all bond expenditures will be monitored by an independent citizens' oversight committee to ensure that funds are spent as promised and specified. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

No Administrator Salaries: Proceeds from the sale of the bonds authorized by this proposition shall be used only for the acquisition, construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, and not for any other purpose, including teacher and school administrator salaries and other operating expenses.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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***

Citizen's Oversight Committee
and Governing Board
Acalanes Union High School District
Lafayette, California

We have audited the financial statements of the Measure E General Obligation Bond Building Fund of Acalanes Union High School District (the "District") as of and for the fiscal year ended June 30, 2010 and the three months ending June 30, 2009, and have issued our report thereon dated January 7, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over the Measure E General Obligation Bond Building Fund's financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governing Board, the Citizen's Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified users.

A handwritten signature in black ink that reads "James Marta". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants

January 7, 2011



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT AUDITOR'S REPORT
ON MEASURE E BOND PERFORMANCE**

Citizen's Oversight Committee
and Governing Board
Acalanes Union High School District
Lafayette, California

We have audited the financial statements of the Measure E General Obligation Bond Building Fund of Acalanes Union High School District (the "District") as of and for the fiscal year ended June 30, 2010 and the three months ending June 30, 2009, and have issued our report thereon dated January 7, 2011. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the District's Measure E general obligation bonds for the fiscal year ended June 30, 2010 and the three months ended June 30, 2009. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure E bonds were only used for the purposes set forth in the ballot language and not for any other purpose.

To meet our objectives, audit tests were performed and included, but were not limited to, the following:

1. We reviewed the bond sale transactions and determined that all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
2. We reviewed expenditures made from the bond proceeds and determined that the bond funds were spent only on projects identified in the ballot measure.
3. We reviewed expenditures made from the bond proceeds and determined that the bond funds were used only for the purposes of upgrading instructional classroom technology, replacing worn and aging roofs, converting obsolete facilities into additional classroom space, upgrading electrical and energy management systems to improve efficiency and repairing, constructing, equipping or upgrading school facilities.
4. We reviewed the accounting system and account codes used by the District, and determined that they provided an adequate system for tracking bond fund expenditures by project.

Our audit of compliance was made for the purposes set forth in the preceding paragraph and would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the requirements of the Measure E General Obligation Bond Fund proceeds listed and tested above.

This report is intended solely for the information and use of the Governing Board, the Citizen's Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified users.

A handwritten signature in black ink that reads "James Marta". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants

January 7, 2011