

CORONADO UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2012



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

CORONADO, CALIFORNIA

JUNE 30, 2012

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
Bruce Shepherd	President	December 2014
Dawn Ovrom	Vice President	December 2012
Doug Metz	Clerk	December 2012
Brenda Kracht	Member	December 2014
Ledyard Hakes	Member	December 2014

DISTRICT ADMINISTRATORS

Jeffrey P. Felix, Ed.D
Superintendent

Randie A. Allen
Associate Superintendent

Richard Erhard
Assistant Superintendent Student Services

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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State Board of Accountancy

Governing Board
Coronado Unified School District
Coronado, California

We have audited the accompanying financial statements of the governmental 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coronado Unified School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 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* and should be considered in assessing the results of our audit.

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 3 through 9, the budgetary comparison information on page 43, and the schedule of funding progress on page 44 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.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Christy White Associates

San Diego, California
December 11, 2012

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

INTRODUCTION

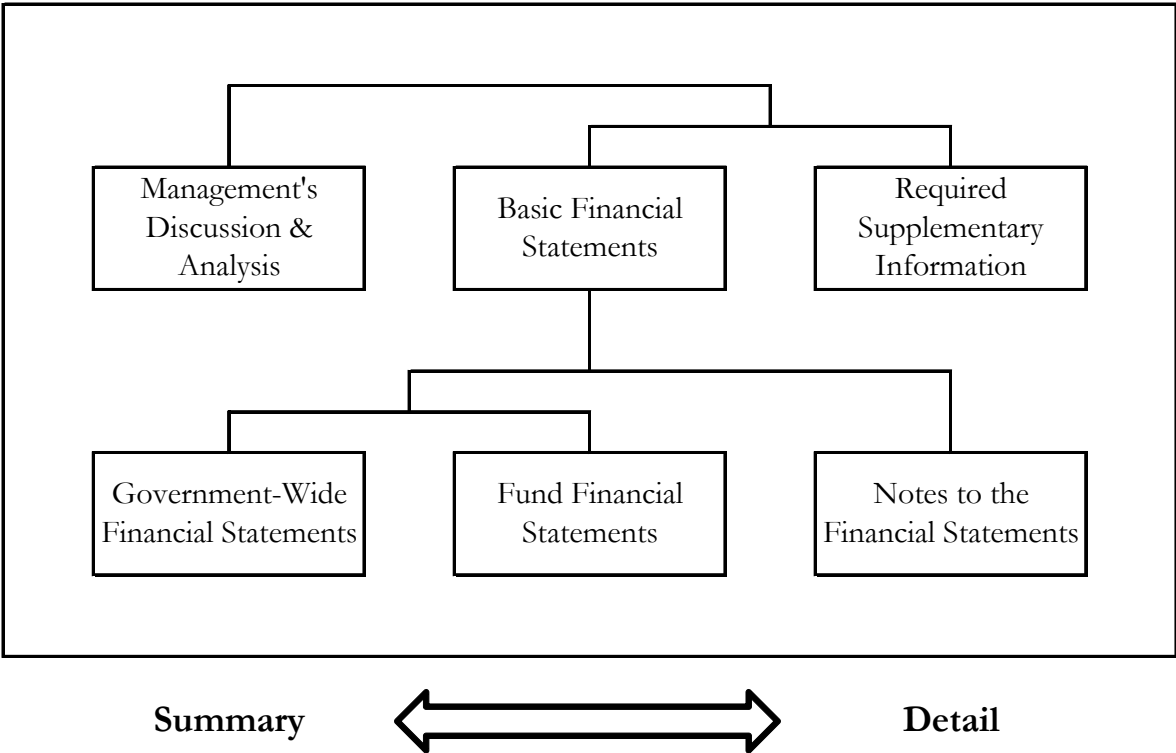
Our discussion and analysis of Coronado Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net assets were \$111,428,830 at June 30, 2012. This was a decrease of \$1,934,738 from the prior year.
- ▶ Overall revenues were \$32,498,732 which was less than expenses of \$34,433,470.

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, 2012**

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

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

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets 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, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$111,428,830 at June 30, 2012, as reflected in the table below. Of this amount, \$17,126,489 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use those net assets for day-to-day operations.

	Governmental Activities		
	2012	2011	Net Change
ASSETS			
Current and other assets	\$ 21,663,460	\$ 23,589,976	\$ (1,926,516)
Capital assets	114,588,070	116,795,474	(2,207,404)
Total Assets	136,251,530	140,385,450	(4,133,920)
LIABILITIES			
Current liabilities	1,793,161	3,111,635	1,318,474
Long-term liabilities	23,029,539	23,786,550	757,011
Total Liabilities	24,822,700	26,898,185	2,075,485
NET ASSETS			
Invested in capital assets, net of related debt	91,363,858	92,769,133	(1,405,275)
Restricted	2,938,483	14,175,484	(11,237,001)
Unrestricted	17,126,489	6,418,951	10,707,538
Total Net Assets	\$ 111,428,830	\$ 113,363,568	\$ (1,934,738)

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Assets

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		
	2012	2011	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 375,378	\$ 991,174	\$ (615,796)
Operating grants and contributions	4,605,821	3,760,747	845,074
General revenues			
Property taxes	6,169,503	6,049,725	119,778
Unrestricted federal and state aid	17,839,089	17,007,157	831,932
Other	3,508,941	6,385,296	(2,876,355)
Total Revenues	32,498,732	34,194,099	(1,695,367)
EXPENSES			
Instruction	17,280,603	16,220,975	1,059,628
Instruction-related services	3,395,682	3,311,198	84,484
Pupil services	2,536,022	2,283,694	252,328
General administration	1,912,094	1,800,285	111,809
Plant services	3,442,842	2,600,949	841,893
Ancillary and community services	769,084	340,759	428,325
Debt service	924,465	1,403,691	(479,226)
Other Outgo	133,230	57,361	75,869
Depreciation	4,039,448	3,827,406	212,042
Other	-	498,113	(498,113)
Total Expenses	34,433,470	32,344,431	2,089,039
Change in net assets	(1,934,738)	1,849,668	(3,784,406)
Net Assets - Beginning	113,363,568	111,513,900	1,849,668
Net Assets - Ending	\$ 111,428,830	\$ 113,363,568	\$ (1,934,738)

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Assets (continued)

The cost of all our governmental activities this year was \$34,433,470. The amount that our taxpayers ultimately financed for these activities through taxes was only \$29,452,271 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$4,981,199).

	<u>Total cost of services</u>	<u>Net cost of services</u>
Instruction	\$ 17,280,603	\$ 13,761,010
Instruction-related services	3,395,682	3,232,001
Pupil services	2,536,022	1,723,430
General administration	1,912,094	1,753,589
Plant services	3,442,842	3,339,162
Ancillary and community services	769,084	551,780
Debt service	924,465	924,465
Transfers to other agencies	133,230	127,386
Depreciation	4,039,448	4,039,448
Total Expenses	<u>\$ 34,433,470</u>	<u>\$ 29,452,271</u>

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 \$20,656,458, which is less than last year's ending fund balance of \$21,387,951. The District's General Fund had \$24,381 less in operating revenues than expenditures for the year ended June 30, 2012.

CURRENT YEAR BUDGET 2011-12

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, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2011-12 the District had invested \$114,588,070 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2012	2011	Net Change
CAPITAL ASSETS			
Land	\$ 569,949	\$ 569,949	\$ -
Construction in progress	28,281	809,867	(781,586)
Land improvements	16,107,401	15,360,229	747,172
Buildings & improvements	122,792,662	122,142,104	650,558
Furniture & equipment	3,406,889	2,190,989	1,215,900
Accumulated depreciation	(28,317,112)	(24,277,664)	(4,039,448)
Total Capital Assets	\$ 114,588,070	\$ 116,795,474	\$ (2,207,404)

Long-Term Debt

At year-end, the District had \$23,873,536 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		
	2012	2011	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 13,499,212	\$ 14,055,000	\$ (555,788)
Total certificates of participation	9,725,000	9,970,000	(245,000)
Capital leases	-	1,341	(1,341)
Early retirement incentive	296,989	395,986	(98,997)
Compensated absences	164,362	126,614	37,748
Net OPEB obligation	187,973	184,561	3,412
Total Long-term Liabilities	\$ 23,873,536	\$ 24,733,502	\$ (859,966)

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

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.

- At the state level, the budget situation continues to reflect challenging economic times. A major key to higher funding for education is the recovery of the economy. There were two tax initiatives on the November 2012 ballot – the Governor's Proposition 30 and a rival tax initiative, Proposition 38. Since the Governor's proposal was approved by voters in November 2012, K-12 spending will remain flat at roughly the 2011-12 level. State categorical program flexibility continues for the 2011-12 and 2012-13 fiscal years with no anticipated changes. School districts are currently authorized to use funding from Tier III categorical programs for any purpose. K-3 class size reduction penalties have been relaxed through 2013-14 and school agencies maintain the flexibility to shorten the school year until 2014-15.
- 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 2012-13 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 Associate Superintendent, Coronado Unified School District, 201 Sixth Street; Coronado, California 92118.

CORONADO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Discretely Presented Component Unit
ASSETS		
Cash and cash equivalents	\$ 15,057,584	\$ 595,130
Investments	-	5,154,695
Accounts receivable	6,367,052	22,392
Inventory	26,919	-
Prepaid expenses	-	13,056
Deferred charges	211,905	-
Capital assets, not depreciated	598,230	-
Capital assets, net of accumulated depreciation	113,989,840	3,097
Total Assets	136,251,530	5,788,370
LIABILITIES		
Accrued liabilities	907,764	230,184
Deferred revenue	41,400	-
Other current liabilities	-	333,678
Long-term liabilities, current portion	843,997	-
Long-term liabilities, non-current portion	23,029,539	-
Total Liabilities	24,822,700	563,862
NET ASSETS		
Invested in capital assets, net of related debt	91,363,858	-
Restricted for		
Capital projects	74,639	-
Debt service	1,088,889	-
Educational programs	1,486,339	-
Permanent endowment	288,616	1,165,233
Unrestricted	17,126,489	4,059,275
Total Net Assets	\$ 111,428,830	\$ 5,224,508

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

**CORONADO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets	Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 17,280,603	\$ -	\$ 3,519,593	\$ (13,761,010)	\$ -
Instruction-related services					
Instructional supervision and administration	370,367	-	91,779	(278,588)	-
Instructional library, media, and technology	815,061	-	3,415	(811,646)	-
School site administration	2,210,254	-	68,487	(2,141,767)	-
Pupil services					
Home-to-school transportation	555,132	-	127,624	(427,508)	-
Food services	604,985	358,185	97,254	(149,546)	-
All other pupil services	1,375,905	-	229,529	(1,146,376)	-
General administration					
All other general administration	1,912,094	17,193	141,312	(1,753,589)	-
Plant services	3,442,842	-	103,680	(3,339,162)	-
Ancillary services	330,529	-	1,647	(328,882)	-
Community services	438,555	-	215,657	(222,898)	-
Interest on long-term debt	924,465	-	-	(924,465)	-
Other Outgo	133,230	-	5,844	(127,386)	-
Depreciation (unallocated)	4,039,448	-	-	(4,039,448)	-
Total Governmental Activities	\$ 34,433,470	\$ 375,378	\$ 4,605,821	(29,452,271)	
DISCRETELY PRESENTED COMPONENT UNIT					
Program services	\$ 838,160	\$ -	\$ -		\$ 838,160
Management and general	66,651	-	-		66,651
Fundraising	94,680	-	-		94,680
Total	\$ 999,491	\$ -	\$ -		\$ 999,491
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes				3,106,032	-
Property taxes, levied for debt service				1,273,384	-
Property taxes, levied for other specific purposes				1,790,087	-
Federal and state aid not restricted for specific purposes				17,839,089	-
Interest and investment earnings				113,285	-
Interagency revenues				14,777	-
Miscellaneous				3,380,879	1,164,572
Subtotal, General Revenue				27,517,533	1,164,572
CHANGE IN NET ASSETS					
Net Assets - Beginning					
				113,363,568	5,059,427
Net Assets - Ending					
				\$ 111,428,830	\$ 5,224,508

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

**CORONADO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,160,824	\$ 8,978,400	\$ 3,918,360	\$ 15,057,584
Accounts receivable	6,323,652	7,809	35,591	6,367,052
Due from other funds	249,792	18,720	236,171	504,683
Stores inventory	-	-	26,919	26,919
Total Assets	\$ 8,734,268	\$ 9,004,929	\$ 4,217,041	\$ 21,956,238
LIABILITIES				
Accrued liabilities	\$ 643,829	\$ 77,429	\$ 32,439	\$ 753,697
Due to other funds	247,081	94,946	162,656	504,683
Deferred revenue	41,400	-	-	41,400
Total Liabilities	932,310	172,375	195,095	1,299,780
FUND BALANCES				
Nonspendable	10,000	-	27,519	37,519
Restricted	975,950	74,601	652,115	1,702,666
Committed	-	-	606,068	606,068
Assigned	1,697,782	8,757,953	2,736,244	13,191,979
Unassigned	5,118,226	-	-	5,118,226
Total Fund Balances	7,801,958	8,832,554	4,021,946	20,656,458
Total Liabilities and Fund Balances	\$ 8,734,268	\$ 9,004,929	\$ 4,217,041	\$ 21,956,238

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 ASSETS
JUNE 30, 2012**

Total Fund Balance - Governmental Funds \$ 20,656,458

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

Capital assets:

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

Capital assets	\$ 142,905,182	
Accumulated depreciation	(28,317,112)	114,588,070

Unamortized costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the governmental-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 assets are:

211,905

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:

(154,067)

Long-term liabilities:

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

Total general obligation bonds	\$ 13,499,212	
Total certificates of participation	9,725,000	
Early retirement incentive	296,989	
Compensated absences	164,362	
Net OPEB obligation	187,973	(23,873,536)

Total Net Assets - Governmental Activities \$ 111,428,830

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, 2012**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources				
State aid	\$ 12,735,641	\$ -	\$ -	\$ 12,735,641
Local sources	3,013,307	-	-	3,013,307
Transfers	133,503	-	-	133,503
Federal sources	4,040,591	-	96,672	4,137,263
Other state sources	3,399,791	-	124,388	3,524,179
Other local sources	4,078,495	1,859,520	2,057,229	7,995,244
Total Revenues	27,401,328	1,859,520	2,278,289	31,539,137
EXPENDITURES				
Current				
Instruction	17,236,545	-	160,648	17,397,193
Instruction-related services				
Instructional supervision and administration	369,067	-	2,393	371,460
Instructional library, media, and technology	815,061	-	-	815,061
School site administration	2,195,264	-	145,433	2,340,697
Pupil services				
Home-to-school transportation	555,132	-	-	555,132
Food services	75	-	604,910	604,985
All other pupil services	1,375,905	-	-	1,375,905
General administration				
All other general administration	1,846,142	-	37,023	1,883,165
Plant services	2,375,466	941,211	158,736	3,475,413
Facilities acquisition and maintenance	5,295	655,908	148,851	810,054
Ancillary services	330,529	-	-	330,529
Community services	321,228	-	119,021	440,249
Debt service				
Principal	-	246,241	475,000	721,241
Interest and other	-	415,378	1,284,355	1,699,733
Total Expenditures	27,425,709	2,258,738	3,136,370	32,820,817
Excess (Deficiency) of Revenues				
Over Expenditures	(24,381)	(399,218)	(858,081)	(1,281,680)
Other Financing Sources (Uses)				
Transfers In	-	-	200,430	200,430
Other Sources	-	-	13,837,494	13,837,494
Transfers Out	(194,197)	-	(6,233)	(200,430)
Other Uses	-	-	(13,287,307)	(13,287,307)
Net Financing Sources (Uses)	(194,197)	-	744,384	550,187
NET CHANGE IN FUND BALANCE	(218,578)	(399,218)	(113,697)	(731,493)
Fund Balance - Beginning	8,020,536	9,231,772	4,135,643	21,387,951
Fund Balance - Ending	\$ 7,801,958	\$ 8,832,554	\$ 4,021,946	\$ 20,656,458

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, 2012**

Net Change in Fund Balances - Governmental Funds \$ (731,493)

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:	\$ 872,449	
Depreciation expense:	<u>(4,039,448)</u>	(3,166,999)

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:

14,301,341

Debt proceeds:

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

(13,499,212)

Debt issue costs:

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

Issue costs incurred during the period:	\$ 211,904	
Issue costs amortized for the period:	<u>(292,693)</u>	(80,789)

Donated capital assets:

In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:

959,595

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, 2012**

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:

224,982

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:

(37,748)

Other expenditures relating to prior periods:

Certain expenditures recognized in governmental funds relating to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods (describe below) were:

98,997

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:

(3,412)

Change in Net Assets of Governmental Activities

\$ (1,934,738)

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

CORONADO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency Funds</u>
	<u>Student Body Fund</u>
ASSETS	
Cash and cash equivalents	\$ 688,409
Investments	29,655
Stores inventory	1,242
Total Assets	\$ 719,306
LIABILITIES	
Due to student groups	\$ 719,306
Total Liabilities	\$ 719,306

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

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component unites 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 as defined by the GASB Statement.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

C. Basis of Presentation

Government-Wide Statements. The statement of net assets 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.

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

C. Basis of Presentation (*continued*)

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*).

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*).

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

Special Revenue Funds (*continued*)

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).

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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.*).

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

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.

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*).

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements

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

Net assets should be reported as restricted when constraints placed on net asset 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 assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

All governmental-type activities of the District follow the FASB and AICPA pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Governmental Funds

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

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

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

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.

Deferred Revenue

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

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

E. Assets, Liabilities, Fund Balance and Net Assets

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB 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 assets.

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

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

Accrued Liabilities and Long-Term Obligations

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

However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Deferred Issuance Costs, Premiums, and Discounts

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

Fund Balance

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

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

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

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

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2012

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

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

Fund Balance (*continued*)

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.

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.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Cash in county	\$ 14,382,184	\$ -
Cash on hand and in banks	-	688,409
Cash with fiscal agent	664,800	-
Cash in revolving fund	10,600	-
Total cash and cash equivalents	<u>\$ 15,057,584</u>	<u>\$ 688,409</u>
Investments	<u>\$ -</u>	<u>\$ 29,656</u>

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, 2012

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 \$14,424,532 and an amortized book value of \$14,382,184. The average weighted maturity for this pool is 370 days.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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, 2012, the pooled investments in the County Treasury were rated AAAs/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, 2012, the District's bank balance was not exposed to custodial credit risk.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	\$ 245,100	\$ -	\$ 11,334	\$ 256,434
State Government				
Apportionment	4,261,005	-	3,904	4,264,909
Categorical aid	565,532	-	-	565,532
Lottery	152,362	-	-	152,362
Local Government				
Other Local Sources	1,099,653	7,809	20,353	1,127,815
Total	\$ 6,323,652	\$ 7,809	\$ 35,591	\$ 6,367,052

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 569,949	\$ -	\$ -	\$ 569,949
Construction in progress	809,867	28,281	809,867	28,281
Total Capital Assets not Being Depreciated	1,379,816	28,281	809,867	598,230
Capital assets being depreciated				
Land improvements	15,360,229	747,172	-	16,107,401
Buildings & improvements	122,142,104	650,558	-	122,792,662
Furniture & equipment	2,190,989	1,215,900	-	3,406,889
Total Capital Assets Being Depreciated	139,693,322	2,613,630	-	142,306,952
Less Accumulated Depreciation				
Land improvements	4,677,651	1,048,995	-	5,726,646
Buildings & improvements	18,276,419	2,736,576	-	21,012,995
Furniture & equipment	1,323,594	253,877	-	1,577,471
Total Accumulated Depreciation	24,277,664	4,039,448	-	28,317,112
Governmental Activities				
Capital Assets, net	\$ 116,795,474	\$ (1,397,537)	\$ 809,867	\$ 114,588,070

**CORONADO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2012**

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2012 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 18,720	\$ 228,361	\$ 247,081
Special Reserve Fund for Capital Outlay Projects	94,946	-	-	94,946
Non-Major Governmental Funds	154,846	-	7,810	162,656
Total Due From Other Funds	\$ 249,792	\$ 18,720	\$ 236,171	\$ 504,683

Transfer from General Fund to Child Development Fund for preschool support	\$ 39,559
Transfer from General Fund to Cafeteria Special Revenue Fund for support and meals for needy	87,768
Transfer from General Fund to Foundation Special Revenue Fund for BB MAC support	102,611
Transfer from General Fund to Special Reserve Fund for Capital Outlay Projects for tablet purchases	18,720
Transfer from Child Development fund to General Fund for Indirect Costs and prior support	37,802
Transfer from Child Development fund to Cafeteria Special Revenue Fund for preschool meals	6,233
Transfer from Cafeteria Special Revenue Fund to General Fund for prior support	112,193
Transfer from Foundation Special Revenue Fund to General Fund for various costs	4,336
Transfer from Special Reserve Fund for Capital Outlay Projects to General Fund for Techmaster's expenditure	94,946
Transfer from Foundation Permanent Fund to General Fund for costs	515
	<u>\$ 504,683</u>

B. Operating Transfers

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>	
	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ 194,197	\$ 194,197
Non-Major Fund	6,233	6,233
Total Interfund Transfers	\$ 200,430	\$ 200,430

Transfer from the General Fund to the Child Development Fund for expenditures	\$ 38,978
Transfer from the General Fund to the Cafeteria Fund for expenditures	155,219
Transfer from the Child Development to the Cafeteria Fund for expenditures	6,233
Total	<u>\$ 200,430</u>

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2012 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 231,822	\$ -	\$ 12,619	\$ -	\$ 244,441
Construction	-	-	-	-	-
Vendors payable	412,007	77,429	19,820	-	509,256
Unmatured interest	-	-	-	154,067	154,067
Total	\$ 643,829	\$ 77,429	\$ 32,439	\$ 154,067	\$ 907,764

NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2012, consisted of \$41,400 primarily from federal sources.

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2012 consisted of the following:

	Balance July 01, 2011	Additions	Deductions	Balance June 30, 2012	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 14,055,000	\$ 12,100,000	\$ 14,055,000	\$ 12,100,000	\$ 495,000
Unamortized premium	-	1,737,494	-	1,737,494	-
Deferred amount on refunding	-	(338,282)	-	(338,282)	-
Total general obligation bonds	14,055,000	13,499,212	14,055,000	13,499,212	495,000
Certificates of participation	9,970,000	-	245,000	9,725,000	250,000
Capital leases	1,341	-	1,341	-	-
Early retirement incentive	395,986	-	98,997	296,989	98,997
Compensated absences	126,614	37,748	-	164,362	-
Net OPEB obligation	184,561	3,412	-	187,973	-
Total	\$ 24,733,502	\$ 13,540,372	\$ 14,400,338	\$ 23,873,536	\$ 843,997

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2012 amounted to \$164,362. This amount is included as part of long-term liabilities in the government-wide financial statements.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 8 – LONG-TERM DEBT (continued)

B. General Obligation Bonds

Debt service requirements on General Obligation Bonds at June 30, 2012 were as follows:

Year Ended	Principal	Current Interest	Total
June 30,			
2013	\$ 495,000	\$ 168,073	\$ 663,073
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
2018-2022	3,765,000	1,645,850	5,410,850
2023-2027	5,445,000	783,300	6,228,300
Total	\$ 12,100,000	\$ 4,268,523	\$ 16,368,523

C. Certificates of Participation

Future commitments for certificates of participation at June 30, 2012 were as follows:

Year Ended	Principal	Interest	Total
June 30,			
2013	\$ 250,000	\$ 407,225	\$ 657,225
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
2018-2022	1,610,000	1,671,581	3,281,581
2023-2027	1,960,000	1,305,656	3,265,656
2028-2032	2,435,000	817,988	3,252,988
2033-2037	2,375,000	219,713	2,594,713
Totals	\$ 9,725,000	\$ 5,959,985	\$ 15,684,985

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2012:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 10,000	\$ -	\$ 600	\$ 10,600
Stores inventory	-	-	26,919	26,919
Total non-spendable	10,000	-	27,519	37,519
Restricted				
Educational programs	975,950	-	510,389	1,486,339
Capital projects	-	74,601	38	74,639
All others	-	-	141,688	141,688
Total restricted	975,950	74,601	652,115	1,702,666
Committed				
Other commitments	-	-	606,068	606,068
Total committed	-	-	606,068	606,068
Assigned				
Textbok flex funds	685,093	-	-	685,093
Site carryover	778,689	-	-	778,689
GASB 45 set aside	234,000	-	-	234,000
Capital facilities plan	-	-	1,354,106	1,354,106
Board designated	-	8,757,953	-	8,757,953
Bond sinking fund	-	-	1,088,889	1,088,889
Temporarily restricted	-	-	288,616	288,616
Other Assignments	-	-	4,633	4,633
Total assigned	1,697,782	8,757,953	2,736,244	13,191,979
Unassigned				
Reserve for economic uncertainties	1,319,289	-	-	1,319,289
Remaining unassigned	3,798,937	-	-	3,798,937
Total unassigned	5,118,226	-	-	5,118,226
Total	\$ 7,801,958	\$ 8,832,554	\$ 4,021,946	\$ 20,656,458

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, 2012

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, 2012, 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, 2012

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	\$	261,631
Interest on net OPEB obligation		9,228
Adjustment to annual required contribution		(12,604)
Annual OPEB cost (expense)		<u>258,255</u>
Contributions made		<u>254,843</u>
Increase (decrease) in net OPEB obligation		3,412
Net OPEB obligation, beginning of the year		<u>184,561</u>
Net OPEB obligation, end of the year	\$	<u>187,973</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, 2012 and the preceding two years were as follows:

Year Ended June 30,		Annual OPEB Cost	Percentage Contributed		Net OPEB Obligation
2012	\$	258,255	99%	\$	187,973
2011	\$	253,815	91%	\$	184,561
2010	\$	249,814	86%	\$	160,664

**CORONADO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2012**

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	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, 2012**

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) (continued)

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 2012 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>
2011-12	\$ 1,050,370	100%
2010-11	\$ 994,287	100%
2009-10	\$ 1,029,132	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 \$543,214 to CalSTRS (4.267% of salaries subject to CalSTRS in 2011-12).

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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 2012 was 10.923% 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>
2011-12	\$ 410,177	100%
2010-11	\$ 392,300	100%
2009-10	\$ 376,195	100%

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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, 2012.

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, 2012.

C. Construction Commitments

As of June 30, 2012, 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, 2012**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources				
State aid	\$ 12,799,686	\$ 12,799,686	\$ 12,735,641	\$ (64,045)
Local sources	2,983,148	2,983,148	3,013,307	30,159
Transfers	171,192	171,192	133,503	(37,689)
Federal sources	2,538,365	2,541,321	4,040,591	1,499,270
Other State sources	2,692,553	2,713,253	2,856,659	143,406
Other local sources	3,743,766	3,791,803	4,072,325	280,522
Total Revenues	24,928,710	25,000,403	26,852,026	1,851,623
EXPENDITURES				
Certificated salaries	11,943,200	11,977,149	12,941,739	(964,590)
Classified salaries	4,163,165	4,163,165	4,231,637	(68,472)
Employee benefits	5,031,926	5,035,561	5,150,693	(115,132)
Books and supplies	1,147,660	858,077	1,122,089	(264,012)
Services and other operating expenditures	3,183,717	3,500,773	3,437,987	62,786
Capital outlay	38,250	44,152	35,119	9,033
Other outgo				
Excluding transfers of indirect costs	1,347	1,347	-	1,347
Transfers of indirect costs	(20,143)	(20,143)	(36,687)	16,544
Total Expenditures	25,489,122	25,560,081	26,882,577	(1,322,496)
Excess (Deficiency) of Revenues Over Expenditures	(560,412)	(559,678)	(30,551)	529,127
Other Financing Sources (Uses)				
Transfers Out	(75,000)	(75,000)	(194,197)	(119,197)
Net Financing Sources (Uses)	(75,000)	(75,000)	(194,197)	(119,197)
NET CHANGE IN FUND BALANCE	(635,412)	(634,678)	(224,748)	409,930
Fund Balance - Beginning	6,707,417	6,707,417	6,707,417	-
Fund Balance - Ending	\$ 6,072,005	\$ 6,072,739	\$ 6,482,669	\$ 409,930

* 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 \$543,214 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, 2012**

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	19%
July 1, 2007	\$ -	\$ 3,257,643	\$ 3,257,643	0%	\$ 17,552,311	24%

See accompanying note to required supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012, 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	\$ 11,977,149	\$ 12,941,739	\$ 964,590
Classified salaries	\$ 4,163,165	\$ 4,231,637	\$ 68,472
Employee benefits	\$ 5,035,561	\$ 5,150,693	\$ 115,132
Books and supplies	\$ 858,077	\$ 1,122,089	\$ 264,012

**SUPPLEMENTARY
INFORMATION**

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Impact Aid	84.041	*	2,183,345
<i>Passed through California Department of Education:</i>			
Title I, Part A Cluster			
Title I, Part A, Basic School Support	84.010	14416	\$ 226,700
ARRA - Title I - Part A	84.389	15005	25,441
Subtotal Title I, Part A Cluster			<u>252,141</u>
Title II, Part A, Administrator Training	84.367	14344	2,600
Title II, Part A, Teacher Quality	84.367A	14341	57,667
Educational Technology State Grants Cluster			
Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	252
ARRA - Education Technology State Grants	84.386	15019	2,956
Education Technology State Grants Cluster			<u>3,208</u>
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	5,337
Title III, Immigrant Education Program	84.365	15146	8,157
Title V, Part A, Innovative Education Strategies	84.298A	14354	2,050
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	493,455
Part B, Preschool Grants	84.173	13430	21,549
ARRA - Basic Local Assistance Entitlement, Part B	84.391	15003	34,178
ARRA - Preschool Local Entitlement, Part B	84.391	15002	20,884
ARRA - Part B, Preschool Grants	84.392	15000	17,538
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	39,401
Preschool Staff Development	84.173A	13431	196
Subtotal Special Education Cluster			<u>627,201</u>
Education Jobs Fund	84.410	25152	538,642
Advanced Placement Fee Waiver	84.330	14831	4,899
Total U. S. Department of Education			<u><u>3,685,247</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	96,672
Total U. S. Department of Agriculture			<u>96,672</u>
U. S. DEPARTMENT OF DEFENSE			
Students Achieving Through Technology Project	12.030	*	355,344
Total U. S. Department of Defense			<u>355,344</u>
Total Federal Expenditures			<u>\$ 4,137,263</u>

* - PCS Number not available or not applicable

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2012**

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	180	179
First through third	577	577
Fourth through sixth	657	656
Seventh through eighth	493	493
Home and hospital	2	2
Special education	22	15
Total Elementary	1,931	1,922
SECONDARY		
Regular classes	1,021	1,019
Continuation education	16	16
Home and hospital	1	1
Special education	31	33
Total Secondary	1,069	1,069
Total ADA	3,000	2,991

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2012**

Grade Level	1982-83		1986-87		2011-12 Actual Minutes	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced			
Kindergarten	33,120	30,849	36,000	33,600	47,435	175	Complied
Grade 1	46,320	43,144	50,400	47,040	50,310	175	Complied
Grade 2	46,320	43,144	50,400	47,040	50,310	175	Complied
Grade 3	46,320	43,144	50,400	47,040	50,310	175	Complied
Grade 4	48,080	44,783	54,000	50,400	56,405	175	Complied
Grade 5	48,080	44,783	54,000	50,400	56,405	175	Complied
Grade 6	48,080	44,783	54,000	50,400	60,258	175	Complied
Grade 7	48,080	44,783	54,000	50,400	60,258	175	Complied
Grade 8	48,080	44,783	54,000	50,400	60,258	175	Complied
Grade 9	48,080	44,783	64,800	60,480	64,655	175	Complied
Grade 10	48,080	44,783	64,800	60,480	64,655	175	Complied
Grade 11	48,080	44,783	64,800	60,480	64,655	175	Complied
Grade 12	48,080	44,783	64,800	60,480	64,655	175	Complied

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

	2013 (Budget)	2012	2011	2010
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 24,046,190	\$ 26,852,026	\$ 25,925,258	\$ 24,779,747
Expenditures And Other Financing Uses	26,850,504	27,076,774	25,424,900	25,658,018
Net change in Fund Balance	\$ (2,804,314)	\$ (224,748)	\$ 500,358	\$ (878,271)
Ending Fund Balance	\$ 3,678,355	\$ 6,482,669	\$ 8,020,536	\$ 6,215,719
Available Reserves*	\$ 1,263,132	\$ 3,798,936	\$ 6,921,572	\$ 6,205,719
Available Reserves As A Percentage Of Outgo	4.70%	14.03%	27.22%	24.19%
Long-term Debt	\$ 23,029,539	\$ 23,873,536	\$ 24,733,502	\$ 24,966,922
Average Daily Attendance At P-2	3,000	3,000	2,980	2,985

The General Fund balance has increased by \$266,950 over the past two years. The fiscal year 2012-13 budget projects a further decrease of \$2,804,314. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2012-13 fiscal year. Total long term obligations have decreased by \$1,093,386 over the past two years.

Average daily attendance has increased by 15 ADA over the past two years. No change in ADA is anticipated during the 2012-13 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, 2012**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2012, annual financial and budget report fund balance	\$ 6,482,669	\$ 1,319,289
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB54)	1,319,289	(1,319,289)
Net adjustments and reclassifications	1,319,289	(1,319,289)
June 30, 2012, audited financial statement fund balance	\$ 7,801,958	\$ -

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012**

No Charter schools are chartered by Coronado Unified School District.

**CORONADO UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2012**

	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	\$ 531	\$ 1,871	\$ 9,210	\$ 759,412	\$ 424,292	\$ 1,345,223	\$ 38	\$ 1,088,889	\$ 288,894	\$ 3,918,360
Investments										
Accounts receivable	-	3,278	13,283	698	9,187	8,883	-	-	262	35,591
Due from other funds	-	39,559	94,001	-	102,611	-	-	-	-	236,171
Stores inventory	-	-	26,919	-	-	-	-	-	-	26,919
Total Assets	\$ 531	\$ 44,708	\$ 143,413	\$ 760,110	\$ 536,090	\$ 1,354,106	\$ 38	\$ 1,088,889	\$ 289,156	\$ 4,217,041
LIABILITIES										
Accrued liabilities	\$ -	\$ 673	\$ 3,701	\$ 12,885	\$ 15,155	\$ -	\$ -	\$ -	\$ 25	\$ 32,439
Due to other funds	-	44,035	112,193	-	5,913	-	-	-	515	162,656
Total Liabilities	-	44,708	115,894	12,885	21,068	-	-	-	540	195,095
FUND BALANCES										
Non-spendable	-	-	27,519	-	-	-	-	-	-	27,519
Restricted	-	-	-	141,688	510,389	-	38	-	-	652,115
Committed	531	-	-	605,537	-	-	-	-	-	606,068
Assigned	-	-	-	-	4,633	1,354,106	-	1,088,889	288,616	2,736,244
Total Fund Balances	531	-	27,519	747,225	515,022	1,354,106	38	1,088,889	288,616	4,021,946
Total Liabilities and Fund Balance	\$ 531	\$ 44,708	\$ 143,413	\$ 760,110	\$ 536,090	\$ 1,354,106	\$ 38	\$ 1,088,889	\$ 289,156	\$ 4,217,041

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, 2012**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
REVENUES											
Federal sources	-	-	96,672	-	-	-	-	-	-	-	96,672
Other State sources	-	115,794	4,845	-	-	-	-	-	3,749	-	124,388
Other local sources	2	124	375,731	3,699	299,815	-	104,200	-	1,272,299	1,359	2,057,229
Total Revenues	2	115,918	477,248	3,699	299,815	-	104,200	-	1,276,048	1,359	2,278,289
EXPENDITURES											
Current											
Instruction	-	158,802	-	-	-	-	-	-	-	1,846	160,648
Instruction-related services	-	-	-	-	-	-	-	-	-	2,393	2,393
Instructional supervision and adm	-	-	-	-	-	-	-	-	-	-	-
School site administration	-	14,990	-	-	130,443	-	-	-	-	-	145,433
Pupil services	-	-	-	-	-	-	-	-	-	-	-
Food services	-	-	604,910	-	-	-	-	-	-	-	604,910
General administration	-	-	-	-	-	-	-	-	-	-	-
All other general administration	-	7,651	29,036	-	-	-	336	-	-	-	37,023
Plant services	-	-	-	18,112	105,928	-	34,696	-	-	-	158,736
Facilities acquisition and maintenanc	-	-	-	68,190	-	-	80,661	-	-	-	148,851
Community services	-	-	-	-	119,021	-	-	-	-	-	119,021
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	475,000	-	475,000
Interest and other	-	-	-	-	-	550,187	-	-	734,168	-	1,284,355
Total Expenditures	-	181,443	633,946	86,302	355,392	550,187	115,693	-	1,209,168	4,239	3,136,370
Excess (Deficiency) of Revenues											
Over Expenditures	2	(65,525)	(156,698)	(82,603)	(55,577)	(550,187)	(11,493)	-	66,880	(2,880)	(858,081)
Other Financing Sources (Uses)											
Transfers In	-	38,978	161,452	-	-	-	-	-	-	-	200,430
Other Sources	-	-	-	-	-	13,837,494	-	-	-	-	13,837,494
Transfers Out	-	(6,233)	-	-	-	-	-	-	-	-	(6,233)
Other Uses	-	-	-	-	-	(13,287,307)	-	-	-	-	(13,287,307)
Net Financing Sources (Uses)	-	32,745	161,452	-	-	550,187	-	-	-	-	744,384
NET CHANGE IN FUND BALANCE	2	(32,780)	4,754	(82,603)	(55,577)	-	(11,493)	-	66,880	(2,880)	(113,697)
Fund Balance - Beginning	529	32,780	22,765	829,828	570,599	-	1,365,599	38	1,022,009	291,496	4,135,643
Fund Balance - Ending	\$ 531	\$ -	\$ 27,519	\$ 747,225	\$ 515,022	\$ -	\$ 1,354,106	\$ 38	\$ 1,088,889	\$ 288,616	\$ 4,021,946

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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*. For 2011-12, the instructional day and minute requirements have been reduced pursuant to *Education Code Sections 46201.2 and 46201.3*.

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**

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

Christy White, CPA

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

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Governing Board
Coronado Unified School District
Coronado, California

We have audited the financial statements of the governmental activities, the aggregate 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2012. 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.

Internal Control over Financial Reporting

Management of Coronado Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Coronado Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coronado Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coronado Unified School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Audit Findings and Questioned Costs as items #2012-01 through #2012-05 that we consider to be significant deficiencies in internal control over financial reporting. 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.

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 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Coronado Unified School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
December 11, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Christy White, CPA

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

Governing Board
Coronado Unified School District
Coronado, California

Compliance

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 its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Coronado Unified School District's management. Our responsibility is to express an opinion on Coronado Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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. Our audit does not provide a legal determination of Coronado Unified School District's compliance with those requirements.

In our opinion, Coronado Unified School District complied, in all material respects, with the 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, 2012.

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Internal Control over Compliance

Management of Coronado Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Coronado Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
December 11, 2012

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
 Coronado Unified School District
 Coronado, California

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 2011-12*, issued by the California Education Audit Appeals Panel as regulations for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Coronado Unified School District's management. Our responsibility is to express an opinion on Coronado Unified School District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 2011-12*, 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 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. Our audit does not provide a legal determination on Coronado Unified School District's compliance with the state laws and regulations referred to above.

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

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<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Yes
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	3	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 Education because they were not material.

In our opinion, Coronado Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with the *Standards and Procedures for Audits for California K-12 Local Education Agencies 2011-12* and which are reported in the accompanying Schedule of Audit Findings and Questioned Costs as finding #2012-06.

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
December 11, 2012

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</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>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	
Identification of major programs:	<u>No</u>

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.410</u>	<u>Education Jobs Fund</u>
<u>84.027, 84.391, 84.173, 84.392, 84.391, 84.173A</u>	<u>Individuals with Disabilities Education Act (IDEA) Cluster, including ARRA</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

Section II – Financial Statement Findings

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.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings (continued)

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.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings (continued)

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.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings (continued)

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.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings (continued)

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.

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.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings (continued)

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

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.

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 signer on the account.

**CORONADO UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs over federal awards for fiscal year 2011-12.

**CORONADO UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Section IV – State Award Finding and Questioned Costs

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.

CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

There were no findings for fiscal year 2010-11.