

**ALPINE UNION SCHOOL DISTRICT  
COUNTY OF SAN DIEGO  
ALPINE, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2013**

**Wilkinson Hadley King & Co. LLP  
CPA's and Advisors  
218 W. Douglas Ave.  
El Cajon, California**

## Introductory Section

Alpine Union School District  
 Audit Report  
 For The Year Ended June 30, 2013

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## Financial Section

**Wilkinson Hadley King & Co. LLP**

CPA's and Advisors  
218 W. Douglas Ave.  
El Cajon, California

**Independent Auditor's Report**

To the Board of Trustees  
Alpine Union School District  
Alpine, 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 Alpine Union School District ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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 of 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 District'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 District'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 Alpine Union School District as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note A to the financial statements, in 2013, Alpine Union School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress for OPEB benefits identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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 an 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alpine Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining financial statements and other supplementary information and the schedule of expenditures of federal awards are 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 5, 2013 on our consideration of Alpine Union 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 Alpine Union School District's internal control over financial reporting and compliance.

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
December 5, 2013

ALPINE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

This discussion and analysis of the Alpine Union School District's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the district's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the district's financial performance.

#### USING THESE FINANCIAL STATEMENTS

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

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

#### FINANCIAL HIGHLIGHTS

Key financial highlights for 2012-2013 are as follows:

- Total net position is \$64,748
- Unrestricted net position (assets not invested in buildings, land, or equipment, and not restricted for debt payment or reserved for projects and educational programs) \$59,188.
- Outstanding Capital Lease-Purchase Debt decreased from \$771,593 to \$691,148 during the 2012/13 fiscal year.
- Outstanding General Obligation Bonds Debt increased from \$15,855,375 to \$16,185,384 during the 2012/13 fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

## REPORTING THE DISTRICT AS A WHOLE FINANCIAL ENTITY

### *Statement of Net Position and Statement of Activities*

While this document contains several funds used by the district to provide programs and activities, the view of the district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012-2013?" The Statement of Net position and the Statement of Activities answer this question. These statements include all assets and all liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or disbursed.

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

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

## REPORTING THE DISTRICTS MOST SIGNIFICANT INDIVIDUAL FUNDS

### *Fund Financial Statements*

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

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

ALPINE UNION SCHOOL DISTRICT AS A COMPLETE FINANCIAL ENTITY

Recall that the Statement of Net Position provides the perspective of the district as a whole. Table I provides a summary of the district's net position.

Table 1  
Statement of Net Position  
June 30

	2012	2013	Change	% Change
<b>Assets</b>				
Cash	\$ 2,059,459	\$ 1,772,745	\$ (286,714)	-13.92%
Receivables	3,557,005	2,395,037	(1,161,968)	-32.67%
Stores	11,215	5,636	(5,579)	-49.75%
Prepaid Debt Issue Costs	337,273	267,590	(69,683)	-20.66%
Capital Assets				
Land	2,137,026	2,137,026	-	0.00%
Improvements	7,621,382	7,621,382	-	0.00%
Buildings	24,376,753	24,387,008	10,255	0.04%
Equipment	1,248,869	1,248,869	-	0.00%
Less Accumulated Depreciation	<u>(13,942,810)</u>	<u>(15,012,584)</u>	<u>(1,069,774)</u>	<u>7.67%</u>
Total Assets	<u>\$ 27,406,172</u>	<u>\$ 24,822,709</u>	<u>\$ (2,583,463)</u>	<u>-9.43%</u>
<b>Liabilities</b>				
Accounts Payable	\$ 3,221,299	\$ 1,886,462	\$ (1,334,837)	-41.44%
Unearned Revenue	19,478	5,236	(14,242)	-73.12%
Long-Term Liabilities				
Due Within One Year	1,036,571	1,451,115	414,544	39.99%
Due in More Than One Year	<u>21,745,629</u>	<u>21,415,148</u>	<u>(330,481)</u>	<u>-1.52%</u>
Total Liabilities	<u>26,022,977</u>	<u>24,757,961</u>	<u>(1,265,016)</u>	<u>-4.86%</u>
<b>Net Position</b>				
Net Investment in Capital Assets	94,252	(975,200)	(1,069,452)	-1134.67%
Restricted for:				
Capital Projects	248,320	22,127	(226,193)	-91.09%
Debt Service	768,560	857,913	89,353	11.63%
Educational Programs	120,034	92,516	(27,518)	-22.93%
Other Purposes (Expendable)	4,494	68	(4,426)	-98.49%
Other Purposes (Nonexpendable)	13,715	8,136	(5,579)	-40.68%
Unrestricted	<u>133,820</u>	<u>59,188</u>	<u>(74,632)</u>	<u>-55.77%</u>
Total Net Position	<u>\$ 1,383,195</u>	<u>\$ 64,748</u>	<u>\$ (1,318,447)</u>	<u>-95.32%</u>

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

Table 2  
Revenue – Governmental Activities

	<u>2011-12</u>	<u>2012-13</u>	<u>Change</u>	<u>% Change</u>
<b>Revenue</b>				
Program Revenues	\$ 3,229,726	\$ 2,810,820	\$ (418,906)	-12.97%
General Revenues	<u>13,099,263</u>	<u>12,995,408</u>	<u>(103,855)</u>	<u>-0.79%</u>
Total Revenue	<u>\$ 16,328,989</u>	<u>\$ 15,806,228</u>	<u>\$ (522,761)</u>	<u>-3.20%</u>

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

Table 3  
Expenditures – Governmental Activities

	<u>2011-12</u>	<u>2012-13</u>	<u>Change</u>	<u>% Change</u>
<b>Expenditures</b>				
Instruction	\$ 11,072,465	\$ 10,615,513	\$ (456,952)	-4.13%
Instruction Related Services	1,195,397	1,093,290	(102,107)	-8.54%
Pupil Services	1,863,611	1,813,121	(50,490)	-2.71%
General Administration	1,192,402	1,073,050	(119,352)	-10.01%
Plant Services	3,456,517	1,162,777	(2,293,740)	-66.36%
Community Services	195,386	177,955	(17,431)	-8.92%
Debt Issue Costs	106,796	81,591	(25,205)	-23.60%
Interest on Long Term Debt	<u>1,144,455</u>	<u>1,107,378</u>	<u>(37,077)</u>	<u>-3.24%</u>
Total Expenditures	<u>\$ 20,227,029</u>	<u>\$ 17,124,675</u>	<u>\$ (3,102,354)</u>	<u>-15.34%</u>

This chart does not include interest payments on long-term general obligation bond debt to be paid from property tax collections in future years.

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

During the course of the 2012-2013 fiscal year, the district revised its general fund budget on occasion to better reflect new grants and awards, and to portray the most current state and federal budget projections, as that information became available. Budget revisions are presented to the Governing Board for review and approval at regularly scheduled Board meetings.

## CAPITAL ASSETS

At the end of the 2012-2013 fiscal year, the district had \$35,394,285 invested in land, buildings, and capital equipment. Depreciation totaling \$15,012,584 was charged against the value of those assets for net capital assets of \$20,381,701.

## CURRENT FINANCIAL RELATED ACTIVITIES

Over the years, Alpine Union School District has maintained a strong, financially responsible budget. Each year the district takes a very careful look at revenue and expenditure projections on a multi-year basis, and adjusts its budget accordingly, to maintain an acceptable and safe reserve balance. As the preceding information shows, assets are substantial and the amount of debt paid from general revenues is a very small percentage of the overall budget. However, the financial future is full of challenges due to the district's dependence on the state of California for the bulk of its general operating revenue. The state of California's economy has left the future funding for education in question.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGERS

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rob Turner, Business Manager at Alpine Union School District, 1323 Administration Way, Alpine, CA 91901 or e-mail to [robturner@alpineschools.net](mailto:robturner@alpineschools.net).

## Basic Financial Statements

**ALPINE UNION SCHOOL DISTRICT**  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	Governmental Activities
<b>ASSETS:</b>	
Cash	\$ 1,772,745
Receivables	2,395,037
Stores	5,636
Prepaid Debt Issue Costs	267,590
Capital Assets:	
Land	2,137,026
Improvements	7,621,382
Buildings	24,387,008
Equipment	1,248,869
Less Accumulated Depreciation	(15,012,584)
Total Assets	<u>24,822,709</u>
<b>LIABILITIES:</b>	
Accounts Payable	1,886,462
Unearned Revenue	5,236
Long-Term Liabilities:	
Due Within One Year	1,393,639
Accreted Interest Due Within One Year	57,476
Due in More Than One Year	13,531,017
Accreted Interest Due in More Than One Year	7,884,131
Total Liabilities	<u>24,757,961</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	(975,200)
Restricted for:	
Capital Projects	22,127
Debt Service	857,913
Educational Programs	92,516
Other Purposes (Expendable)	68
Other Purposes (Nonexpendable)	8,136
Unrestricted	59,188
Total Net Position	<u>\$ 64,748</u>

The accompanying notes are an integral part of this statement.



**ALPINE UNION SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction	\$ 10,615,513	\$ -	\$ 1,681,859	\$ (8,933,654)
Instruction-Related Services:				
Instructional Supervision and Administration	96,061	-	10,963	(85,098)
Instructional Library, Media and Technology	47,100	-	-	(47,100)
School Site Administration	950,129	-	5,147	(944,982)
Pupil Services:				
Home-to-School Transportation	730,298	56,901	425,487	(247,910)
Food Services	594,011	294,074	253,676	(46,261)
All Other Pupil Services	488,812	-	24,625	(464,187)
General Administration:				
Centralized Data Processing	32,152	-	-	(32,152)
All Other General Administration	1,040,898	1,525	55,211	(984,162)
Plant Services	1,162,777	726	626	(1,161,425)
Community Services	177,955	-	-	(177,955)
Debt Issue Costs	81,591	-	-	(81,591)
Interest on Long-Term Debt	1,107,378	-	-	(1,107,378)
Total Expenses	\$ 17,124,675	\$ 353,226	\$ 2,457,594	\$ (14,313,855)
General Revenues:				
Taxes and Subventions:				
				3,674,433
				757,925
				(45)
				8,032,785
				7,307
				523,003
				<u>12,995,408</u>
Change in Net Position				(1,318,447)
Net Position Beginning				1,383,195
Net Position Ending				<u>\$ 64,748</u>

The accompanying notes are an integral part of this statement.

**ALPINE UNION SCHOOL DISTRICT**  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	General Fund	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 849,407	\$ 857,913	\$ 51,037	\$ 1,758,357
Cash on Hand and in Banks	10,704	-	1,181	11,885
Cash in Revolving Fund	2,500	-	-	2,500
Cash with a Fiscal Agent/Trustee	-	-	2	2
Accounts Receivable	2,376,575	-	18,462	2,395,037
Due from Other Funds	36,392	-	-	36,392
Stores Inventories	-	-	5,636	5,636
Total Assets	<u>3,275,578</u>	<u>857,913</u>	<u>76,318</u>	<u>4,209,809</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 237,993	\$ -	\$ 12,095	\$ 250,088
Due to Grantor Governments	1,525,885	-	-	1,525,885
Due to Other Funds	-	-	36,392	36,392
Unearned Revenue	5,237	-	-	5,237
Total Liabilities	<u>1,769,115</u>	<u>-</u>	<u>48,487</u>	<u>1,817,602</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	2,500	-	-	2,500
Stores Inventories	-	-	5,636	5,636
Restricted Fund Balances				
Educational Programs	20,926	-	-	20,926
Child Nutrition Programs	-	-	68	68
Assigned Fund Balances				
Friends of Alpine Union School District	71,590	-	-	71,590
Debt Service	-	857,913	-	857,913
Capital Projects	-	-	22,127	22,127
Unassigned:				
Reserve for Economic Uncertainty	1,411,447	-	-	1,411,447
Total Fund Balance	<u>1,506,463</u>	<u>857,913</u>	<u>27,831</u>	<u>2,392,207</u>
Total Liabilities and Fund Balances	<u>\$ 3,275,578</u>	<u>\$ 857,913</u>	<u>\$ 76,318</u>	<u>\$ 4,209,809</u>

**ALPINE UNION SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

Total fund balances - governmental funds balance sheet \$ 2,392,207

Amounts reported for governmental activities in the statement of net position are different 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 relating to governmental activities, at historical cost:	35,394,285	
Accumulated depreciation:	<u>(15,012,584)</u>	
Net:		20,381,701

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net position are:	267,590
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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:	(110,487)
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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:

General obligation bonds payable	16,185,384	
Compensated absences payable	362,825	
Net OPEB obligation	1,146,537	
Certificates of Participation	4,480,369	
Capital leases payable	<u>691,148</u>	
Total:		<u>(22,866,263)</u>

Net position of governmental activities - statement of net position \$ 64,748

The accompanying notes are an integral part of this statement.

**ALPINE UNION SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Revenue Limit Sources:				
State Apportionments	\$ 6,199,865	\$ -	\$ -	\$ 6,199,865
Local Sources	3,689,311	-	-	3,689,311
Federal Revenue	756,962	-	486,597	1,243,559
Other State Revenue	2,115,294	8,373	19,116	2,142,783
Other Local Revenue	1,463,083	751,335	340,109	2,554,527
Total Revenues	<u>14,224,515</u>	<u>759,708</u>	<u>845,822</u>	<u>15,830,045</u>
<b>Expenditures:</b>				
Instruction	9,468,045	-	-	9,468,045
Instruction - Related Services	1,079,765	-	-	1,079,765
Pupil Services	1,164,586	-	581,545	1,746,131
Community Services	174,058	-	-	174,058
General Administration	1,066,603	-	9,055	1,075,658
Plant Services	1,137,022	-	18,337	1,155,359
Debt Service:				
Issuance Costs	11,908	-	-	11,908
Principal	80,444	610,000	185,000	875,444
Interest	35,084	60,355	295,163	390,602
Total Expenditures	<u>14,217,515</u>	<u>670,355</u>	<u>1,089,100</u>	<u>15,976,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,000</u>	<u>89,353</u>	<u>(243,278)</u>	<u>(146,925)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	7,081	7,081
Transfers Out	(7,081)	-	-	(7,081)
Total Other Financing Sources (Uses)	<u>(7,081)</u>	<u>-</u>	<u>7,081</u>	<u>-</u>
Net Change in Fund Balance	(81)	89,353	(236,197)	(146,925)
Fund Balance, July 1	1,506,544	768,560	264,028	2,539,132
Fund Balance, June 30	<u>\$ 1,506,463</u>	<u>\$ 857,913</u>	<u>\$ 27,831</u>	<u>\$ 2,392,207</u>

The accompanying notes are an integral part of this statement.

**ALPINE UNION SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds \$ (146,925)

Amounts reported for governmental activities in the statement of activities are different 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	10,255	
Depreciation expense	<u>(1,069,774)</u>	
Net:		(1,059,519)

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: 875,444

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

Issue costs incurred		
Issue costs amortized	<u>(69,683)</u>	
Net		(69,683)

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 that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (739,379)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when the employer contributions are made. In the statement of activities, costs are measured and recognized in relation to the annual required contribution. The annual required contribution is the normal costs related to the current period plus a calculated amount necessary to systematically amortize any unfunded liability in accordance with generally accepted accounting principles. This year, the difference between the annual required contribution and amounts actually funded was: (184,292)

Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is: 22,605

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 amounts earned. The difference between compensated absences paid and compensated absences earned was: (16,698)

Change in net position of governmental activities - statement of activities \$ (1,318,447)

The accompanying notes are an integral part of this statement.

**ALPINE UNION SCHOOL DISTRICT**  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013

	Agency Fund
	Student Body Fund
<b>ASSETS:</b>	
Cash on Hand and in Banks	\$ 43,760
Total Assets	<u>43,760</u>
<b>LIABILITIES:</b>	
Due to Student Groups	\$ 43,760
Total Liabilities	<u>43,760</u>
<b>NET POSITION:</b>	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**ALPINE UNION SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

The District reports the following major governmental funds:

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

Bond Interest and Redemption Fund. This fund is used to accumulate resources from the collection of levied taxes to pay the principal and interest of the district's outstanding bond obligations.

In addition, the District reports the following fund types:

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

Debt Service Funds. These funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other costs.

Capital Projects Funds. These funds are used to account for the proceeds from bond issuances and for the acquisition of capital assets of the district.

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

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

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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



**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-50
Building Improvements	20
Vehicles	3-15
Office Equipment	3-15
Computer Equipment	3-15

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

d. Compensated Absences

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

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

e. 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 deferred revenue is removed from the combined balance sheet and revenue is recognized.

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Minimum Fund Balance

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. It is the District's intent to continuously sustain a 4% economic uncertainty reserve. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. 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. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

j. Use of Estimates

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

k. GASB 63 Implementation

The District has implemented GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The purpose of this pronouncement is to improve financial reporting by standardizing the presentation of deferred inflows and outflows of resources and their effects on a government's net position. Transactions that result in consumption or acquisition of net assets in one period that are applicable to future periods as deferred outflows and inflows of resources which are distinguished from assets and liabilities. Net position is the difference between 1) assets and deferred outflows of resources; and 2) liabilities and deferred inflows of resources. For the year ended June 30, 2013 the District did not have any items which would be considered deferred outflows and inflows of resources.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**B. Compliance and Accountability**

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

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

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

**2. Deficit Fund Balance or Fund net position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Excess of Expenditures Over Appropriations**

As of June 30, 2013 expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Debt Service Principal	\$ 400

**D. Cash and Investments**

**1. Cash in County Treasury**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$1,758,357 as of June 30, 2013). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$1,753,694. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks (\$55,645 as of June 30, 2013) and in the revolving fund (\$2,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

**3. Investments**

The District's investments at June 30, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Money Market Funds	<30 Days	\$ 2
Cash in County Treasury	393 Days	1,753,694
Total Investments		<u>\$ 1,753,696</u>

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The San Diego County Investment Pool is rated AA+ by Standard & Poors.

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the San Diego Investment Pool with a fair value of \$1,753,694 and a book value of \$1,758,357. The weighted average days to maturity for this investment pool is 393 days.

e. Foreign Currency Risk

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

Investment Accounting Policy

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

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

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

**E. Accounts Receivable**

Accounts receivable at June 30, 2013 consisted of:

	General Fund	Non-Major Funds	Total
Federal Government:			
Federal programs	\$ 264,711	\$ 14,518	\$ 279,229
State Government:			
Revenue limit	1,305,939	-	1,305,939
Class size reduction	245,366	-	245,366
Lottery	157,621	-	157,621
Other state programs	399,417	1,182	400,599
Local Sources:			
Interest	1,036	44	1,080
Other local sources	2,485	2,718	5,203
Totals	<u>\$ 2,376,575</u>	<u>\$ 18,462</u>	<u>\$ 2,395,037</u>

**F. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 2,137,026	\$ -	\$ -	\$ 2,137,026
Total capital assets not being depreciated	<u>2,137,026</u>	<u>-</u>	<u>-</u>	<u>2,137,026</u>
Capital assets being depreciated:				
Buildings	24,376,753	10,255	-	24,387,008
Improvements	7,621,382	-	-	7,621,382
Equipment	1,248,869	-	-	1,248,869
Total capital assets being depreciated	<u>33,247,004</u>	<u>10,255</u>	<u>-</u>	<u>33,257,259</u>
Less accumulated depreciation for:				
Buildings	(8,479,468)	(656,882)	-	(9,136,350)
Improvements	(4,567,055)	(359,279)	-	(4,926,334)
Equipment	(896,287)	(53,613)	-	(949,900)
Total accumulated depreciation	<u>(13,942,810)</u>	<u>(1,069,774)</u>	<u>-</u>	<u>(15,012,584)</u>
Total capital assets being depreciated, net	<u>19,304,194</u>	<u>(1,059,519)</u>	<u>-</u>	<u>18,244,675</u>
Governmental activities capital assets, net	<u>\$ 21,441,220</u>	<u>\$ (1,059,519)</u>	<u>\$ -</u>	<u>\$ 20,381,701</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,007,364
Pupil Services	58,051
General Administration	1,900
Plant Services	2,459
	<u>\$ 1,069,774</u>

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2013 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Cafeteria Fund	\$ 36,392	Reimburse Expenses
	Total	<u>\$ 36,392</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2013 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Building Fund	\$ 7,081	Reimburse Expenses
	Total	<u>\$ 7,081</u>	

H. Short-Term Debt Activity

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

I. Accounts Payable

Accounts payable at June 30, 2013 consisted of:

	General Fund	Non-Major Funds	Total
Vendor payables	\$ 88,635	\$ 1,915	\$ 90,550
Payroll and related benefits	147,458	10,180	157,638
Due to grantor government	1,525,885	-	1,525,885
Other current liabilities	1,900	-	1,900
Totals	<u>\$ 1,763,878</u>	<u>\$ 12,095</u>	<u>\$ 1,775,973</u>

Amounts due to grantor government represent amounts remaining on a temporary transfer agreement between the District and the County of San Diego. Repayments of the temporary transfer will be made from apportionment and property tax earned by the District. Interest is repaid at an amount equal to amounts earned in the County Treasury.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

J. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 15,855,375	\$ 781,123	\$ 610,000	\$ 16,026,498	\$ 695,000
Bond premium	186,063	-	27,177	158,886	-
Capital leases	771,593	-	80,445	691,148	83,290
Net OPEB obligation	962,245	356,102	171,810	1,146,537	-
Certificates of participation	4,720,000	-	185,000	4,535,000	310,000
COPs discount	(59,203)	-	(4,572)	(54,631)	-
Compensated absences *	346,127	16,698	-	362,825	362,825
Total governmental activities	\$ 22,782,200	\$ 1,153,923	\$ 1,069,860	\$ 22,866,263	\$ 1,451,115

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt, net of certificates of participation, net OPEB obligation, bond premium and COPs discount, at June 30, 2013 are as follows:

Year Ending June 30,	Governmental Activities			
	Principal	Accreted Interest	Interest	Total
2014	\$ 1,083,639	\$ 57,476	\$ 81,406	\$ 1,222,521
2015	801,002	66,042	59,802	926,846
2016	1,070,687	390,281	46,163	1,507,131
2017	643,112	971,956	19,712	1,634,780
2018	674,593	1,114,762	15,426	1,804,781
2019-2023	3,640,907	8,864,516	27,990	12,533,413
2024-2028	1,224,924	4,310,076	-	5,535,000
Totals	\$ 9,138,864	\$ 15,775,109	\$ 250,499	\$ 25,164,472



**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

3. General Obligation Bonds

General obligation bonds at June 30, 2013 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
1997-A Capital Appreciation	09/19/1997	5.40-5.50%	08/01/2022	\$ 2,410,605
1997-B Current Interest	10/22/1999	4.00-5.35%	08/01/2012	460,000
1997-B Capital Appreciation	10/22/1999	5.60-6.15%	08/01/2024	3,664,286
2010 Current Interest Refunding	11/04/2010	1.45-3.00%	08/01/2015	3,055,000
Total GO Bonds				<u>\$ 9,589,891</u>

  

	Beginning Balance	Increases	Decreases	Ending Balance
1997-A Capital Appreciation	\$ 2,410,605	\$ -	\$ -	\$ 2,410,605
1997-A Accreted Interest	2,816,150	289,626	-	3,105,776
1997-A Bond Premium	31,720	-	2,884	28,836
1997-B Current Interest	80,000	-	80,000	-
1997-B Capital Appreciation	3,664,286	-	-	3,664,286
1997-B Accreted Interest	4,344,334	491,497	-	4,835,831
1997-B Bond Premium	91,471	-	8,576	82,895
2010 Current Interest Refunding	2,540,000	-	530,000	2,010,000
2010 Bond Premium	62,872	-	15,717	47,155
Total GO Bonds	<u>\$ 16,041,438</u>	<u>\$ 781,123</u>	<u>\$ 637,177</u>	<u>\$ 16,185,384</u>

The annual requirements to amortize the bonds outstanding at June 30, 2013 are as follows:

Year Ending June 30,	Accreted		Interest	Total
	Principal	Interest		
2014	\$ 637,524	\$ 57,476	\$ 49,915	\$ 744,915
2015	713,958	66,042	32,065	812,065
2016	979,719	390,281	22,350	1,392,350
2017	548,044	971,956	-	1,520,000
2018	575,238	1,114,762	-	1,690,000
2019-2023	3,405,484	8,864,516	-	12,270,000
2024-2028	1,224,924	4,310,076	-	5,535,000
Totals	<u>\$ 8,084,891</u>	<u>\$ 15,775,109</u>	<u>\$ 104,330</u>	<u>\$ 23,964,330</u>

Note: Amounts represented in repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in debt summary are reflective of amounts that have accrued as of June 30, 2013.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 83,290	\$ 31,491	\$ 114,781
2015	87,044	27,737	114,781
2016	90,968	23,813	114,781
2017	95,068	19,712	114,780
2018	99,355	15,426	114,781
2019-2023	235,423	27,990	263,413
Totals	<u>\$ 691,148</u>	<u>\$ 146,169</u>	<u>\$ 837,317</u>

5. Certificates of Participation

Certificates of participation at June 30, 2013 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2010 Series A Taxable COPs	06/16/2010	4.513-7.33%	04/15/2027	\$ 4,470,000
2010 Series B Taxable COPs	07/08/2010	4.50%	04/15/2014	250,000
Total COPs				<u>\$ 4,720,000</u>

  

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2010 Series A Taxable COPs	\$ 4,470,000	\$ -	\$ 185,000	\$ 4,285,000
2010 Series A COPs Discount	(57,761)	-	(3,851)	(53,910)
2010 Series B Taxable COPs	250,000	-	-	250,000
2010 Series B COPs Discount	(1,442)	-	(721)	(721)
Total COPs	<u>\$ 4,660,797</u>	<u>\$ -</u>	<u>\$ 180,428</u>	<u>\$ 4,480,369</u>

Future commitments for certificates of participation as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 310,000	\$ 285,897	\$ 595,897
2015	330,000	271,938	601,938
2016	330,000	255,725	585,725
2017	325,000	238,285	563,285
2018	320,000	219,809	539,809
2019-2023	1,560,000	804,327	2,364,327
2024-2028	1,360,000	249,456	1,609,456
Totals	<u>\$ 4,535,000</u>	<u>\$ 2,325,437</u>	<u>\$ 6,860,437</u>

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

6. Prepaid Debt Issue Costs

Prepaid debt issue costs being amortized over the life of the debt at June 30, 2013 consisted of the following:

	Original Amount	Beginning Balance	Increases	Decreases	Ending Balance
2007-A GO Bonds	\$ 71,302	\$ 31,373	-	\$ 2,852	\$ 28,521
2007-B GO Bonds Current	18,216	1,401	-	1,401	-
2007-B GO Bonds Capital	145,105	75,455	-	5,804	69,651
2010 Refunding Bonds	106,073	84,858	-	21,215	63,643
2010 Series A COPs	88,091	77,727	-	5,182	72,545
2010 Series B COPs	99,688	66,459	-	33,229	33,230
Total COPs	<u>\$ 528,475</u>	<u>\$ 337,273</u>	<u>\$ -</u>	<u>\$ 69,683</u>	<u>\$ 267,590</u>

K. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSR) and the San Diego County Fringe Benefits Consortium (FBC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District.

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

Combined condensed unaudited financial information of the District's share of the JPAs for the year ended June 30, 2013 is as follows:

	SDCSR	FBC	Total
Total Assets	\$ 3,569	\$ 126,572	\$ 130,141
Total Liabilities	3,437	12,494	15,931
Total Fund Balance	<u>132</u>	<u>114,078</u>	<u>114,210</u>
Total Cash Receipts	\$ 5	\$ 436	\$ 441
Total Cash Disbursements	79,984	97,526	177,510
Net Change in Fund Balance	<u>(79,979)</u>	<u>(97,090)</u>	<u>(177,069)</u>

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

L. Employee Retirement Systems

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

PERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary, 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 2012-13 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 fiscal year ending June 30, 2013, 2012 and 2011 were \$215,326, \$210,909 and \$215,565, respectively, and equal 100% of the required contributions for each year.

STRS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$567,156, \$596,070 and \$638,958, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$355,797.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

M. Postemployment Benefits Other Than Pension Benefits

Plan Description

The Alpine Union School District (District) administers a single-employer healthcare plan (Plan). The plan provides medical benefits to eligible retirees up to age 65. Eligibility for retiree health benefits requires retirement from PERS/STRS with at least 10 years of District eligible service. The coverage period is limited to 10 years or to age 65, if earlier. The District's financial obligation is to provide full cost of coverage for the retirees only. Membership of the plan consists of approximately 142 eligible active employees and 23 eligible retirees.

Contribution Information

The contribution requirements of Plan members and the District are established and amended by the District and the Teachers Association (CEA) and the local California Service Employees Association (CSEA). The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012-13, the District contributed \$171,810 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District' annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Districts annual OPEB cost of the year, the amount actually contributed to the plan and changes in the District's net obligation to the Plan:

Annual required contribution	\$ 356,102
Contribution made	<u>(171,810)</u>
Increase in net OPEB obligation	184,292
Net OPEB obligation, beginning of year	962,245
Net OPEB obligation, end of year	<u>\$ 1,146,537</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011, 2012 and 2013 was as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2011	\$ 371,015	36%	\$ 764,749
2012	348,402	43%	962,245
2013	356,102	48%	1,146,537

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**ALPINE UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the actuarial cost method used was Projected Unit Credit with service prorate. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at retirement, termination, disability or death. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the plan year. All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the Employer were included in the valuation.

Medical cost trend rates ranged from an initial rate of 9.0% reduced to a rate of 5.0% after ten years. The UAAL is being amortized at a level dollar method with the remaining amortization period at July 1, 2011 of 27 years. The actuarial value of assets was not determined in this actuarial valuation; however, any assets of the plan to be determined will be on a market basis.

N. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

O. Subsequent Events

Effective for the fiscal year beginning July 1, 2013 the District is implementing GASB Statement Number 65, Items Previously Reported as Assets and Liabilities. The purpose of this pronouncement is to improve financial reporting by clarifying the appropriate use of the financial statement elements of deferred inflows and outflows of resources to ensure consistency in financial reporting. With implementation of this pronouncement, the District will recognize certain items previously reported as assets or liabilities as outflows of resources or inflows of resources.

## Required Supplementary Information

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

**ALPINE UNION SCHOOL DISTRICT**

**EXHIBIT B-1**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 6,288,880	\$ 6,288,880	\$ 6,199,865	\$ (89,015)
Local Sources	3,599,935	3,598,985	3,689,311	90,326
Federal Revenue	718,236	739,726	756,962	17,236
Other State Revenue	2,056,980	2,072,980	2,115,294	42,314
Other Local Revenue	1,510,049	1,425,049	1,463,083	38,034
Total Revenues	<u>14,174,080</u>	<u>14,125,620</u>	<u>14,224,515</u>	<u>98,895</u>
Expenditures:				
Current:				
Certificated Salaries	7,090,048	6,875,516	6,863,624	11,892
Classified Salaries	2,508,169	2,485,693	2,478,004	7,689
Employee Benefits	3,217,920	3,146,124	3,144,518	1,606
Books And Supplies	577,452	429,729	402,750	26,979
Services And Other Operating Expenditures	1,012,277	1,213,647	1,213,091	556
Debt Service:				
Principal	80,044	80,044	80,444	(400)
Interest	35,084	35,084	35,084	-
Total Expenditures	<u>14,520,994</u>	<u>14,265,837</u>	<u>14,217,515</u>	<u>48,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(346,914)</u>	<u>(140,217)</u>	<u>7,000</u>	<u>147,217</u>
Other Financing Sources (Uses):				
Transfers Out	-	(8,000)	(7,081)	919
Total Other Financing Sources (Uses)	<u>-</u>	<u>(8,000)</u>	<u>(7,081)</u>	<u>919</u>
Net Change in Fund Balance	<u>(346,914)</u>	<u>(148,217)</u>	<u>(81)</u>	<u>148,136</u>
Fund Balance, July 1	<u>1,506,544</u>	<u>1,506,544</u>	<u>1,506,544</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,159,630</u>	<u>\$ 1,358,327</u>	<u>\$ 1,506,463</u>	<u>\$ 148,136</u>



**ALPINE UNION SCHOOL DISTRICT**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS-HEALTHCARE PLAN  
 YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/2008	\$ -	\$ 2,653,000	\$ 2,653,000	-	\$ 11,971,436	22.2%
7/01/2011	-	2,846,694	2,846,694	-	8,293,000	34.3%

## Combining Statements and Budget Comparisons as Supplementary Information

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

**ALPINE UNION SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	Special Revenue Fund		Total Nonmajor Governmental Funds (See Exhibit A-3)
	Cafeteria Fund	Capital Projects Funds	
<b>ASSETS:</b>			
Cash in County Treasury	\$ 29,147	\$ 21,890	\$ 51,037
Cash on Hand and in Banks	1,181	-	1,181
Cash with a Fiscal Agent/Trustee	-	2	2
Accounts Receivable	18,227	235	18,462
Stores Inventories	5,636	-	5,636
Total Assets	<u>54,191</u>	<u>22,127</u>	<u>76,318</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 12,095	\$ -	\$ 12,095
Due to Other Funds	36,392	-	36,392
Total Liabilities	<u>48,487</u>	<u>-</u>	<u>48,487</u>
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	5,636	-	5,636
Restricted Fund Balances			
Child Nutrition Programs	68	-	68
Assigned Fund Balances			
Capital Projects	-	22,127	22,127
Total Fund Balance	<u>5,704</u>	<u>22,127</u>	<u>27,831</u>
Total Liabilities and Fund Balances	<u>\$ 54,191</u>	<u>\$ 22,127</u>	<u>\$ 76,318</u>

**ALPINE UNION SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Fund		Total Nonmajor Governmental Funds (See Exhibit A-5)
	Cafeteria Fund	Capital Projects Funds	
Revenues:			
Federal Revenue	\$ 256,759	\$ 229,838	\$ 486,597
Other State Revenue	19,116	-	19,116
Other Local Revenue	297,043	43,066	340,109
Total Revenues	<u>572,918</u>	<u>272,904</u>	<u>845,822</u>
Expenditures:			
Pupil Services	581,545	-	581,545
General Administration	-	9,055	9,055
Plant Services	1,377	16,960	18,337
Debt Service:			
Principal	-	185,000	185,000
Interest	-	295,163	295,163
Total Expenditures	<u>582,922</u>	<u>506,178</u>	<u>1,089,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,004)</u>	<u>(233,274)</u>	<u>(243,278)</u>
Other Financing Sources (Uses):			
Transfers In	-	7,081	7,081
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,081</u>	<u>7,081</u>
Net Change in Fund Balance	(10,004)	(226,193)	(236,197)
Fund Balance, July 1	15,708	248,320	264,028
Fund Balance, June 30	<u>\$ 5,704</u>	<u>\$ 22,127</u>	<u>\$ 27,831</u>

**ALPINE UNION SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2013

	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS:</b>			
Cash in County Treasury	\$ -	\$ 21,890	\$ 21,890
Cash with a Fiscal Agent/Trustee	2	-	2
Accounts Receivable	-	235	235
Total Assets	<u>2</u>	<u>22,125</u>	<u>22,127</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Assigned Fund Balances	\$ -	\$ -	\$ -
Capital Projects	2	22,125	22,127
Total Fund Balance	<u>2</u>	<u>22,125</u>	<u>22,127</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ 22,125</u>	<u>\$ 22,127</u>

**ALPINE UNION SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	\$ 229,838	\$ -	\$ 229,838
Other Local Revenue	26	43,040	43,066
Total Revenues	<u>229,864</u>	<u>43,040</u>	<u>272,904</u>
Expenditures:			
General Administration	-	9,055	9,055
Plant Services	5,100	11,860	16,960
Debt Service:			
Principal	185,000	-	185,000
Interest	295,163	-	295,163
Total Expenditures	<u>485,263</u>	<u>20,915</u>	<u>506,178</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(255,399)</u>	<u>22,125</u>	<u>(233,274)</u>
Other Financing Sources (Uses):			
Transfers In	7,081	-	7,081
Total Other Financing Sources (Uses)	<u>7,081</u>	<u>-</u>	<u>7,081</u>
Net Change in Fund Balance	(248,318)	22,125	(226,193)
Fund Balance, July 1	248,320	-	248,320
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ 22,125</u>	<u>\$ 22,127</u>

## Other Supplementary Information

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

## Supplementary Information Section



# ALPINE UNION SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2013

The Alpine Union School District was established in 1931. There were no changes to the boundaries of the district during the current fiscal year. The district is currently operating one elementary school for kindergarten students, three elementary schools for grades one through five, one middle school, one community day school, and one alternative education home school.

## Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Eric Wray	President	Four year term Expires December 2014
Glenn Dickie	Vice President	Four year term Expires December 2014
Dr. Tim Caruthers	Clerk	Four year term Expires December 2016
Gina Henke	Member	Four year term Expires December 2014
Joseph Perricone	Member	Four year term Expires December 2016

## Administration

Tom Pellegrino  
Superintendent

Bruce Cochrane  
Director of Human  
Resources and  
Pupil Services

Rob Turner  
Business Manager

**ALPINE UNION SCHOOL DISTRICT**  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2013

**TABLE D-1**

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	189.21	N/A	196.36	N/A
Grades 1 through 3	531.70	N/A	531.50	N/A
Grades 4 through 6	578.78	N/A	580.20	N/A
Grades 7 and 8	440.09	N/A	438.75	N/A
Home and hospital	0.12	N/A	0.17	N/A
Community day school	2.78	N/A	3.77	N/A
Special education	40.92	N/A	41.13	N/A
Elementary totals	<u>1,783.60</u>	<u>N/A</u>	<u>1,791.88</u>	<u>N/A</u>
ADA totals	<u><u>1,783.60</u></u>	<u><u>N/A</u></u>	<u><u>1,791.88</u></u>	<u><u>N/A</u></u>

Note: There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

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

**ALPINE UNION SCHOOL DISTRICT**  
 SCHEDULE OF INSTRUCTIONAL TIME  
 YEAR ENDED JUNE 30, 2013

**TABLE D-2**

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,290	33,338	36,000	35,000	38,715	175	-	Complied
Grade 1	50,725	49,316	50,400	49,000	50,455	175	-	Complied
Grade 2	50,725	49,316	50,400	49,000	50,455	175	-	Complied
Grade 3	50,725	49,316	50,400	49,000	50,455	175	-	Complied
Grade 4	53,320	51,839	54,000	52,500	52,885	175	-	Complied
Grade 5	53,897	52,400	54,000	52,500	52,885	175	-	Complied
Grade 6	58,322	56,702	54,000	52,500	56,910	175	-	Complied
Grade 7	58,322	56,702	54,000	52,500	56,910	175	-	Complied
Grade 8	58,322	56,702	54,000	52,500	56,910	175	-	Complied

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

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

**ALPINE UNION SCHOOL DISTRICT**  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 YEAR ENDED JUNE 30, 2013

**TABLE D-3**

General Fund	Budget 2014 (See Note 1)	2013	2012	2011
Revenues and other financial sources	\$ 13,364,099	\$ 14,224,515	\$ 14,747,327	\$ 15,758,085
Expenditures, other uses and transfers out	14,626,079	14,224,596	15,294,631	15,730,552
Change in fund balance (deficit)	(1,261,980)	(81)	(547,304)	27,533
Ending fund balance	<u>\$ 244,483</u>	<u>\$ 1,506,463</u>	<u>\$ 1,506,544</u>	<u>\$ 2,053,848</u>
Available reserves (See Note 2)	<u>\$ 243,557</u>	<u>\$ 1,411,447</u>	<u>\$ 1,384,009</u>	<u>\$ 2,023,948</u>
Available reserves as a percentage of total outgo	<u>1.7%</u>	<u>9.9%</u>	<u>9.0%</u>	<u>12.8%</u>
Total long-term debt	<u>\$ 21,472,624</u>	<u>\$ 22,866,263</u>	<u>\$ 22,782,200</u>	<u>\$ 22,489,390</u>
Average daily attendance at P-2	<u>1,740</u>	<u>1,784</u>	<u>1,939</u>	<u>1,965</u>

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

The general fund balance has decreased by \$519,852 (25.66%) over the past three years. The fiscal year 2013-2014 budget projects a decrease of \$1,261,980 (83.77%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo),

Total long-term debt has increased by \$5,881,639 over the past three years. This increase is the result of one bond refinance in 2010-11 and accruing accreted interest associated with capital appreciation bonds issued in 1997 and 1999.

Average daily attendance has decreased by 191 over the past three years.

Notes:

- 1 Budget 2014 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

**ALPINE UNION SCHOOL DISTRICT**  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT WITH AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

**TABLE D-4**

The amounts reported by the District in their Annual Financial and Budget Report is in agreement with amounts reported in the Audited Financial Statements for all funds.

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

**ALPINE UNION SCHOOL DISTRICT**  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2013

**TABLE D-5**

No charter schools are chartered by Alpine Union School District.

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

**ALPINE UNION SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2013

**TABLE D-6**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF THE TREASURY</b>			
Direct Program:			
ARRA- Build America Bonds	21.000		\$ 229,837
Total U. S. Department of the Treasury			<u>229,837</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Direct Program:			
Impact Aid - P.L. 81.874	84.041		71,110
Passed Through Grossmont Union High School District:			
Workability	84.158	10006	24,648
Passed Through State Department of Education:			
Title I	84.010	14329	166,156
Special Education IDEA Basic	84.027	13379	348,947
Special Education IDEA Mental Health	84.027A	14468	4,095
Special Education IDEA Preschool Local entitlement	84.027A	13682	19,819
Special Education IDEA Preschool	84.173	13430	11,145
Special Education Preschool Staff Development	84.173A	13431	79
Total Special Education Cluster			<u>384,085</u>
Indian Education	84.060	10011	12,781
Emergency Response & Crisis Management	84.184E	13453	372
Title III - LEP	84.365	14346	7,715
Title III - Immigrant Education	84.365	15146	1,700
Total Title III			<u>9,415</u>
Title II - Teacher Quality	84.367	14341	88,395
Total Passed Through State Department of Education			<u>661,204</u>
Total U. S. Department of Education			<u>756,962</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program Basic	10.553	13525	14,150
School Breakfast Program Needy	10.553	13526	33,996
National School Lunch Section 4	10.555	13391	35,533
National School Lunch Section 11	10.555	13396	149,264
Commodities *	10.555	13396	23,817
Total Child Nutrition Cluster			<u>256,760</u>
Total Passed Through State Department of Education			<u>256,760</u>
Total U. S. Department of Agriculture			<u>256,760</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,243,559</u>

\* Indicates noncash expenditure.

The accompanying notes are an integral part of this schedule.

## **ALPINE UNION SCHOOL DISTRICT**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013**

#### Basis of Presentation

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



## Other Independent Auditor's Reports

**Wilkinson Hadley King & Co. LLP**

CPA's and Advisors  
218 W. Douglas Ave.  
El Cajon, California

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Alpine Union School District  
Alpine, California

Members of the Board of Trustees:

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 Alpine Union School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Alpine Union School District's basic financial statements, and have issued our report thereon dated December 5, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alpine Union 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 Alpine Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpine Union 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Alpine Union School District's financial statements are free from 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*.

## **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.

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
December 5, 2013

**Wilkinson Hadley King & Co. LLP**

CPA's and Advisors  
218 W. Douglas Ave.  
El Cajon, California

Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees  
Alpine Union School District  
Alpine, California

Members of the Board of Trustees:

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

We have audited Alpine Union 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 Alpine Union School District's major federal program for the year ended June 30, 2013. Alpine Union School District's major federal program is 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 Alpine Union 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 Alpine Union 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 Alpine Union School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Alpine Union 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 its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Alpine Union 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 Alpine Union 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 Alpine Union 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 considered 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.

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
December 5, 2013

**Wilkinson Hadley King & Co. LLP**  
 CPA's and Advisors  
 218 W. Douglas Ave.  
 El Cajon, California

**Independent Auditor's Report on State Compliance**

Board of Trustees  
 Alpine Union School District  
 Alpine, California

Members of the Board of Trustees:

**Report on State Compliance**

We have audited the 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*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2013.

**Management's Responsibility for State Compliance**

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 applicable program as identified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. 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 State's audit guide *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	N/A

Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	N/A
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	N/A
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	N/A
Mode of Instruction	1	N/A
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom-Based Instruction	3	N/A
Annual Instructional Minutes - Classroom Based	4	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

### Opinion on State Compliance

In our opinion, Alpine Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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 outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
December 5, 2013

## Findings and Recommendations Section



**ALPINE UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

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

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

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

Auditee qualified as low-risk auditee?   X   Yes      No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audi One or more material weaknesses identified?      Yes   X   No

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

**ALPINE UNION SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**B. Financial Statement Findings**

None

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

None

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

None

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings in the prior year audit report.		