

CORONADO UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2013

San Diego

Los Angeles

San Francisco
Bay Area

christy  white
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**CORONADO UNIFIED SCHOOL DISTRICT
OF SAN DIEGO COUNTY**

CORONADO, CALIFORNIA

JUNE 30, 2013

The Coronado Unified School District was established on June 20, 1913. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating two elementary schools, one middle school, one comprehensive high school, one alternative high school, a preschool program and an adult education program.

GOVERNING BOARD

Member	Office	Term Expires
Dawn Ovrom	President	December 2016
Brenda Kracht	Vice President	December 2014
Ledyard Hakes	Clerk	December 2014
Bruce Shepherd	Member	December 2014
Maria Simon	Member	December 2016

DISTRICT ADMINISTRATORS

Jeffrey P. Felix, Ed.D
Superintendent

Keith Butler
Assistant Superintendent

**CORONADO UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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SAN DIEGO

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State Board of Accountancy*

Governing Board
Coronado Unified School District
Coronado, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Coronado Schools Foundation, the District's discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Coronado Unified School District, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Coronado Schools Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 46, and the schedule of funding progress on page 47 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coronado Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2013 on our consideration of Coronado Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coronado Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
November 28, 2013

CORONADO UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

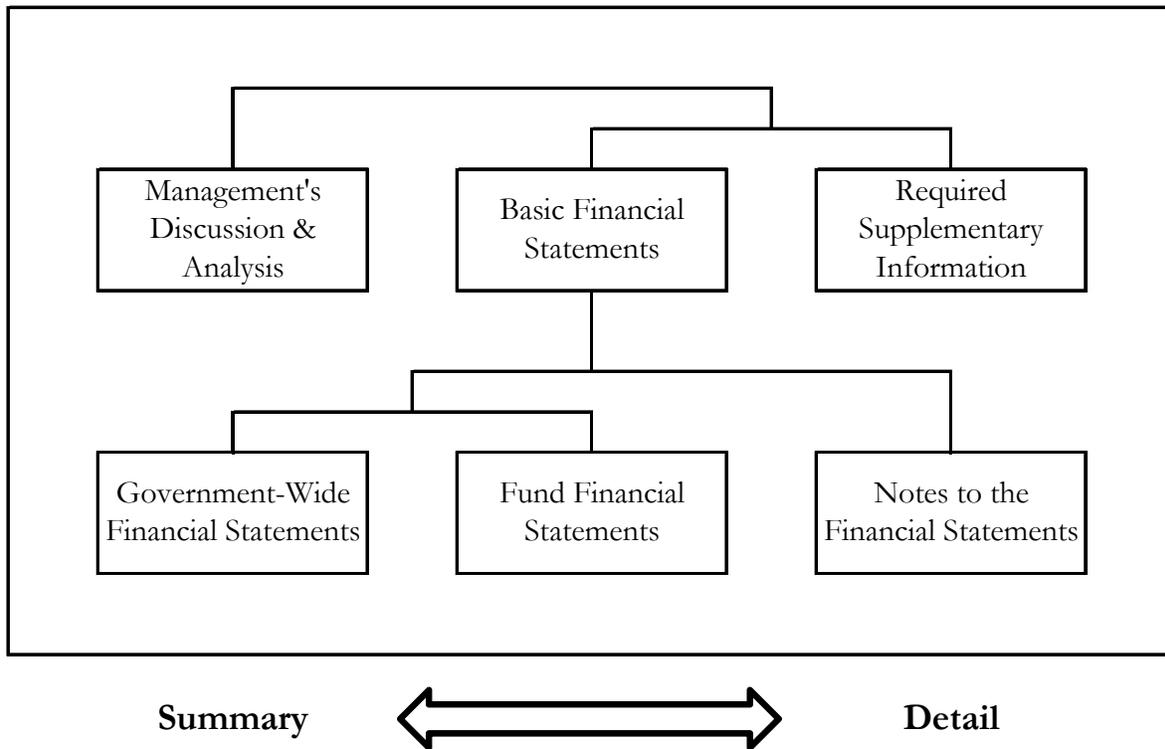
Our discussion and analysis of Coronado Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net position for governmental activities was \$110,682,590 at June 30, 2013. This was a decrease of \$746,240 from the prior year.
- ▶ Overall revenues for governmental activities were \$35,735,615 which was less than expenses of \$36,481,855.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



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

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

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

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

Government-Wide Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$110,682,590 for governmental activities at June 30, 2013, as reflected in the table below. Of this amount, \$14,344,791 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities			Business-Type Activities		
	2013	2012	Net Change	2013	2012	Net Change
ASSETS						
Current and other assets	\$ 25,814,291	\$ 21,663,460	\$ 4,150,831	\$ 1,844	\$ -	\$ 1,844
Capital assets	111,445,395	114,588,070	(3,142,675)	-	-	-
Total Assets	137,259,686	136,251,530	1,008,156	1,844	-	1,844
LIABILITIES						
Current liabilities	4,504,986	1,793,161	(2,711,825)	-	-	-
Long-term liabilities	22,072,110	23,029,539	957,429	-	-	-
Total Liabilities	26,577,096	24,822,700	(1,754,396)	-	-	-
NET POSITION						
Net investment in capital assets	89,059,464	91,363,858	(2,304,394)	-	-	-
Restricted	7,278,335	2,938,483	4,339,852	-	-	-
Unrestricted	14,344,791	17,126,489	(2,781,698)	1,844	-	1,844
Total Net Position	\$110,682,590	\$111,428,830	\$ (746,240)	\$ 1,844	\$ -	\$ 1,844

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities			Business-Type Activities		
	2013	2012	Net Change	2013	2012	Net Change
REVENUES						
Program revenues						
Charges for services	\$ 454,454	\$ 375,378	\$ 79,076	\$ -	\$ -	\$ -
Operating grants and contributions	4,378,216	4,605,821	(227,605)	-	-	-
Capital grants and contributions	1,364,035	-	1,364,035	-	-	-
General revenues						
Property taxes	14,228,004	6,169,503	8,058,501	-	-	-
Unrestricted federal and state aid	12,548,436	17,839,089	(5,290,653)	-	-	-
Other	2,762,470	3,508,941	(746,471)	2,050	-	2,050
Total Revenues	35,735,615	32,498,732	3,236,883	2,050	-	2,050
EXPENSES						
Instruction	18,779,657	17,280,603	1,499,054	-	-	-
Instruction-related services	3,833,416	3,395,682	437,734	-	-	-
Pupil services	2,708,858	2,536,022	172,836	-	-	-
General administration	1,798,506	1,912,094	(113,588)	-	-	-
Plant services	3,473,009	3,442,842	30,167	-	-	-
Ancillary and community services	944,143	769,084	175,059	-	-	-
Debt service	827,582	924,465	(96,883)	-	-	-
Other Outgo	14,080	133,230	(119,150)	-	-	-
Depreciation	4,102,581	4,039,448	63,133	-	-	-
Other	23	-	23	206	-	206
Total Expenses	36,481,855	34,433,470	2,048,385	206	-	206
Change in net position	(746,240)	(1,934,738)	1,188,498	1,844	-	1,844
Net Position - Beginning	111,428,830	113,363,568	(1,934,738)	-	-	-
Net Position - Ending	\$110,682,590	\$111,428,830	\$ (746,240)	\$ 1,844	\$ -	\$ 1,844

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

The cost of all our governmental activities this year was \$36,481,855. The amount that our taxpayers ultimately financed for these activities through taxes was only \$14,228,004 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services, and other miscellaneous activities.

	Net Cost of Services	
	2013	2012
Instruction	\$ 14,176,330	\$ 13,761,010
Instruction-related services	3,647,817	3,232,001
Pupil services	1,856,504	1,723,430
General administration	1,605,968	1,753,589
Plant services	3,357,891	3,339,162
Ancillary and community services	699,892	551,780
Debt service	827,582	924,465
Transfers to other agencies	10,562	127,386
Depreciation	4,102,581	4,039,448
Other	23	-
Total Expenses	\$ 30,285,150	\$ 29,452,271

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$22,183,789, which is more than last year’s ending fund balance of \$20,656,458. The District’s General Fund had \$617,082 excess in operating revenues than expenditures for the year ended June 30, 2013.

CURRENT YEAR BUDGET 2012-13

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2012-13 the District had invested \$111,445,395 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2013	2012	Net Change
CAPITAL ASSETS			
Land	\$ 569,949	\$ 569,949	\$ -
Construction in progress	15,303	28,281	(12,978)
Land improvements	16,146,758	16,107,401	39,357
Buildings & improvements	123,726,189	122,792,662	933,527
Furniture & equipment	3,299,173	3,406,889	(107,716)
Accumulated depreciation	(32,311,977)	(28,317,112)	(3,994,865)
Total Capital Assets	\$111,445,395	\$114,588,070	\$ (3,142,675)

Long-Term Debt

At year-end, the District had \$23,074,388 in long-term debt, a decrease of 3% from last year. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2013	2012	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 12,910,931	\$ 13,499,212	\$ (588,281)
Total certificates of participation	9,475,000	9,725,000	(250,000)
Early retirement incentive	197,992	296,989	(98,997)
Compensated absences	174,103	164,362	9,741
Net OPEB obligation	316,362	187,973	128,389
Total Long-term Liabilities	\$ 23,074,388	\$ 23,873,536	\$ (799,148)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Office of the Assistant Superintendent, Coronado Unified School District, 201 Sixth Street; Coronado, California 92118.

CORONADO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
ASSETS				
Cash and cash equivalents	\$ 22,573,757	\$ -	\$ 22,573,757	\$ 404,496
Investments	-	-	-	5,703,193
Accounts receivable	3,023,602	2,050	3,025,652	12,932
Internal balances	206	(206)	-	-
Inventory	18,901	-	18,901	-
Prepaid expenses	-	-	-	6,213
Deferred charges	197,825	-	197,825	-
Capital assets, not depreciated	585,252	-	585,252	-
Capital assets, net of accumulated depreciation	110,860,143	-	110,860,143	2,988
Total Assets	137,259,686	1,844	137,261,530	6,129,822
LIABILITIES				
Accrued liabilities	3,160,792	-	3,160,792	354,566
Unearned revenue	341,916	-	341,916	7,001
Long-term liabilities, current portion	1,002,278	-	1,002,278	-
Long-term liabilities, non-current portion	22,072,110	-	22,072,110	-
Total Liabilities	26,577,096	-	26,577,096	361,567
NET POSITION				
Net investment in capital assets	89,059,464	-	89,059,464	-
Restricted:				
Capital projects	2,968,421	-	2,968,421	-
Debt service	1,040,198	-	1,040,198	-
Educational programs	3,269,716	-	3,269,716	-
Permanent endowment	-	-	-	1,033,670
Unrestricted	14,344,791	1,844	14,346,635	4,734,585
Total Net Position	\$ 110,682,590	\$ 1,844	\$ 110,684,434	\$ 5,768,255

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

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

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 18,779,657	\$ -	\$ 3,239,292	\$ 1,364,035	\$ (14,176,330)	\$ -	\$ (14,176,330)	\$ -
Instruction-related services								
Instructional supervision and administration	487,950	-	135,624	-	(352,326)	-	(352,326)	-
Instructional library, media, and technology	1,031,842	-	-	-	(1,031,842)	-	(1,031,842)	-
School site administration	2,313,624	-	49,975	-	(2,263,649)	-	(2,263,649)	-
Pupil services								
Home-to-school transportation	630,231	-	125,251	-	(504,980)	-	(504,980)	-
Food services	666,358	435,051	100,374	-	(130,933)	-	(130,933)	-
All other pupil services	1,412,269	-	191,678	-	(1,220,591)	-	(1,220,591)	-
General administration								
All other general administration	1,798,506	19,403	173,135	-	(1,605,968)	-	(1,605,968)	-
Plant services	3,473,009	-	115,118	-	(3,357,891)	-	(3,357,891)	-
Ancillary services	350,117	-	3,198	-	(346,919)	-	(346,919)	-
Community services	594,026	-	241,053	-	(352,973)	-	(352,973)	-
Enterprise activities	23	-	-	-	(23)	-	(23)	-
Interest on long-term debt	827,582	-	-	-	(827,582)	-	(827,582)	-
Other Outgo	14,080	-	3,518	-	(10,562)	-	(10,562)	-
Depreciation (unallocated)	4,102,581	-	-	-	(4,102,581)	-	(4,102,581)	-
Total Governmental Activities	\$ 36,481,855	\$ 454,454	\$ 4,378,216	\$ 1,364,035	\$ (30,285,150)	\$ -	\$ (30,285,150)	\$ -
BUSINESS-TYPE ACTIVITIES								
Enterprise activities	206	-	-	-	-	(206)	-	-
Total Business-Type Activities	206	-	-	-	-	(206)	-	-
Total School District	\$ 36,482,061	\$ 454,454	\$ 4,378,216	\$ 1,364,035	\$ -	\$ -	\$ (30,285,356)	\$ -
DISCRETELY PRESENTED COMPONENT UNIT								
Program services	\$ 860,081	\$ -	\$ -	\$ -				\$ (860,081)
Management and general	59,351	-	-	-				(59,351)
Fundraising	84,043	-	-	-				(84,043)
Total	\$ 1,003,475	\$ -	\$ -	\$ -				(1,003,475)
General revenues								
Taxes and subventions								
Property taxes, levied for general purposes					8,652,134	-	8,652,134	-
Property taxes, levied for debt service					1,042,240	-	1,042,240	-
Property taxes, levied for other specific purposes					4,533,630	-	4,533,630	-
Federal and state aid not restricted for specific purposes					12,548,436	-	12,548,436	-
Interest and investment earnings					100,699	-	100,699	-
Interagency revenues					16,050	-	16,050	-
Miscellaneous					2,645,721	2,050	2,647,771	1547222
Subtotal, General Revenue					29,538,910	2,050	29,540,960	1,547,222
CHANGE IN NET POSITION								
					(746,240)	1,844	(744,396)	543,747
Net Position - Beginning								
					111,428,830	-	111,428,830	5,224,508
Net Position - Ending								
					\$ 110,682,590	\$ 1,844	\$ 110,684,434	\$ 5,768,255

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

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,648,210	\$ 6,652,194	\$ 5,273,353	\$ 22,573,757
Accounts receivable	2,880,021	34,015	109,566	3,023,602
Due from other funds	118,641	1,887,896	161,232	2,167,769
Stores inventory	-	-	18,901	18,901
Total Assets	\$ 13,646,872	\$ 8,574,105	\$ 5,563,052	\$ 27,784,029
LIABILITIES				
Accrued liabilities	\$ 2,950,994	\$ 117,305	\$ 22,462	\$ 3,090,761
Due to other funds	2,049,128	13,423	105,012	2,167,563
Unearned revenue	341,916	-	-	341,916
Total Liabilities	5,342,038	130,728	127,474	5,600,240
FUND BALANCES				
Nonspendable	10,000	-	19,501	29,501
Restricted	2,765,264	74,602	4,438,469	7,278,335
Committed	468,000	-	685,767	1,153,767
Assigned	2,617,853	8,368,775	291,841	11,278,469
Unassigned	2,443,717	-	-	2,443,717
Total Fund Balances	8,304,834	8,443,377	5,435,578	22,183,789
Total Liabilities and Fund Balances	\$ 13,646,872	\$ 8,574,105	\$ 5,563,052	\$ 27,784,029

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

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

Total Fund Balance - Governmental Funds \$ 22,183,789

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

Capital assets:

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

Capital assets	\$ 143,757,372	
Accumulated depreciation	<u>(32,311,977)</u>	111,445,395

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 net long-term debt on the statement of net position are:

197,825

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:

(70,031)

Long-term liabilities:

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

Total general obligation bonds	\$ 12,910,931	
Total certificates of participation	9,475,000	
Early retirement incentive	197,992	
Compensated absences	174,103	
Net OPEB obligation	<u>316,362</u>	(23,074,388)

Total Net Position - Governmental Activities \$ 110,682,590

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

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources	\$ 16,344,712	\$ -	\$ -	\$ 16,344,712
Federal sources	3,296,058	-	111,365	3,407,423
Other state sources	3,692,583	-	1,447,360	5,139,943
Other local sources	6,785,972	1,983,873	2,073,692	10,843,537
Total Revenues	30,119,325	1,983,873	3,632,417	35,735,615
EXPENDITURES				
Current				
Instruction	18,690,720	-	79,757	18,770,477
Instruction-related services				
Instructional supervision and administration	485,542	-	2,408	487,950
Instructional library, media, and technology	1,031,842	-	-	1,031,842
School site administration	2,297,809	-	155,289	2,453,098
Pupil services				
Home-to-school transportation	630,231	-	-	630,231
Food services	921	-	673,745	674,666
All other pupil services	1,412,269	-	-	1,412,269
General administration	1,771,817	-	34,553	1,806,370
Plant services	2,490,012	954,371	141,457	3,585,840
Facilities acquisition and maintenance	5,295	761,454	41,089	807,838
Ancillary services	341,809	-	-	341,809
Community services	343,953	-	112,019	455,972
Enterprise activities	23	-	-	23
Debt service				
Principal	-	250,000	495,000	745,000
Interest and other	-	407,225	597,674	1,004,899
Total Expenditures	29,502,243	2,373,050	2,332,991	34,208,284
Excess (Deficiency) of Revenues				
Over Expenditures	617,082	(389,177)	1,299,426	1,527,331
Other Financing Sources (Uses)				
Transfers in	-	-	114,206	114,206
Transfers out	(114,206)	-	-	(114,206)
Net Financing Sources (Uses)	(114,206)	-	114,206	-
NET CHANGE IN FUND BALANCE	502,876	(389,177)	1,413,632	1,527,331
Fund Balance - Beginning	7,801,958	8,832,554	4,021,946	20,656,458
Fund Balance - Ending	\$ 8,304,834	\$ 8,443,377	\$ 5,435,578	\$ 22,183,789

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

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

Net Change in Fund Balances - Governmental Funds \$ 1,527,331

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

Capital outlay:

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

Expenditures for capital outlay:	\$	959,906	
Depreciation expense:		<u>(4,102,581)</u>	(3,142,675)

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:

745,000

Debt issuance costs:

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

Issuance costs incurred during the period:	\$	-	
Issuance costs amortized for the period:		<u>(14,080)</u>	(14,080)

Unmatured interest on long-term debt:

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

84,036

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

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

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (9,741)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (128,389)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: 98,997

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 93,281

Change in Net Position of Governmental Activities \$ (746,240)

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

**CORONADO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013**

	<u>Business-Type Activities</u>	
	<u>Preschool</u>	
ASSETS		
Current assets		
Accounts receivable	\$	2,050
Total Assets		<u>2,050</u>
LIABILITIES		
Current liabilities		
Due to other funds		206
Total Liabilities		<u>206</u>
NET POSITION		
Unrestricted		1,844
Total Net Position	\$	<u>1,844</u>

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

**CORONADO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities	
	Preschool	
OPERATING REVENUE		
Other local revenues	\$	2,050
Total operating revenues		2,050
OPERATING EXPENSE		
Salaries and benefits		206
Total operating expenses		206
Operating income/(loss)		1,844
CHANGE IN NET POSITION		1,844
Net Position - Beginning		-
Net Position - Ending	\$	1,844

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

**CORONADO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Business-Type Activities</u>
	<u>Preschool</u>
Cash flows from operating activities	
Net cash provided by (used for) operating activities	\$ -
CASH AND CASH EQUIVALENTS	
Beginning of year	-
End of year	\$ -
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income (loss)	\$ 1,844
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,050)
Increase (decrease) in due to other funds	206
Net cash provided by (used for) operating activities	<u>\$ -</u>

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

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

	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 645,208
Investments	29,523
Accounts receivable	143
Stores inventory	1,350
Total Assets	<u>\$ 676,224</u>
LIABILITIES	
Due to student groups	\$ 676,224
Total Liabilities	<u>\$ 676,224</u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

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 that are misleading or incomplete. The organization is 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 one component unit, the Coronado School Foundation (the “Foundation”). The Foundation, a California non-profit public benefit corporation that raises funds for the benefit of the District is presented as a discretely presented component unit in the District’s audited financial statements.

Additionally, the District is not a component unit of any other reporting entity.

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

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

C. Basis of Presentation

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

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

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

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

Major Governmental Funds

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

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

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

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds

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

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

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

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

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

Foundation Special Revenue Fund: This fund is used to account for resources received from gifts or bequests pursuant to *Education Code Section 41031* under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

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

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

Capital Project Funds (*continued*):

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

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

Permanent Funds

Permanent funds were introduced as part of the governmental financial reporting model established by GASB Statement 34 to account for permanent foundations that benefit an LEA.

Foundation Permanent Fund. This fund is used to account for resources received from gifts or bequests pursuant to *Education Code Section 41031* that are restricted to the extent that earnings, but not principal, may be used for purposes that support the LEA's own programs and where there is a formal trust agreement with the donor. Gifts or bequests not covered by a formal trust agreement should be accounted for in the general fund.

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

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

C. Basis of Presentation (*continued*)

Proprietary Funds

Enterprise Funds: An enterprise fund is accounted for on the accrual basis. Capital assets and long-term debt (including all long-term debt obligations such as vacation pay and capital leases) are recorded in the fund. All revenues and expenses (rather than expenditures) are recorded, regardless of when they are received or paid. Depreciation of capital assets is recorded.

Preschool Enterprise Fund: This fund is used to report the activities of the Preschool operated by the district. The revenues and expenses are recorded within this fund for financial statement reporting purposes.

Fiduciary Funds

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

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

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary and Fiduciary Financial Statements

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

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

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

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

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

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

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Expenses/Expenditures

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

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

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

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized. Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

E. Assets, Liabilities, Fund Balance and Net Position

Cash and Cash Equivalents

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

Investments

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

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	25-50 years
Building Improvements	20 years
Equipment and Vehicles	3-15 years

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

Deferred Issuance Costs, Premiums, and Discounts

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

Fund Balance

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

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

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

Fund Balance (continued):

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

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

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

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

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

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

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

I. Property Tax

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

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

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

J. New Accounting Pronouncements

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

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

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Total	
	Governmental	Fiduciary
	Activities	Funds
	<hr/>	<hr/>
Cash in county	\$ 21,898,357	\$ -
Cash on hand and in banks	-	645,208
Cash with fiscal agent	664,800	-
Cash in revolving fund	10,600	-
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 22,573,757	\$ 645,208
	<hr/>	<hr/>

B. Policies and Practices

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

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$21,877,539 and an amortized book value of \$21,898,357. The average weighted maturity for this pool is 393 days.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Total Business- Type Activities</u>
Federal Government					
Categorical aid	\$ 549,903	\$ -	\$ 20,257	\$ 570,160	\$ -
State Government					
Categorical aid	631,033	-	6,315	637,348	-
Lottery	246,758	-	-	246,758	-
Local Government					
Other local sources	1,452,327	34,015	82,994	1,569,336	2,050
Total	\$ 2,880,021	\$ 34,015	\$ 109,566	\$ 3,023,602	\$ 2,050

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

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 569,949	\$ -	\$ -	\$ 569,949
Construction in progress	28,281	15,303	28,281	15,303
Total Capital Assets not Being Depreciated	598,230	15,303	28,281	585,252
Capital assets being depreciated				
Land improvements	16,107,401	39,357	-	16,146,758
Buildings & improvements	122,792,662	933,527	-	123,726,189
Furniture & equipment	3,406,889	-	107,716	3,299,173
Total Capital Assets Being Depreciated	142,306,952	972,884	107,716	143,172,120
Less Accumulated Depreciation				
Land improvements	5,726,646	1,074,854	-	6,801,500
Buildings & improvements	21,012,995	2,746,690	-	23,759,685
Furniture & equipment	1,577,471	281,037	107,716	1,750,792
Total Accumulated Depreciation	28,317,112	4,102,581	107,716	32,311,977
Governmental Activities				
Capital Assets, net	\$ 114,588,070	\$ (3,114,394)	\$ 28,281	\$ 111,445,395

NOTE 5 – INTERFUND TRANSACTIONS

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

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

	Due from Other Funds			
	General Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Total
General Fund	\$ -	\$ 1,887,896	\$ 161,232	\$ 2,049,128
Special Reserve for Capital Outlay Projects	13,423	-	-	13,423
Other Governmental Funds	105,012	-	-	105,012
Enterprise Funds	206	-	-	206
Total	\$ 118,641	\$ 1,887,896	\$ 161,232	\$ 2,167,769
General Fund due to Special Reserve Fund for Capital Outlay Projects for transfer of pass through money			\$	1,887,896
General Fund due to the Child Development Fund for PERs reduction buyout				322
General Fund due to the Cafeteria Special Revenue Fund for various support costs				58,168
General Fund due to the Foundation Special Revenue Fund for various support costs				102,742
Child Development Fund due to the General Fund for cash flow needs				15,234
Cafeteria Special Revenue Fund due to the General Fund for cash flow needs				85,028
Foundation Special Revenue Fund due to the General Fund for various support costs				4,750
Special Reserve Fund for Capital Outlay Projects due to the General Fund for reimbursement of expense paid from the general fund				13,423
Other Enterprise Funds due to the General Fund for GASB 45				206
Total			\$	2,167,769

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

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

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

	Interfund Transfers In	
	Other Governmental	
	Funds	Total
General Fund	\$ 114,206	\$ 114,206
Transfer from the Child Development Fund to the Cafeteria Special Revenue Fund for the cost of preschool meals.		\$ 3,518
Transfer from the General Fund to the Child Development Fund for cash flow support.		2,805
Transfer from the General Fund to the Cafeteria Special Revenue Fund for meals for the needs and cash flow support.		107,883
		<u>\$ 114,206</u>

NOTE 6 – ACCRUED LIABILITIES

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

	Special Reserve Fund for Capital		Non-Major Governmental		Total Governmental	
	General Fund	Outlay Projects	Funds	District-Wide	Activities	
Payroll	\$ 224,537	\$ -	\$ 15,566	\$ -	\$ -	\$ 240,103
Due to grantor government	2,284,298	-	-	-	-	2,284,298
Vendors payable	442,159	117,305	6,896	-	-	566,360
Unmatured interest	-	-	-	70,031	-	70,031
Total	<u>\$ 2,950,994</u>	<u>\$ 117,305</u>	<u>\$ 22,462</u>	<u>\$ 70,031</u>	<u>\$ -</u>	<u>\$ 3,160,792</u>

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2013, consisted of \$341,916 primarily from federal sources.

NOTE 8 – LONG-TERM DEBT

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

	Balance			Balance June 30, 2013	Balance Due In One Year
	July 01, 2012	Additions	Deductions		
Governmental Activities					
General obligation bonds	\$ 12,100,000	\$ -	\$ 495,000	\$ 11,605,000	\$ 550,000
Unamortized premium	1,737,494	-	115,833	1,621,661	115,833
Deferred amount on refunding	(338,282)	-	(22,552)	(315,730)	(22,552)
Total general obligation bonds	<u>13,499,212</u>	<u>-</u>	<u>588,281</u>	<u>12,910,931</u>	<u>643,281</u>
Certificates of participation	9,725,000	-	250,000	9,475,000	260,000
Early retirement incentive	296,989	-	98,997	197,992	98,997
Compensated absences	164,362	9,741	-	174,103	-
Net OPEB obligation	187,973	128,389	-	316,362	-
Total	<u>\$ 23,873,536</u>	<u>\$ 138,130</u>	<u>\$ 937,278</u>	<u>\$ 23,074,388</u>	<u>\$ 1,002,278</u>

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

NOTE 8 – LONG-TERM DEBT (continued)

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2013 amounted to \$174,103. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

Debt service requirements on General Obligation Bonds at June 30, 2013 were as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 550,000	\$ 435,000	\$ 985,000
2015	585,000	424,000	1,009,000
2016	615,000	412,300	1,027,300
2017	645,000	400,000	1,045,000
2018	690,000	380,650	1,070,650
2019 - 2023	3,975,000	1,502,150	5,477,150
2024-2027	4,545,000	546,350	5,091,350
Total	\$ 11,605,000	\$ 4,100,450	\$ 15,705,450

C. Certificates of Participation

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

Year Ended June 30,	Principal	Interest	Total
2014	\$ 260,000	\$ 398,619	\$ 658,619
2015	270,000	389,506	659,506
2016	280,000	379,881	659,881
2017	285,000	369,816	654,816
2018	300,000	359,025	659,025
2019 - 2023	1,670,000	1,606,519	3,276,519
2024 - 2028	2,045,000	1,218,131	3,263,131
2029 - 2033	2,545,000	705,938	3,250,938
2034 - 2036	1,820,000	125,325	1,945,325
Total	\$ 9,475,000	\$ 5,552,760	\$ 15,027,760

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

NOTE 9 – FUND BALANCES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Foundation Permanent Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 600	\$ 10,600
Stores inventory	-	-	-	18,901	18,901
Total non-spendable	10,000	-	-	19,501	29,501
Restricted					
Educational programs	2,765,264	-	-	504,452	3,269,716
Capital projects	-	74,602	-	2,893,819	2,968,421
Debt service	-	-	-	1,040,198	1,040,198
Total restricted	2,765,264	74,602	-	4,438,469	7,278,335
Committed					
Other commitments	468,000	-	-	685,767	1,153,767
Total committed	468,000	-	-	685,767	1,153,767
Assigned					
Textbook flex	515,093	-	-	-	515,093
Site carryover	778,689	-	-	-	778,689
Board designated	-	8,368,775	-	-	8,368,775
Temporarily restricted	-	-	287,208	287,208	287,208
Other assignments	1,324,071	-	-	4,633	1,328,704
Total assigned	2,617,853	8,368,775	287,208	291,841	11,278,469
Unassigned					
Remaining unassigned	2,443,717	-	-	-	2,443,717
Total unassigned	2,443,717	-	-	-	2,443,717
Total	\$ 8,304,834	\$ 8,443,377	\$ 287,208	\$ 5,435,578	\$ 22,183,789

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

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

NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The District administers a single-employer healthcare plan (the “Plan”). The plan provides health benefits to eligible retirees to age 65.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	36
Active plan members	263
Total	<u>299</u>
 Number of participating employers	 1

*As of July 1, 2011 actuarial study

The District provides retiree medical, dental and vision benefits to eligible retirees and their eligible dependents until the retiree turns age 65 or Medicare eligibility, if earlier. Eligibility for certificated employees requires retirements under STRS on or after age 60 with at least 25 years of District eligible service. Eligibility for classified employees requires retirements under PERS on or after age 55 with at least 15 years of District eligible service.

The District will pay for retiree only medical coverage. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and dental and vision coverage on a self-paid basis. Some past retirees have retired under different provisions or early retirement incentives that may include lifetime benefits and annual caps on benefits.

B. Funding Policy

The District’s contribution is currently based on a project pay-as-you-go funding method, that is, benefits are payable when due.

As of June 30, 2013, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	267,387
Interest on net OPEB obligation		9,398
Adjustment to annual required contribution		<u>(13,076)</u>
Annual OPEB cost (expense)		263,709
Contributions made		<u>(135,320)</u>
Increase (decrease) in net OPEB obligation		128,389
Net OPEB obligation, beginning of the year		<u>187,973</u>
Net OPEB obligation, end of the year	\$	<u>316,362</u>

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

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 263,709	51%	\$ 316,362
2012	\$ 258,255	99%	\$ 187,973
2011	\$ 253,815	91%	\$ 184,561

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

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

D. Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ -	\$ 2,145,302	\$ 2,145,302	0%	\$ 14,739,000	15%

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

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

E. Actuarial Methods and Assumptions

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level-dollar
Remaining Amortization Period	27
Actuarial Assumptions:	
Investment rate of return	5.0%
Discount rate	5.0%
Inflation rate	3.0%

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

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

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

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

California State Teachers' Retirement System (CalSTRS)

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2012-13	\$ 1,096,951	100%
2011-12	\$ 1,050,370	100%
2010-11	\$ 994,287	100%

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$623,810 to CalSTRS (5.176% of 2010-11 creditable compensation subject to CalSTRS).

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

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees’ Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District’s contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2012-13	\$ 466,283	100%
2011-12	\$ 410,177	100%
2010-11	\$ 392,300	100%

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

As of June 30, 2013, the District had no major commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under joint powers authorities (JPA), the San Diego County Schools Risk Management (SDCSRM). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and provides for various types of insurance for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The JPA has budgeting and financial reporting requirements independent of member units, and its financial statements are not presented in these financial statements. However, fund transactions between the JPA and the District are included in these statements. The audited financial statements are generally available from the JPA.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$ 14,658,638	\$ 16,094,579	\$ 16,344,712	\$ 250,133
Federal sources	2,641,790	3,173,105	3,296,058	122,953
Other state sources	2,816,952	2,996,731	3,068,773	72,042
Other local sources	3,928,810	3,848,229	6,781,190	2,932,961
Total Revenues	24,046,190	26,112,644	29,490,733	3,378,089
EXPENDITURES				
Certificated salaries	12,559,839	13,008,426	13,463,802	(455,376)
Classified salaries	4,173,341	4,236,208	4,537,063	(300,855)
Employee benefits	5,323,164	5,342,683	5,344,287	(1,604)
Books and supplies	1,172,891	1,447,423	1,404,841	42,582
Services and other operating expenditures	3,528,143	3,795,612	4,091,276	(295,664)
Capital outlay	38,250	38,250	33,006	5,244
Transfers of indirect costs	(20,124)	(20,124)	(34,554)	14,430
Total Expenditures	26,775,504	27,848,478	28,839,721	(991,243)
Excess (Deficiency) of Revenues				
Over Expenditures	(2,729,314)	(1,735,834)	651,012	2,386,846
Other Financing Sources (Uses)				
Transfers out	(70,000)	(70,000)	(152,918)	(82,918)
Net Financing Sources (Uses)	(70,000)	(70,000)	(152,918)	(82,918)
NET CHANGE IN FUND BALANCE	(2,799,314)	(1,805,834)	498,094	2,303,928
Fund Balance - Beginning	6,482,669	6,482,669	6,482,669	-
Fund Balance - Ending	\$ 3,683,355	\$ 4,676,835	\$ 6,980,763	\$ 2,303,928

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

- On behalf payments of \$623,810 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ -	\$ 2,145,302	\$ 2,145,302	0%	\$ 14,739,000	15%
July 1, 2009	\$ -	\$ 3,684,369	\$ 3,684,369	0%	\$ 15,344,000	24%
July 1, 2007	\$ -	\$ 3,257,643	\$ 3,257,643	0%	\$ 17,552,311	19%

See accompanying note to required supplementary information.

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Funding Progress

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 13,008,426	\$ 13,463,802	\$ 455,376
Classified salaries	\$ 4,236,208	\$ 4,537,063	\$ 300,855
Employee benefits	\$ 5,342,683	\$ 5,344,287	\$ 1,604
Services and other operating expenditures	\$ 3,795,612	\$ 4,091,276	\$ 295,664

**SUPPLEMENTARY
INFORMATION**

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 175,279
Title I, Part G, Advanced Placement (AP) Test Fee Reimbursement Program	84.33	14831	1,725
Title II, Part A, Administrator Training	84.367	14344	1,962
Title II, Part A, Teacher Quality	84.367A	14341	72,531
Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	554
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	4,756
Title III, Immigrant Education Program	84.365	15146	14,300
Title VIII, Impact Aid	84.041	10015	1,736,327
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	501,389
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	83,452
Part B, Preschool Grants	84.173	13430	19,250
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	35,931
Preschool Staff Development	84.173A	13431	183
Subtotal Special Education Cluster			<u>640,205</u>
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	75,000
Vocational Ed. (Federal SATT21 Grant)		*	230,969
Total U. S. Department of Education			<u><u>2,953,608</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster	10.555	13391	87,665
Total U. S. Department of Agriculture			<u>87,665</u>
U. S. DEPARTMENT OF DEFENSE			
Federal Grant STEPS (Student, Technology, Education Plans)	12.556	*	342,404
Total U. S. Department of Defense			<u>342,404</u>
Total Federal Expenditures			<u><u>\$ 3,383,677</u></u>

* - PCS Number not available or not applicable

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

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	187	187
First through third	552	553
Fourth through sixth	625	625
Seventh through eighth	477	476
Home and hospital	2	2
Special education	103	103
Total Elementary	1,946	1,946
SECONDARY		
Regular classes	1,077	1,074
Continuation education	14	15
Home and hospital	1	1
Special education	19	20
Total Secondary	1,111	1,110
Average Daily Attendance Total	3,057	3,056

See accompanying note to supplementary information.

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

Grade Level	1982-83		1986-87		2012-13	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced	Actual Minutes		
Kindergarten	33,120	32,200	36,000	35,000	47,435	180	Complied
Grade 1	46,320	45,033	50,400	49,000	50,310	180	Complied
Grade 2	46,320	45,033	50,400	49,000	50,310	180	Complied
Grade 3	46,320	45,033	50,400	49,000	50,310	180	Complied
Grade 4	48,080	46,744	54,000	52,500	56,405	180	Complied
Grade 5	48,080	46,744	54,000	52,500	56,405	180	Complied
Grade 6	48,080	46,744	54,000	52,500	60,450	180	Complied
Grade 7	48,080	46,744	54,000	52,500	60,450	180	Complied
Grade 8	48,080	46,744	54,000	52,500	60,450	180	Complied
Grade 9	48,080	46,744	64,800	63,000	64,335	180	Complied
Grade 10	48,080	46,744	64,800	63,000	64,335	180	Complied
Grade 11	48,080	46,744	64,800	63,000	64,335	180	Complied
Grade 12	48,080	46,744	64,800	63,000	64,335	180	Complied

See accompanying note to supplementary information.

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

	2014 (Budget)	2013	2012	2011
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 25,762,069	\$ 29,490,733	\$ 26,852,026	\$ 25,925,258
Expenditures And Other Financing Uses	27,969,101	28,992,639	27,076,774	25,424,900
Net change in Fund Balance	\$ (2,207,032)	\$ 498,094	\$ (224,748)	\$ 500,358
Ending Fund Balance	\$ 4,773,731	\$ 6,980,763	\$ 6,482,669	\$ 8,020,536
Available Reserves*	\$ 1,225,065	\$ 2,443,718	\$ 3,798,936	\$ 6,921,572
Available Reserves As A Percentage Of Outgo	4.38%	8.43%	14.03%	27.22%
Long-term Debt	\$ 22,072,110	\$ 23,074,388	\$ 23,873,536	\$ 24,966,922
Average Daily Attendance At P-2	3,057	3,057	3,000	2,985

The General Fund balance has decreased by \$467,544 over the past two years. The fiscal year 2013-14 budget projects a further decrease of \$2,207,032. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years and anticipates incurring an operating deficit during the 2013-14 fiscal year. Total long term obligations have decreased by \$1,892,534 over the past two years.

Average daily attendance has increased by 72 ADA over the past two years. No change in ADA is anticipated during the 2013-14 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and Special Reserve Fund for Other Than Capital Outlay.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve for Other than Capital Outlay Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

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

	General Fund	for Other Than Capital Outlay Projects
June 30, 2013, annual financial and budget report fund balance	\$ 6,980,763	\$ 1,324,071
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB54)	1,324,071	(1,324,071)
Net adjustments and reclassifications	1,324,071	(1,324,071)
June 30, 2013, audited financial statement fund balance	<u>\$ 8,304,834</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013**

Charter School	Status	Included in Audit Report
Coronado Pathways Charter	Effective Date 8/19/13	No

See accompanying note to supplementary information.

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 533	\$ 8,505	\$ 12,079	\$ 684,692	\$ 389,744	\$ 1,487,628	\$ 1,362,994	\$ 1,040,198	\$ 286,980	\$ 5,273,353
Accounts receivable	-	6,813	20,257	542	38,529	42,118	1,079	-	228	109,566
Due from other funds	-	322	58,168	-	102,742	-	-	-	-	161,232
Stores inventory	-	-	18,901	-	-	-	-	-	-	18,901
Total Assets	\$ 533	\$ 15,640	\$ 109,405	\$ 685,234	\$ 531,015	\$ 1,529,746	\$ 1,364,073	\$ 1,040,198	\$ 287,208	\$ 5,563,052
LIABILITIES										
Accrued liabilities	\$ -	\$ 405	\$ 4,876	\$ -	\$ 17,181	\$ -	\$ -	\$ -	\$ -	\$ 22,462
Due to other funds	-	15,234	85,028	-	4,750	-	-	-	-	105,012
Total Liabilities	-	15,639	89,904	-	21,931	-	-	-	-	127,474
FUND BALANCES										
Non-spendable	-	-	19,501	-	-	-	-	-	-	19,501
Restricted	-	-	-	-	504,452	1,529,746	1,364,073	1,040,198	-	4,438,469
Committed	533	-	-	685,234	-	-	-	-	-	685,767
Assigned	-	1	-	-	4,632	-	-	-	287,208	291,841
Total Fund Balances	533	1	19,501	685,234	509,084	1,529,746	1,364,073	1,040,198	287,208	5,435,578
Total Liabilities and Fund Balance	\$ 533	\$ 15,640	\$ 109,405	\$ 685,234	\$ 531,015	\$ 1,529,746	\$ 1,364,073	\$ 1,040,198	\$ 287,208	\$ 5,563,052

See accompanying note to supplementary information.

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
REVENUES										
Federal sources	\$ -	\$ -	\$ 111,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,365
Other state sources	-	79,485	5,065	-	-	-	1,360,199	2,611	-	1,447,360
Other local sources	2	19,171	458,209	2,550	371,868	175,640	3,836	1,041,372	1,044	2,073,692
Total Revenues	2	98,656	574,639	2,550	371,868	175,640	1,364,035	1,043,983	1,044	3,632,417
EXPENDITURES										
Current										
Instruction	-	79,713	-	-	-	-	-	-	44	79,757
Instruction-related services										
Instructional supervision and administration	-	-	-	-	-	-	-	-	2,408	2,408
School site administration	-	15,815	-	-	139,474	-	-	-	-	155,289
Pupil services										
Food services	-	-	665,437	-	8,308	-	-	-	-	673,745
General administration	-	5,932	28,621	-	-	-	-	-	-	34,553
Plant services	-	-	-	23,452	118,005	-	-	-	-	141,457
Facilities acquisition and maintenance	-	-	-	41,089	-	-	-	-	-	41,089
Community services	-	-	-	-	112,019	-	-	-	-	112,019
Debt service										
Principal	-	-	-	-	-	-	-	495,000	-	495,000
Interest and other	-	-	-	-	-	-	-	597,674	-	597,674
Total Expenditures	-	101,460	694,058	64,541	377,806	-	-	1,092,674	2,452	2,332,991
Excess (Deficiency) of Revenues										
Over Expenditures	2	(2,804)	(119,419)	(61,991)	(5,938)	175,640	1,364,035	(48,691)	(1,408)	1,299,426
Other Financing Sources (Uses)										
Transfers in	-	2,805	111,401	-	-	-	-	-	-	114,206
Transfers out	-	-	-	-	-	-	-	-	-	-
Net Financing Sources (Uses)	-	2,805	111,401	-	-	-	-	-	-	114,206
NET CHANGE IN FUND BALANCE	2	1	(8,018)	(61,991)	(5,938)	175,640	1,364,035	(48,691)	(1,408)	1,413,632
Fund Balance - Beginning	531	-	27,519	747,225	515,022	1,354,106	38	1,088,889	288,616	4,021,946
Fund Balance - Ending	\$ 533	\$ 1	\$ 19,501	\$ 685,234	\$ 509,084	\$ 1,529,746	\$ 1,364,073	\$ 1,040,198	\$ 287,208	\$ 5,435,578

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code Section 46201*. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board
Coronado Unified School District
Coronado, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Coronado Unified School District's basic financial statements, and have issued our report thereon dated November 28, 2013. Our report includes a reference to other auditors who audited the financial statements of the Coronado Schools Foundation, the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Coronado School Foundation were not audited in accordance with *Governmental Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with this entity.

Internal Control over Financial Reporting

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

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

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

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

Compliance and Other Matters

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

Coronado Unified School District's Response to Findings

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

Purpose of this Report

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



San Diego, California
November 28, 2013

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

Christy White, CPA

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Independent Auditors' Report

Governing Board
Coronado Unified School District
Coronado, California

Report on Compliance for Each Major Federal Program

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coronado Unified School District's major federal programs for the year ended June 30, 2013. Coronado Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coronado Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coronado Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coronado Unified School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Coronado Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coronado Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coronado Unified School District's internal control over compliance.

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

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

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

Christy White Associates

San Diego, California
November 28, 2013

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

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Governing Board
Coronado Unified School District
Coronado, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coronado Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Coronado Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Coronado Unified School District's compliance with those requirements.

Opinion on State Compliance

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

Procedures Performed

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

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No
Continuation Education	10	No
Instructional Time for:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Contemporaneous Records of Attendance; for charter schools	1	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable

We did not perform testing for independent study and continuation because they were not material for the district.

Christy White Associates

San Diego, California
November 28, 2013

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>12.556</u>	<u>Federal Grant STEPS (Student, Technology, Education Plans)</u>
<u>84.041</u>	<u>Impact Aid</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

Section II – Financial Statement Findings

FINDING #2013-1 ASSOCIATED STUDENT BODY (30000)

Criteria: Good internal controls in ASB are a plan to: safeguard assets, insure accuracy and reliability of records, and ensure adherence to managerial policies and state and federal law. The site should be able to provide and maintain adequate supporting documentation for cash disbursement and receipt transactions. All monies should be receipted intact and transmitted to the ASB secretary and then transmitted intact to the District Depository/Bank.

Condition: We audited the student body funds at the middle school site for internal control procedures and found the following deficiencies over cash receipt internal control:

- Receipt #1661 from Coronado Band and Choir Boosters. The check was dated 9/25/12 and was deposited on 1/31/13.
- Check #11382 from California Ballet School. The check was dated 10/10/12 and was not deposited until 1/31/13.
- Check #13607 from North County Men Sr. Baseball League. The check was dated 10/10/12 and was deposited on 1/31/13.
- Check #12848 from California Ballet School. The check was dated 7/10/12 and was deposited on 10/31/12.

Cause: Lack of procedures to assure that timely deposits of activities of the ASB into the proper bank accounts.

Perspective/Context: A sample of cash receipts received by the middle school during fiscal year 2012-13.

Effect: Lack of control over cash deposits put the outstanding cash deposits at risk for theft or misappropriation.

Recommendation: We recommend the district implement sound internal control policies over the deposit of ASB funds.

District Response: The District will instruct all ASB entities that a timely deposit of all revenues is required.

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

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

Section III – Federal Award Findings and Questioned Costs

There were no federal finding and Questioned Costs for year 2012-13.

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

FIVE DIGIT CODE

10000
40000
41000
60000
61000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
CalSTRS
Miscellaneous
Classroom Teacher Salaries
Instructional Materials
Teacher Misassignments
School Accountability Report Card

Section IV – State Award Finding and Questioned Costs

There were no State Award Findings and Questioned Costs for year 2012-13.

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

FINDING #2012-1: INTERNAL CONTROL OVER PAYROLL (30000)

Criteria: Best practice is to obtain prior departmental approval before the employees work any type of overtime.

Condition: Through inquiry with the Payroll Technician it was determined that sites and departments do not obtain prior approval for overtime and there are no mitigating controls to ensure the budget is not exceeded.

Cause: The District form for prior approval for overtime is not being used.

Effect: Without prior approval, unallowable overtime costs may be incurred.

Recommendations: We recommend that sites and departments use the Request for Overtime Form to approve overtime in advance.

District Response: In January of 2012, the Associate Superintendent developed a Business Services Quick Start Guide. The comprehensive procedure guide is available on the Web. The Request for Overtime Form is included in the appendix. In addition, the guide is updated annually and training is provided. The Associate Superintendent will follow up with Administrators and Human Resources to ensure that the forms are completed.

Current Status: *Implemented.*

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

FINDING #2012-2: INTERNAL CONTROL OVER CASH DISBURSEMENTS (30000)

Criteria: The District should create purchase orders for cash disbursements prior to the purchase of items, to ensure that proper budgeting tracking occurs and proper approvals are obtained.

Condition: Three (3) of 44 cash disbursements selected for testing had purchase orders dated after invoice dates, signifying the approval was not obtained in advance of the purchase.

1. New Horizons Computer – Check #12-01507, \$2,850, 2/10/12
2. Follett Software Co – Check # 12-950702, \$9,232.0, 8/30/11
3. San Diego Refrigeration – Check #12-003572, \$6,737.35, 1/23/12

Cause: An internal control weakness exists with regards to the implementation of purchasing internal controls.

Perspective/Context: Basing on 2010-2011 financials, vendor cash disbursements constitute 26% (\$6,383,190 out of \$25,329,556) of expenditures. Thus, proper controls are necessary to ensure that purchases are pre-approved and appropriate for district's use.

Effect: For the exceptions noted, funds are not encumbered in the District budgeting process prior to the purchase and verification of budget.

ADA Impact: N/A

Recommendations: We recommend that the District ensure all employees are notified about and adhere to District policies for purchasing goods and services. Purchase orders should be generated for all purchases, including procurement of construction, maintenance, and consulting services.

District Response: In January of 2012, the Associate Superintendent developed a Business Services Quick Start Guide. The comprehensive procedure guide is available on the Web. Purchasing procedures are found on page 33 of the guide. In addition, the guide is updated annually and purchasing training was provided on June 13, 2012. Additional follow-up regarding purchasing procedures will be conducted throughout the year.

Current Status: *Implemented.*

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

FINDING #2012-3: INTERNAL CONTROL OVER CASH RECEIPTS (30000)

Criteria: Best practice is to have different people: receive and deposit cash, record cash payments to receivable records, reconcile cash receipts to deposits and the general ledger, and bill for goods and services.

Condition: We observed two areas where segregation of duties is needed over cash receipts. We audited the Coronado Unified School District BBMAC Pool for proper internal control procedures over cash receipts. The Director processes the payment from start to finish and there is no review from an independent person. The Director collects, processes, enters the information into the system, and prepares the deposit. We audited the Coronado Unified School District Child Care Program (CCP) for proper internal control procedures over cash receipts. The Director of Child Care processes the payment from start to finish and there is no review from an independent person. The Director of Child Care collects, processes, enters the information into the system, and prepares the deposit.

Cause: There is not enough staff in the office to properly segregate the duties.

Perspective/Context: The pool generates around \$270,000 a year in revenue. The District runs four different Child Care programs at three sites that generate around \$200,000 a year in revenue.

Effect: The potential consequences if duties are not separated are concealed errors or irregularities going unchecked, lost or stolen cash receipts and an inaccurate application of cash receipts to department accounts.

Recommendations: We recommend somebody at the District level review the invoice/ contract log monthly that is prepared by the Director of the BBMAC pool and match to amounts received. For child care, we recommend somebody at the District level review the cash receipts including reconciling billing to actual site attendance.

District Response: As stated in the cause, the District does not have enough staff to properly segregate duties. However, the District will ensure that the Accountant reconciles the BBMAC and the Child Care Program cash receipts to the appropriate source documents. In addition, the District is actively investigating e-commerce for integrated one-stop website purchases of services and supplies by community and staff. The technology provides standardization while facilitating efficient and effective procedures.

Current Status: *Implemented.*

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

FINDING #2012-4: INTERNAL CONTROL OVER CREDIT CARD TRANSACTIONS (30000)

Criteria: The District should maintain and enforce credit card policies that contain procedures for proper approvals and uses.

Condition: The policies currently in place regarding usage of credit cards are not effective to ensure that deadlines for submitting proper expenditure support (i.e. receipts) are met and prior approvals for purchases are obtained.

Cause: Policies in place are not adequately designed or implemented.

Effect: Without proper policies in place, there is a risk of fraud or abuse of District assets.

ADA Impact: N/A

Recommendations: We recommend that the following policies be established and implemented regarding the usage of District credit cards:

- Receipts for credit card purchases should be turned in timely for Accounting department records, with accompanying explanation for the reason of the expenditure.
- Prior approvals for credit card purchases over a specified dollar amount (i.e., \$500).

District Response: Credit card transactions are infrequent. Current controls include approval of credit card transactions by the Associate Superintendent subsequent to purchases. The District will develop the recommended policy.

Current Status: *Implemented.*

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

FINDING #2012-5 ASSOCIATED STUDENT BODY (30000)

Coronado Middle School

Criteria: Good internal controls in ASB are a plan to: safeguard assets, insure accuracy and reliability of records, and insure adherence to managerial policies and state and federal law. The site should be able to provide and maintain adequate supporting documentation for cash disbursement and receipt transactions. All monies should be receipted intact and transmitted to the ASB secretary and then transmitted intact to the District Depository/Bank.

Condition: We audited the student body funds at the middle school site for internal control procedures over: cash disbursements, cash receipts, inventory, and minutes of meetings. We found that there is:

- Lack of adequate backup on cash receipts
- Bank deposits cannot be reconciled to cash receipts
- Expenditures are lacking proper approval; student, Principal, advisor
- Evidence of receipts of goods is lacking
- There were no Minutes of Student Council meetings provided
- Revenue Potentials are not prepared
- ASB Bookkeeper is also a signer on the account

Cause: It appears the ASB clerk is working with new staff and is also trying to catch up on paperwork since she missed some time due to illness. She is currently working on establishing and enforcing procedures.

Perspective/Context: The District's Associated Student Body (ASB) has collected a total of \$113,000 year-to-date. Districts may use ASB funds for optional and non-curricular activities that are cultural, athletic, recreational or social in nature, or to otherwise support the activities and programs of ASBs.

Effect: Without adequate monitoring and other internal controls over cash receipts and cash disbursements, money and/or inventory can be lost without detection and without the District being able to determine who was responsible. Further, the District lacked adequate documentation to allow us to determine the full extent of potential losses.

Recommendations: We recommend that staff that handle student funds be reminded of the importance of good internal controls and documentation mainly for cash receipts and proper approval of expenditures.

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

FINDING #2012-5: ASSOCIATED STUDENT BODY (30000) (continued)

Coronado Middle School (continued)

District Response: In January of 2012, the Associate Superintendent developed a Business Services Quick Start Guide. The comprehensive procedure guide is available on the Web. Page 2 of the guide lists the annual workshops for staff. An ASB workshop is scheduled for mid-March. In addition, the ASB Bookkeeper has a copy of the FCMAT Associated Student Body Accounting Manual. The District Accountant will schedule quarterly meetings with the ASB Bookkeeper to review the manual. The District will remove the ASB Bookkeeper as a signor on the account.

Current Status: *Partially Implemented. See Finding #2013-1.*

Coronado High School

Criteria: Good internal controls in ASB are a plan to: safeguard assets, insure accuracy and reliability of records, and insure adherence to managerial policies and state and federal law. The site should be able to provide and maintain adequate supporting documentation for cash disbursement and receipt transactions. All monies should be receipted intact and transmitted to the ASB secretary and then transmitted intact to the District Depository/Bank.

Condition: We audited the student body funds at the middle school site for internal control procedures over: cash disbursements, cash receipts, inventory, and minutes of meetings. We found that there is:

- Lack of adequate backup on cash receipts (example: copies of checks received)
- Bank deposits cannot be reconciled to cash receipts
- Expenditures are lacking proper approval; student, Principal, advisor
- Evidence of receipts of goods is lacking
- Revenue Potentials are not prepared for major fundraisers/events
- ASB Bookkeeper is also a signer on the account

Cause: It appears the ASB clerk is working with new staff and is also trying to catch up on paperwork since she missed some time due to illness. She is currently working on establishing and enforcing procedures.

Perspective/Context: The District's Associated Student Body (ASB) has collected a total of \$770,000 year-to-date. Districts may use ASB funds for optional and non-curricular activities that are cultural, athletic, recreational or social in nature, or to otherwise support the activities and programs of ASBs.

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

FINDING #2012-5: ASSOCIATED STUDENT BODY (30000) (continued)

Effect: Without adequate monitoring and other internal controls over cash receipts and cash disbursements, money and/or inventory can be lost without detection and without the District being able to determine who was responsible. Further, the District lacked adequate documentation to allow us to determine the full extent of potential losses.

Recommendations: We recommend that staff that handle student funds be reminded of the importance of good internal controls and documentation mainly for cash receipts and proper approval of expenditures.

District Response: In January of 2012, the Associate Superintendent developed a Business Services Quick Start Guide. The comprehensive procedure guide is available on the Web. Page 2 of the guide lists the annual workshops for staff. An ASB workshop is scheduled for mid-March. In addition, the ASB Bookkeeper has a copy of the FCMAT Associated Student Body Accounting Manual. The District Accountant will schedule quarterly meetings with the ASB Bookkeeper to review the manual. The District will remove the ASB Bookkeeper as a signor on the account.

Current Status: *Implemented*

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

FINDING #2012-6: ATTENDANCE ACCOUNTING (10000)

State Funding Source: Revenue Limit ADA.

Criteria: Absence notes and other source documents of attendance should be correctly posted to the District's attendance system per Education Code Section 46000 et seq.

Condition: Through our testing of the school site's attendance record keeping, we noted the following internal control deficiencies:

Coronado High School

- 2 out of 20 students tested to the above the above procedures had discrepancies between the attendance register and the teacher signed roster causing ADA to be overstated.

Cause: The incidents appear to be isolated, and therefore the cause is unknown.

Effect: The District overstated 2 days of attendance, which appears to be isolated and very minor. The District then made the requested changes and revised P-2. Based on their follow-up work, we were able to conclude the correction action was taken and ADA was materially correct.

ADA Impact: The District's 2011-12 P-2 report was overstated by the 2 pupils attendance for 2 days. Given 175 days in the 2011-12 P-2 attendance period and a 2011-12 base revenue limit per ADA of \$6,373.85, the fiscal impact of the ADA overstatement is \$72.84. No further ADA impact noted

Recommendation: We recommend that P2 be revised to accurately reflect the discrepancy found above. Signed teacher rosters should be routinely reviewed to assure they are accurately reflecting the correct attendance for the period presented in the report.

District Response: In January of 2012, the Associate Superintendent developed a Business Services Quick Start Guide. The comprehensive procedure guide is available on the Web. Page 2 of the guide lists the annual workshops for staff. An Attendance workshop was conducted by our auditor on October 9, 2012. Site staff will also be attending the CASBO workshop in January 2013. The District revised the P2 report.

Current Status: *Implemented.*