

# CORONADO UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2014

San Diego

Los Angeles

San Francisco  
Bay Area

christy  white  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

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

**CORONADO, CALIFORNIA**

**JUNE 30, 2014**

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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**

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

**DISTRICT ADMINISTRATORS**

Jeffrey P. Felix, Ed.D  
*Superintendent*

Keith Butler  
*Assistant Superintendent*

**CORONADO UNIFIED SCHOOL DISTRICT  
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 FOR THE YEAR ENDED JUNE 30, 2014**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

### Corporate Office:

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

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

Licensed by the California  
State Board of Accountancy

Governing Board  
Coronado Unified School District  
Coronado, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Coronado Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coronado Unified School District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 11, the budgetary comparison information on page 49, and the schedule of funding progress on page 50 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of Coronado Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coronado Unified School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California

December 11, 2014



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

**INTRODUCTION**

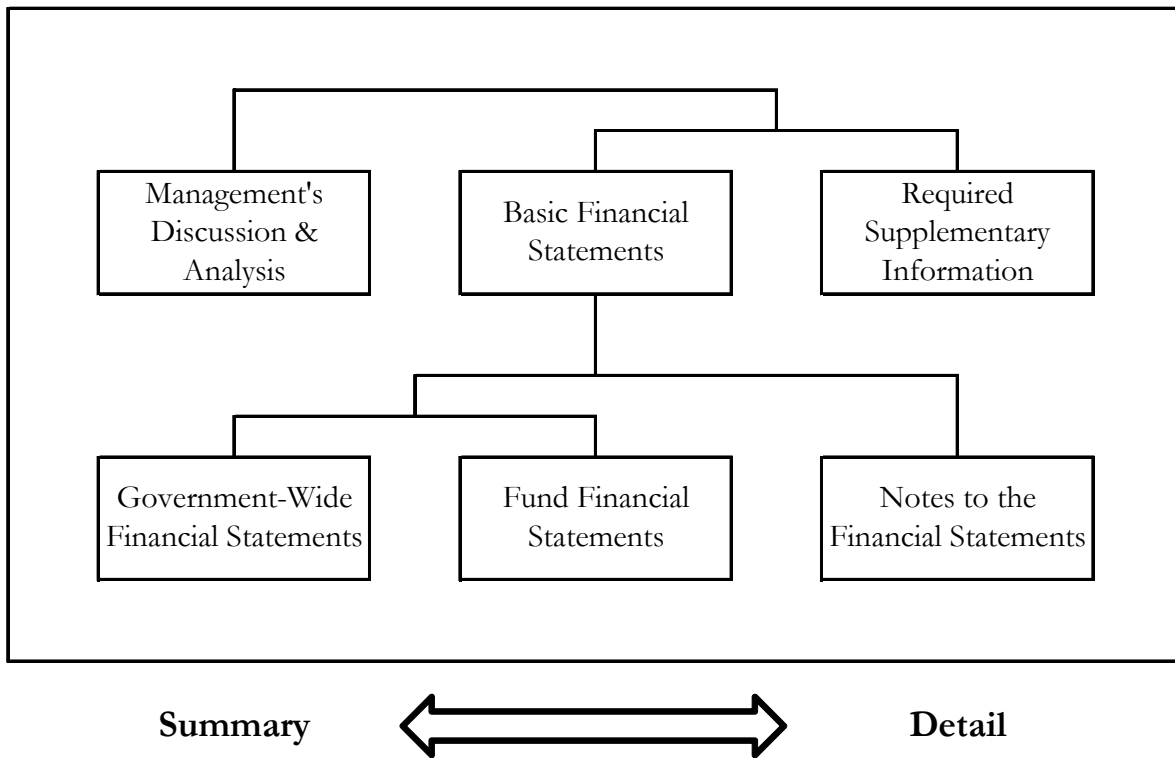
Our discussion and analysis of Coronado Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net position for governmental activities was \$106,079,659 at June 30, 2014. This was a decrease of \$4,405,106 from the prior year's restated net position.
- ▶ Overall revenues for governmental activities were \$32,996,209 which was less than expenses of \$37,414,029.

**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, 2014**

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

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

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

### **Government-Wide Statements**

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

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

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. LCFE 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, 2014**

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

**Net Position**

The District's combined net position was \$106,144,428 at June 30, 2014, as reflected in table below. Of this amount, \$4,280,472 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Net Change</b>	<b>2014</b>	<b>2013</b>	<b>Net Change</b>
<b>ASSETS</b>						
Current and other assets	\$ 21,283,862	\$ 25,814,291	\$ (4,530,429)	\$ 76,529	\$ 1,844	\$ 74,685
Capital assets	108,364,540	111,445,395	(3,080,855)	-	-	-
<b>Total Assets</b>	<b>129,648,402</b>	<b>137,259,686</b>	<b>(7,611,284)</b>	<b>76,529</b>	<b>1,844</b>	<b>74,685</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>315,730</b>	<b>-</b>	<b>315,730</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities	2,508,533	4,504,986	(1,996,453)	11,760	-	11,760
Long-term liabilities	21,375,940	22,072,110	(696,170)	-	-	-
<b>Total Liabilities</b>	<b>23,884,473</b>	<b>26,577,096</b>	<b>(2,692,623)</b>	<b>11,760</b>	<b>-</b>	<b>11,760</b>
<b>NET POSITION</b>						
Net investment in capital assets	86,588,712	89,059,464	(2,470,752)	-	-	-
Restricted	15,275,244	7,278,335	7,996,909	-	-	-
Unrestricted	4,215,703	14,344,791	(10,129,088)	64,769	1,844	62,925
<b>Total Net Position</b>	<b>\$ 106,079,659</b>	<b>\$ 110,682,590</b>	<b>\$ (4,602,931)</b>	<b>\$ 64,769</b>	<b>\$ 1,844</b>	<b>\$ 62,925</b>

**CORONADO UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Changes in Net Position**

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

	Governmental Activities			Business-Type Activities		
	2014	2013	Net Change	2014	2013	Net Change
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 519,566	\$ 454,454	\$ 65,112	\$ -	\$ -	\$ -
Operating grants and contributions	4,330,470	4,378,216	(47,746)	-	-	-
Capital grants and contributions	4,712	1,364,035	(1,359,323)	-	-	-
General revenues						
Property taxes	6,097,305	14,228,004	(8,130,699)	-	-	-
Unrestricted federal and state aid	18,779,797	12,548,436	6,231,361	-	-	-
Other	3,264,359	2,762,470	501,889	256,968	2,050	254,918
<b>Total Revenues</b>	<b>32,996,209</b>	<b>35,735,615</b>	<b>(2,739,406)</b>	<b>256,968</b>	<b>2,050</b>	<b>254,918</b>
<b>EXPENSES</b>						
Instruction	19,518,910	18,779,657	739,253	-	-	-
Instruction-related services	3,663,111	3,833,416	(170,305)	-	-	-
Pupil services	2,730,932	2,708,858	22,074	-	-	-
General administration	2,016,550	1,798,506	218,044	-	-	-
Plant services	3,517,281	3,473,009	44,272	-	-	-
Ancillary and community services	963,131	944,143	18,988	-	-	-
Debt service	851,425	827,582	23,843	-	-	-
Other Outgo	-	14,080	(14,080)	-	-	-
Depreciation	4,152,689	4,102,581	50,108	-	-	-
Other	-	23	(23)	181,329	206	181,123
<b>Total Expenses</b>	<b>37,414,029</b>	<b>36,481,855</b>	<b>932,174</b>	<b>181,329</b>	<b>206</b>	<b>181,123</b>
Transfers & special items	12,714	-	12,714	(12,714)	-	(12,714)
<b>Change in net position</b>	<b>(4,405,106)</b>	<b>(746,240)</b>	<b>(3,658,866)</b>	<b>62,925</b>	<b>1,844</b>	<b>61,081</b>
<b>Net Position - Beginning, as Restated</b>	<b>110,484,765</b>	<b>111,428,830</b>	<b>(944,065)</b>	<b>1,844</b>	<b>-</b>	<b>1,844</b>
<b>Net Position - Ending</b>	<b>\$ 106,079,659</b>	<b>\$ 110,682,590</b>	<b>\$ (4,602,931)</b>	<b>\$ 64,769</b>	<b>\$ 1,844</b>	<b>\$ 62,925</b>

Beginning net position was restated in 2014 due to GASB Statement No. 65, which no longer permits bond issuance costs to be amortized over the life of the bond. There was no restatement to beginning net position in 2013.

**CORONADO UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Changes in Net Position (continued)**

In the table below we have presented the net cost of each of the District's functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<b>Net Cost of Services</b>	
	<b>2014</b>	<b>2013</b>
Instruction	\$ 16,433,130	\$ 14,176,330
Instruction-related services	3,495,808	3,647,817
Pupil services	1,828,802	1,856,504
General administration	1,700,940	1,605,968
Plant services	3,384,511	3,357,891
Ancillary and community services	714,877	699,892
Debt service	851,425	827,582
Transfers to other agencies	(2,901)	10,562
Depreciation	4,152,689	4,102,581
Other	-	23
<b>Total Expenses</b>	<b>\$ 32,559,281</b>	<b>\$ 30,285,150</b>

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$20,050,494, which is less than last year's ending fund balance of \$22,183,789. The District's General Fund had \$2,216,560 less in operating revenues than expenditures for the year ended June 30, 2014. The District's Capital Facilities Fund had \$492,062 less in operating revenues than expenditures for the year ended June 30, 2014. The District's Special Reserve Fund for Capital Outlay Projects had \$769,088 more in operating revenues than expenditures for the year ended June 30, 2014.

**CURRENT YEAR BUDGET 2013-14**

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, 2014**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2013-14 the District had invested \$108,364,540 in capital assets, net of accumulated depreciation.

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
<b>CAPITAL ASSETS</b>			
Land	\$ 569,949	\$ 569,949	\$ -
Construction in progress	98,848	15,303	83,545
Land improvements	16,304,080	16,146,758	157,322
Buildings & improvements	124,281,253	123,726,189	555,064
Furniture & equipment	3,542,896	3,299,173	243,723
Accumulated depreciation	(36,432,486)	(32,311,977)	(4,120,509)
<b>Total Capital Assets</b>	<b>\$ 108,364,540</b>	<b>\$ 111,445,395</b>	<b>\$ (3,080,855)</b>

**Long-Term Debt**

At year-end, the District had \$21,345,940 in long-term debt, a decrease of 3% from last year- as shown in table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 12,560,828	\$ 12,910,931	\$ (350,103)
Total certificates of participation	9,215,000	9,475,000	(260,000)
Early retirement incentive	98,995	197,992	(98,997)
Compensated absences	151,390	174,103	(22,713)
Net OPEB obligation	418,722	316,362	102,360
Less: current portion of long-term debt	(1,068,995)	(1,002,278)	(66,717)
<b>Total Long-term Liabilities</b>	<b>\$ 21,375,940</b>	<b>\$ 22,072,110</b>	<b>\$ (696,170)</b>

**CORONADO UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the new Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21, but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting new compliance and audit requirements.

The State's economy is expected to grow at a modest rate of about 3% annually over the next two years, according to the UCLA Anderson Economic Forecast for September 2014. In the California forecast, Senior Economist Jerry Nickelsburg writes, "The California economy is moving forward in an expansion from the depths of the Great Recession. But, even though the number of jobs is now higher than any time in the past, the state remains below its potential in output and employment. That we are entering the sixth year of expansion illustrates just how painfully plodding this recovery process has been." The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and remains uncertain.

GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective in the following fiscal year, 2014-15. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability will be reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is unknown at this time but is anticipated to be material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years and the increased costs could be significant.

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 2014-15 fiscal year.

**CORONADO UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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



**CORONADO UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,821,810	\$ 65,102	\$ 15,886,912	\$ 290,114
Investments	-	-	-	6,123,692
Accounts receivable	5,391,419	71,768	5,463,187	19,425
Internal balances	60,341	(60,341)	-	-
Inventory	10,292	-	10,292	-
Prepaid expenses	-	-	-	4,840
Capital assets, not depreciated	668,797	-	668,797	-
Capital assets, net of accumulated depreciation	107,695,743	-	107,695,743	9,467
<b>Total Assets</b>	<b>129,648,402</b>	<b>76,529</b>	<b>129,724,931</b>	<b>6,447,538</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	315,730	-	315,730	-
<b>LIABILITIES</b>				
Accrued liabilities	1,405,726	11,760	1,417,486	258,804
Unearned revenue	33,812	-	33,812	-
Long-term liabilities, current portion	1,068,995	-	1,068,995	-
Long-term liabilities, non-current portion	21,375,940	-	21,375,940	-
<b>Total Liabilities</b>	<b>23,884,473</b>	<b>11,760</b>	<b>23,896,233</b>	<b>258,804</b>
<b>NET POSITION</b>				
Net investment in capital assets	86,588,712	-	86,588,712	-
Restricted:				
Capital projects	11,618,934	-	11,618,934	-
Debt service	1,038,901	-	1,038,901	-
Educational programs	2,328,125	-	2,328,125	-
Permanent endowment	289,284	-	289,284	1,292,353
Unrestricted	4,215,703	64,769	4,280,472	4,896,381
<b>Total Net Position</b>	<b>\$ 106,079,659</b>	<b>\$ 64,769</b>	<b>\$ 106,144,428</b>	<b>\$ 6,188,734</b>

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

**CORONADO UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction	19,518,910	\$ -	\$ 3,081,068	\$ 4,712	\$ (16,433,130)	\$ -	\$ (16,433,130)	\$ -
Instruction-related services								
Instructional supervision and administration	384,599	-	82,025	-	(302,574)	-	(302,574)	-
Instructional library, media, and technology	1,067,357	-	5,796	-	(1,061,561)	-	(1,061,561)	-
School site administration	2,211,155	-	79,482	-	(2,131,673)	-	(2,131,673)	-
Pupil services								
Home-to-school transportation	464,278	-	-	-	(464,278)	-	(464,278)	-
Food services	725,509	493,368	107,096	-	(125,045)	-	(125,045)	-
All other pupil services	1,541,145	-	301,666	-	(1,239,479)	-	(1,239,479)	-
General administration								
Centralized data processing	12,819	-	-	-	(12,819)	-	(12,819)	-
All other general administration	2,003,731	26,198	289,412	-	(1,688,121)	-	(1,688,121)	-
Plant services	3,517,281	-	132,770	-	(3,384,511)	-	(3,384,511)	-
Ancillary services	356,803	-	-	-	(356,803)	-	(356,803)	-
Community services	606,328	-	248,254	-	(358,074)	-	(358,074)	-
Interest on long-term debt	851,425	-	-	-	(851,425)	-	(851,425)	-
Other Outgo	-	-	2,901	-	2,901	-	2,901	-
Depreciation (unallocated)	4,152,689	-	-	-	(4,152,689)	-	(4,152,689)	-
<b>Total Governmental Activities</b>	<b>\$ 37,414,029</b>	<b>\$ 519,566</b>	<b>\$ 4,330,470</b>	<b>\$ 4,712</b>	<b>(32,559,281)</b>			
<b>BUSINESS-TYPE ACTIVITIES</b>								
Enterprise activities	181,329	-	-	-		\$ (181,329)		
<b>Total Business-Type Activities</b>	<b>181,329</b>					<b>(181,329)</b>		
<b>Total School District</b>	<b>\$ 37,595,358</b>	<b>\$ 519,566</b>	<b>\$ 4,330,470</b>	<b>\$ 4,712</b>		<b>\$ (32,740,610)</b>		
<b>DISCRETELY PRESENTED COMPONENT UNIT</b>								
Program Services	\$ 849,058	\$ -	\$ -	\$ -			\$ (849,058)	
Management and General	62,464	-	-	-			(62,464)	
Fundraising	85,434	-	-	-			(85,434)	
<b>Total</b>	<b>\$ 996,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>(996,956)</b>	
General revenues								
Taxes and subventions								
Property taxes, levied for general purposes					3,131,604	-	3,131,604	
Property taxes, levied for debt service					979,198	-	979,198	
Property taxes, levied for other specific purposes					1,986,503	-	1,986,503	
Federal and state aid not restricted for specific purposes					18,779,797	-	18,779,797	
Interest and investment earnings					89,688	165	89,853	
Interagency revenues					15,056	-	15,056	
Miscellaneous					3,159,615	256,803	3,416,418	1,417,435
<b>Subtotal, General Revenue</b>					<b>28,141,461</b>	<b>256,968</b>	<b>28,398,429</b>	<b>1,417,435</b>
<b>Change in net position before transfers &amp; special items</b>					<b>(4,417,820)</b>	<b>75,639</b>	<b>(4,342,181)</b>	<b>420,479</b>
Internal transfers					12,714	(12,714)	-	-
<b>Total Transfers &amp; Special Items</b>					<b>12,714</b>	<b>(12,714)</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>(4,405,106)</b>	<b>62,925</b>	<b>(4,342,181)</b>	<b>420,479</b>
<b>Net Position - Beginning, as Restated</b>					<b>110,484,765</b>	<b>1,844</b>	<b>110,486,609</b>	<b>5,768,255</b>
<b>Net Position - Ending</b>					<b>\$ 106,079,659</b>	<b>\$ 64,769</b>	<b>\$ 106,144,428</b>	<b>\$ 6,188,734</b>

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

**CORONADO UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014**

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	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,095,035	\$ 1,765,357	\$ 6,327,934	\$ 3,633,484	\$ 15,821,810
Accounts receivable	5,073,737	69,203	33,711	214,768	5,391,419
Due from other funds	246,674	-	3,073,605	174,038	3,494,317
Stores inventory	-	-	-	10,292	10,292
<b>Total Assets</b>	<b>\$ 9,415,446</b>	<b>\$ 1,834,560</b>	<b>\$ 9,435,250</b>	<b>\$ 4,032,582</b>	<b>\$ 24,717,838</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 960,026	\$ -	\$ 213,457	\$ 26,073	\$ 1,199,556
Due to other funds	2,440,616	796,876	9,328	187,156	3,433,976
Unearned revenue	33,812	-	-	-	33,812
<b>Total Liabilities</b>	<b>3,434,454</b>	<b>796,876</b>	<b>222,785</b>	<b>213,229</b>	<b>4,667,344</b>
<b>FUND BALANCES</b>					
Nonspendable	10,000	-	-	10,892	20,892
Restricted	1,885,260	1,037,684	9,212,465	3,139,835	15,275,244
Committed	470,000	-	-	663,992	1,133,992
Assigned	995,593	-	-	4,634	1,000,227
Unassigned	2,620,139	-	-	-	2,620,139
<b>Total Fund Balances</b>	<b>5,980,992</b>	<b>1,037,684</b>	<b>9,212,465</b>	<b>3,819,353</b>	<b>20,050,494</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,415,446</b>	<b>\$ 1,834,560</b>	<b>\$ 9,435,250</b>	<b>\$ 4,032,582</b>	<b>\$ 24,717,838</b>

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

**CORONADO UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
JUNE 30, 2014**

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**Total Fund Balance - Governmental Funds** \$ 20,050,494

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

Capital assets:

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

Capital assets	\$ 144,797,026	
Accumulated depreciation	<u>(36,432,486)</u>	108,364,540

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

315,730

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 unmaturing interest owing at the end of the period was:

(206,170)

Long-term liabilities:

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

Total general obligation bonds	\$ 12,560,828	
Total certificates of participation	9,215,000	
Early retirement incentive	98,995	
Compensated absences	151,390	
Net OPEB obligation	<u>418,722</u>	(22,444,935)

**Total Net Position - Governmental Activities** \$ 106,079,659

**CORONADO UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 19,281,747	\$ -	\$ -	\$ -	\$ 19,281,747
Federal sources	2,668,999	-	-	127,046	2,796,045
Other state sources	2,387,323	-	-	75,441	2,462,764
Other local sources	4,152,018	304,815	2,107,601	1,891,219	8,455,653
<b>Total Revenues</b>	<b>28,490,087</b>	<b>304,815</b>	<b>2,107,601</b>	<b>2,093,706</b>	<b>32,996,209</b>
<b>EXPENDITURES</b>					
Current					
Instruction	19,437,024	-	-	78,523	19,515,547
Instruction-related services					
Instructional supervision and administration	383,299	-	-	1,300	384,599
Instructional library, media, and technology	1,066,849	-	-	508	1,067,357
School site administration	2,207,389	-	-	26,479	2,233,868
Pupil services					
Home-to-school transportation	464,278	-	-	-	464,278
Food services	-	-	-	725,509	725,509
All other pupil services	1,541,145	-	-	-	1,541,145
General administration					
Centralized data processing	12,819	-	-	-	12,819
All other general administration	1,951,326	8,982	-	43,423	2,003,731
Plant services	2,665,128	129,276	533,367	158,445	3,486,216
Facilities acquisition and maintenance	286,857	-	805,146	10,896	1,102,899
Ancillary services	356,803	-	-	-	356,803
Community services	333,730	-	-	272,598	606,328
Debt service					
Principal	-	260,000	-	550,000	810,000
Interest and other	-	398,619	-	432,500	831,119
<b>Total Expenditures</b>	<b>30,706,647</b>	<b>796,877</b>	<b>1,338,513</b>	<b>2,300,181</b>	<b>35,142,218</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,216,560)</b>	<b>(492,062)</b>	<b>769,088</b>	<b>(206,475)</b>	<b>(2,146,009)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	122,897	122,897
Transfers out	(107,282)	-	-	(2,901)	(110,183)
<b>Net Financing Sources (Uses)</b>	<b>(107,282)</b>	<b>-</b>	<b>-</b>	<b>119,996</b>	<b>12,714</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,323,842)</b>	<b>(492,062)</b>	<b>769,088</b>	<b>(86,479)</b>	<b>(2,133,295)</b>
<b>Fund Balance - Beginning</b>	<b>8,304,834</b>	<b>1,529,746</b>	<b>8,443,377</b>	<b>3,905,832</b>	<b>22,183,789</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,980,992</b>	<b>\$ 1,037,684</b>	<b>\$ 9,212,465</b>	<b>\$ 3,819,353</b>	<b>\$ 20,050,494</b>

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, 2014**

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Net Change in Fund Balances - Governmental Funds \$ (2,133,295)

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:	\$ 1,071,834	
Depreciation expense:	<u>(4,152,689)</u>	(3,080,855)

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:

810,000

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:

(136,139)

**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, 2014**

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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:

22,713

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:

(102,360)

Other liabilities not normally liquidated with current financial resources:

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

98,997

Amortization of debt issuance premium or discount:

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

115,833

**Change in Net Position of Governmental Activities**

\$ (4,405,106)

**CORONADO UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014**

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	<b>Business-Type Activities</b>	
	<b>Preschool</b>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$	65,102
Accounts receivable		71,768
Total current assets		<u>136,870</u>
<b>Total Assets</b>		<u>136,870</u>
<b>LIABILITIES</b>		
Current liabilities		
Accrued liabilities		11,760
Due to other funds		60,341
<b>Total Liabilities</b>		<u>72,101</u>
<b>NET POSITION</b>		
Unrestricted		64,769
<b>Total Net Position</b>	\$	<u>64,769</u>

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



**CORONADO UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>Business-Type Activities</b>
	<b>Preschool</b>
<b>OPERATING REVENUE</b>	
Other local revenues	\$ 256,803
<b>Total operating revenues</b>	<u>256,803</u>
<b>OPERATING EXPENSE</b>	
Salaries and benefits	153,346
Supplies and materials	27,128
Professional services	855
<b>Total operating expenses</b>	<u>181,329</u>
<b>Operating income/(loss)</b>	<u>75,474</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	165
Transfers out	(12,714)
<b>Total non-operating revenues/(expenses)</b>	<u>(12,549)</u>
<b>CHANGE IN NET POSITION</b>	62,925
<b>Net Position - Beginning</b>	<u>1,844</u>
<b>Net Position - Ending</b>	<u>\$ 64,769</u>

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

**CORONADO UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>Business-Type Activities</b>
	<b>Preschool</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 187,085
Cash payments for payroll, insurance, and operating costs	(109,434)
Net cash provided by (used for) operating activities	<u>77,651</u>
<b>Cash flows from non-capital financing activities</b>	
Interfund transfers in (out)	(12,714)
Net cash provided by (used for) non-capital financing activities	<u>(12,714)</u>
<b>Cash flows from investing activities</b>	
Interest received	165
Net cash provided by (used for) investing activities	<u>165</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>65,102</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	-
End of year	<u>\$ 65,102</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ 75,474
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(69,718)
Increase (decrease) in accounts payable	11,760
Increase (decrease) in due to other funds	60,135
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 77,651</u>

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

CORONADO UNIFIED SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014

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	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 694,996
Stores inventory	3,695
<b>Total Assets</b>	<u>\$ 698,691</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 698,691
<b>Total Liabilities</b>	<u>\$ 698,691</u>

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**A. Financial Reporting Entity**

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

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

**B. Component Units**

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

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements that are misleading or incomplete. The organization is a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the District.

Based on these criteria, the District has one component unit, the Coronado School Foundation (the “Foundation”). The Foundation, a California non-profit public benefit corporation that raises funds for the benefit of the District is presented as a discretely presented component unit in the District’s audited financial statements.

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

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

C. Basis of Presentation

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

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

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

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

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

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

Major Governmental Funds

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

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

C. Basis of Presentation (*continued*)

Major Governmental Funds (*continued*)

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

**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*).

**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*).

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

**Special Revenue Funds** (*continued*):

**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).

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

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

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

Permanent Funds

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

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

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

C. Basis of Presentation (*continued*)

Proprietary Funds

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

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

Fiduciary Funds

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

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

D. Basis of Accounting – Measurement Focus

**Government-Wide, Proprietary and Fiduciary Financial Statements**

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

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



CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

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

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

**Governmental Funds**

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

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

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

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

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

**Expenses/Expenditures**

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

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

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

**Unearned Revenue**

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

**Cash and Cash Equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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

CORONADO UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2014

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

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

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

**Interfund Balances**

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2014

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

**Premiums and Discounts**

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

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**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, 2014

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*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.

F. Interfund Activity

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

G. Estimates

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

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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

**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, 2014

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

J. New Accounting Pronouncements

**GASB Statement No. 65** – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The District has implemented GASB Statement No. 65 for the year ended June 30, 2014.

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

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

CORONADO UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2014

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NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Total		
	Governmental	Business-Type	Fiduciary
	Activities	Activities	Funds
Cash in county	\$ 15,146,410	\$ 65,102	\$ -
Cash on hand and in banks	-	-	694,996
Cash with fiscal agent	664,800	-	-
Cash in revolving fund	10,600	-	-
<b>Total cash and cash equivalents</b>	<b>\$ 15,821,810</b>	<b>\$ 65,102</b>	<b>\$ 694,996</b>

B. Policies and Practices

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

**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.

**Cash with the Fiscal Agent** – The District maintains cash with fiscal agent with Union Bank for its Certificates of Participation. The balance at June 30, 2014 was \$664,800.



**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**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 \$15,213,184 and an amortized book value of \$15,211,512. The average weighted maturity for this pool is 366 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2014, the pooled investments in the County Treasury were rated AAAs/S1 by Standard and Poor’s.

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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

**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, 2014, the District's bank balance was not exposed to custodial credit risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014 consisted of the following:

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Total Business-Type Activities</u>
Federal Government						
Categorical aid	\$ 801,416	\$ -	\$ -	\$ -	\$ 801,416	\$ -
State Government						
Apportionment	2,505,940	-	-	-	2,505,940	-
Categorical aid	87,766	-	-	-	87,766	-
Lottery	248,310	-	-	-	248,310	-
Local Government						
Other local sources	1,430,305	69,203	33,711	214,768	1,747,987	71,768
<b>Total</b>	<b>\$ 5,073,737</b>	<b>\$ 69,203</b>	<b>\$ 33,711</b>	<b>\$ 214,768</b>	<b>\$ 5,391,419</b>	<b>\$ 71,768</b>

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 569,949	\$ -	\$ -	\$ 569,949
Construction in progress	15,303	98,848	15,303	98,848
Total Capital Assets not Being Depreciated	585,252	98,848	15,303	668,797
Capital assets being depreciated				
Land improvements	16,146,758	157,322	-	16,304,080
Buildings & improvements	123,726,189	555,064	-	124,281,253
Furniture & equipment	3,299,173	275,903	32,180	3,542,896
Total Capital Assets Being Depreciated	143,172,120	988,289	32,180	144,128,229
Less Accumulated Depreciation				
Land improvements	6,801,500	1,080,769	-	7,882,269
Buildings & improvements	23,759,685	2,776,371	-	26,536,056
Furniture & equipment	1,750,792	295,549	32,180	2,014,161
Total Accumulated Depreciation	32,311,977	4,152,689	32,180	36,432,486
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 111,445,395</b>	<b>\$ (3,065,552)</b>	<b>\$ 15,303</b>	<b>\$ 108,364,540</b>

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2014 were as follows:

Due To Other Funds	Due From Other Funds			
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 2,285,710	\$ 154,906	\$ 2,440,616
Capital Facilities Fund	8,981	787,895	-	796,876
Special Reserve Fund for Capital Outlay Projects	9,328	-	-	9,328
Non-Major Governmental Funds	-	-	-	187,156
Other Enterprise Fund	57,440	-	2,901	60,341
<b>Total Due From Other Funds</b>	<b>\$ 246,674</b>	<b>\$ 3,073,605</b>	<b>\$ 174,038</b>	<b>\$ 3,494,317</b>

General Fund due to Child Development Fund for cash flow needs	\$ 28,607
General Fund due to the Cafeteria fund for various support costs	21,171
General Fund due to the Foundation Special Revenue Fund for various support costs	102,628
General Fund due to Special Reserve Fund for Capital Outlay Projects for transfer of pass through money	2,285,710
General Fund due to the Foundation Permanent Fund for scholarships which were posted to the General Fund	2,500
Adult Education Fund due to the General Fund for various support costs	535
Child Development due to the General Fund for repayment of support and indirect costs	16,232
Child Development due to the Cafeteria Fund for preschool meals	40,169
Cafeteria Fund due to the General Fund for cash flow needs	138,066
Foundation Special Revenue Fund due to the General Fund for various support costs	1,966
Capital Facilities fund to the General Fund for administrative costs	8,982
Capital Facilities fund to the Special Reserve for Capital Outlay Fund for COPS payments and construction costs	787,894
Special Reserve for Capital Outlay Fund to the General fund for reimbursement of expense paid from the General Fund	9,328
Foundation Permanent Fund due to General Fund for transfer of operating costs	2
Other Enterprise Funds due to the General Fund for transfer of operating costs	47,626
Other Enterprise Funds due to the Cafeteria Fund for transfer of operating costs	2,901
<b>Total</b>	<b>\$ 3,494,317</b>

**CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2014**

**NOTE 5 – INTERFUND TRANSACTIONS (continued)**

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	Interfund Transfers In	
	Non-Major Governmental Funds	Total
Interfund Transfers Out		
General Fund	\$ 107,282	\$ 107,282
Non-Major Governmental Funds	2,901	2,901
Other Enterprise Fund	12,714	12,714
<b>Total Interfund Transfers</b>	<b>\$ 122,897</b>	<b>\$ 122,897</b>

Transfer from the General Fund to the Child Development Fund for cash flow support.	\$	28,607
Transfer from the General Fund to the Cafeteria Fund for cash flow support.		78,675
Transfer from the Other Enterprise Fund to the Cafeteria Fund for cash flow support.		12,714
Transfer from the Child Development Fund to the Cafeteria Fund for the cost of preschool meals.		2,901
<b>Total</b>	<b>\$</b>	<b>122,897</b>

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2014 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Total Governmental Activities	Total Business- Type Activities
Payroll	\$ 238,634	\$ -	\$ -	\$ -	\$ 238,634	\$ -
Vendors payable	648,548	213,457	26,073	-	888,078	11,760
Unmatured interest	-	-	-	206,170	206,170	-
Other liabilities	72,844	-	-	-	72,844	-
<b>Total</b>	<b>\$ 960,026</b>	<b>\$ 213,457</b>	<b>\$ 26,073</b>	<b>\$ 206,170</b>	<b>\$ 1,405,726</b>	<b>\$ 11,760</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2014, consisted of \$33,812 primarily from federal sources.

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2014 consisted of the following:

	Balance			Balance		Balance Due
	July 01, 2013	Additions	Deductions	June 30, 2014		In One Year
<b>Governmental Activities</b>						
General obligation bonds	\$ 11,605,000	\$ -	\$ 550,000	\$ 11,055,000	\$	585,000
Unamortized premium	1,621,661	-	115,833	1,505,828		115,000
Deferred amount on refunding	(315,730)	-	(315,730)	-		-
Total general obligation bonds	12,910,931	-	350,103	12,560,828		700,000
Certificates of participation	9,475,000	-	260,000	9,215,000		270,000
Early retirement incentive	197,992	-	98,997	98,995		98,995
Compensated absences	174,103	-	22,713	151,390		-
Net OPEB obligation	316,362	102,360	-	418,722		-
<b>Total</b>	<b>\$ 23,074,388</b>	<b>\$ 102,360</b>	<b>\$ 731,813</b>	<b>\$ 22,444,935</b>	<b>\$</b>	<b>1,068,995</b>

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2014 amounted to \$151,390. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. General Obligation Bonds**

Debt service requirements on General Obligation Bonds at June 30, 2014 were as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 585,000	\$ 424,000	\$ 1,009,000
2016	615,000	412,300	1,027,300
2017	645,000	400,000	1,045,000
2018	690,000	380,650	1,070,650
2019	695,000	359,950	1,054,950
2020 - 2024	4,255,000	1,337,450	5,592,450
2025 - 2026	3,570,000	351,100	3,921,100
<b>Total</b>	<b>\$ 11,055,000</b>	<b>\$ 3,665,450</b>	<b>\$ 14,720,450</b>

**C. Certificates of Participation**

Future commitments for certificates of participation at June 30, 2014 were as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 270,000	\$ 389,506	\$ 659,506
2016	280,000	379,881	659,881
2017	285,000	369,816	654,816
2018	300,000	359,025	659,025
2019	310,000	347,394	657,394
2020 - 2024	1,735,000	1,537,694	3,272,694
2025 - 2029	2,135,000	1,125,525	3,260,525
2030 - 2034	2,660,000	588,825	3,248,825
2035 - 2039	1,240,000	56,475	1,296,475
<b>Total</b>	<b>\$ 9,215,000</b>	<b>\$ 5,154,141</b>	<b>\$ 14,369,141</b>

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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

**D. Early Retirement Incentive**

In the fiscal year June 30, 2011 the District entered into an agreement with the Public Agency Retirement Services (PARS) for an early retirement system. As of June 30, 2014, the District has one payment outstanding in the amount of \$98,955.

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2014:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 600	\$ 10,600
Stores inventory	-	-	-	10,292	10,292
Total non-spendable	10,000	-	-	10,892	20,892
<b>Restricted</b>					
Permanent fund balance	-	-	-	289,284	289,284
Educational programs	1,885,260	-	-	442,865	2,328,125
Capital projects	-	1,037,684	9,212,465	1,368,785	11,618,934
Debt service	-	-	-	1,038,901	1,038,901
Total restricted	1,885,260	1,037,684	9,212,465	3,139,835	15,275,244
<b>Committed</b>					
Other commitments	470,000	-	-	663,992	1,133,992
Total committed	470,000	-	-	663,992	1,133,992
<b>Assigned</b>					
Site carryovers	452,337	-	-	-	452,337
Textbook flex	543,256	-	-	-	543,256
Foundation	-	-	-	4,634	4,634
Total assigned	995,593	-	-	4,634	1,000,227
<b>Unassigned</b>					
Remaining unassigned	2,620,139	-	-	-	2,620,139
Total unassigned	2,620,139	-	-	-	2,620,139
<b>Total</b>	<b>\$ 5,980,992</b>	<b>\$ 1,037,684</b>	<b>\$ 9,212,465</b>	<b>\$ 3,819,353</b>	<b>\$ 20,050,494</b>

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

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**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	26
Active plan members	321
Total*	347

Number of participating employers	1
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\*As of July 1, 2013 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, 2014, 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, 2014**

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**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	\$	283,594
Interest on net OPEB obligation		14,236
Adjustment to annual required contribution		<u>(21,335)</u>
Annual OPEB cost (expense)		276,495
Contributions made		<u>(174,135)</u>
Increase (decrease) in net OPEB obligation		102,360
Net OPEB obligation, beginning of the year		<u>316,362</u>
Net OPEB obligation, end of the year	\$	<u>418,722</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, 2014 and the preceding two years were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 276,495	63%	\$ 418,722
2013	\$ 263,709	51%	\$ 316,362
2012	\$ 258,255	99%	\$ 187,973



**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**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, 2013	\$ -	\$ 2,349,002	\$ 1,984,039	0%	\$ 17,044,000	14%

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	7/1/2013
Actuarial Cost Method	Normal Cost
Amortization Method	Level-dollar basis
Remaining Amortization Period	25
Actuarial Assumptions:	
Investment rate of return	5.0%
Discount rate	4.5%
Health care trend rate	8.0%
Inflation rate	2.8%

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

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

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

**Plan Description**

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

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

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary for fiscal year 2014 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 2014 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>
2013-14	\$ 1,141,178	100%
2012-13	\$ 1,096,951	100%
2011-12	\$ 1,050,370	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 \$627,184 to CalSTRS (5.204% of 2011-12 creditable compensation subject to CalSTRS).

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**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 who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

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 was 11.442% of annual payroll. The District’s contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2013-14	\$ 592,310	100%
2012-13	\$ 466,283	100%
2011-12	\$ 410,177	100%

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**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, 2014.

**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, 2014.

**C. Construction Commitments**

As of June 30, 2014, 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.

**CORONADO UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2014**

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**NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2014, the deferred amount on refunding was \$315,730.

**NOTE 15 – RESTATEMENT OF NET POSITION**

The beginning net position of Governmental Activities has been restated in order to reflect the elimination of amortization of debt issuance costs in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 110,682,590
Restatement	(197,825)
Net Position - Beginning, as Restated	<u>\$ 110,484,765</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CORONADO UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 16,114,496	\$ 19,070,905	\$ 19,281,747	\$ 210,842
Federal sources	2,950,193	2,713,800	2,668,999	(44,801)
Other state sources	3,042,510	1,884,495	1,430,033	(454,462)
Other local sources	3,654,870	3,614,840	4,150,639	535,799
<b>Total Revenues</b>	<b>25,762,069</b>	<b>27,284,040</b>	<b>27,531,418</b>	<b>247,378</b>
<b>EXPENDITURES</b>				
Certificated salaries	13,944,663	14,226,539	13,789,706	436,833
Classified salaries	4,474,330	4,509,054	4,560,200	(51,146)
Employee benefits	5,777,738	5,808,791	6,038,309	(229,518)
Books and supplies	1,326,823	1,631,097	1,072,381	558,716
Services and other operating expenditures	3,637,276	3,997,856	4,299,588	(301,732)
Capital outlay	38,250	38,250	286,857	(248,607)
Other outgo				
Transfers of indirect costs	(34,058)	(34,058)	(43,423)	9,365
<b>Total Expenditures</b>	<b>29,165,022</b>	<b>30,177,529</b>	<b>30,003,618</b>	<b>173,911</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(3,402,953)</b>	<b>(2,893,489)</b>	<b>(2,472,200)</b>	<b>421,289</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,319,289	1,319,289	1,319,289	-
Transfers out	(123,368)	(173,136)	(183,127)	(9,991)
<b>Net Financing Sources (Uses)</b>	<b>1,195,921</b>	<b>1,146,153</b>	<b>1,136,162</b>	<b>(9,991)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,207,032)</b>	<b>(1,747,336)</b>	<b>(1,336,038)</b>	<b>411,298</b>
<b>Fund Balance - Beginning</b>	<b>6,980,764</b>	<b>6,980,763</b>	<b>6,980,763</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 4,773,732</b>	<b>\$ 5,233,427</b>	<b>\$ 5,644,725</b>	<b>\$ 411,298</b>

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

- On behalf payments of \$627,184 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.

**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2014**

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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, 2013	\$ -	\$ 2,349,002	\$ 1,984,039	0%	\$ 17,044,000	14%
July 1, 2011	\$ -	\$ 2,145,303	\$ 2,145,302	0%	\$ 14,739,000	15%
July 1, 2009	\$ -	\$ 3,684,369	\$ 3,684,369	0%	\$ 15,344,000	24%

See accompanying note to required supplementary information.



**CORONADO UNIFIED SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2014**

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**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, 2014, 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			
Classified salaries	\$ 4,509,054	\$ 4,560,200	\$ 51,146
Employee benefits	\$ 5,808,791	\$ 6,038,309	\$ 229,518
Services and other operating expenditures	\$ 3,997,856	\$ 4,299,588	\$ 301,732
Capital outlay	\$ 38,250	\$ 286,857	\$ 248,607

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**SUPPLEMENTARY  
INFORMATION**

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**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 164,065
Title II, Part A, Teacher Quality	84.367A	14341	46,411
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	5,879
Title III, Immigration Education Program	84.365	15146	9,145
Title VIII, Impact Aid	84.041	10015	1,422,800
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	469,585
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	35,549
Part B, Preschool Grants	84.173	13430	16,598
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	29,697
Preschool Staff Development	84.173A	13431	161
Subtotal Special Education Cluster			551,590
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	24,625
<b>Total U. S. Department of Education</b>			<b>2,224,515</b>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
National School Lunch Program	10.555	13391	127,046
<b>Total U. S. Department of Agriculture</b>			<b>127,046</b>
U. S. DEPARTMENT OF DEFENSE:			
Federal Grant STEPS (Student, Technology, Education Plans)	12.556	*	445,971
Vocational Ed. (Federal SATT21 Grant)	*	*	11,647
<b>Total U.S. Department of Defense</b>			<b>457,618</b>
<b>Total Federal Expenditures</b>			<b>\$ 2,809,179</b>

\* - PCS Number not available or not applicable

**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>Second Period Report</b>	<b>Second Period Report After Adjustment*</b>	<b>Annual Report</b>	<b>Annual Report After Adjustment*</b>
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	730.44	730.44	735.16	732.19
Special Education	-	-	0.01	0.01
Total TK/K through Third	730.44	730.44	735.17	732.20
Fourth through Sixth				
Regular ADA	653.61	653.61	649.94	652.91
Special Education	0.15	0.15	1.15	1.15
Total Fourth through Sixth	653.76	653.76	651.09	654.06
Seventh through Eighth				
Regular ADA	500.63	500.63	500.09	500.09
Special Education	1.97	1.97	0.98	0.98
Total Seventh through Eighth	502.60	502.60	501.07	501.07
Ninth through Twelfth				
Regular ADA	1,135.11	1,135.22	1,133.81	1,133.81
Special Education	3.52	3.52	3.67	3.67
Total Ninth through Twelfth	1,138.63	1,138.74	1,137.48	1,137.48
TOTAL SCHOOL DISTRICT	3,025.43	3,025.54	3,024.81	3,024.81

**\*The revised Second and Annual Period reports include both revisions due to the District and those as a result of the audit.**

**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2014**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>Minutes Requirement Reduced</b>	<b>2013-14 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	35,000	48,755	175	Complied
Grade 1	50,400	49,000	50,240	175	Complied
Grade 2	50,400	49,000	50,240	175	Complied
Grade 3	50,400	49,000	50,240	175	Complied
Grade 4	54,000	52,500	56,330	175	Complied
Grade 5	54,000	52,500	56,330	175	Complied
Grade 6	54,000	52,500	57,368	175	Complied
Grade 7	54,000	52,500	57,368	175	Complied
Grade 8	54,000	52,500	57,368	175	Complied
Grade 9	64,800	63,000	64,365	175	Complied
Grade 10	64,800	63,000	64,365	175	Complied
Grade 11	64,800	63,000	64,365	175	Complied
Grade 12	64,800	63,000	64,365	175	Complied

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

	2015 (Budget)	2014	2013	2012
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 27,924,096	\$ 28,850,707	\$ 29,490,733	\$ 26,852,026
Expenditures And Other Financing Uses	28,494,992	30,186,745	28,992,639	27,076,774
Net change in Fund Balance	\$ (570,896)	\$ (1,336,038)	\$ 498,094	\$ (224,748)
Ending Fund Balance	\$ 5,073,829	\$ 5,644,725	\$ 6,980,763	\$ 6,482,669
Available Reserves*	\$ 1,400,902	\$ 1,225,065	\$ 2,443,718	\$ 3,798,936
Available Reserves As A Percentage Of Outgo	4.92%	4.06%	8.43%	14.03%
Long-term Debt	\$ 21,375,940	\$ 22,444,935	\$ 23,074,388	\$ 23,873,536
Average Daily Attendance At P-2	3,026	3,025	3,057	3,000

The General Fund balance has decreased by \$837,944 over the past two years. The fiscal year 2014-15 budget projects a further decrease of \$570,896. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years and anticipates incurring an operating deficit during the 2014-15 fiscal year. Total long term obligations have decreased by \$1,428,601 over the past two years.

Average daily attendance has increased by 25 ADA over the past two years. An increase of 1 ADA is anticipated during the 2014-15 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, 2014**

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	<b>General Fund</b>	<b>Special Reserve for Other Than Capital Outlay Projects</b>
June 30, 2014, annual financial and budget report fund balance	\$ 5,644,725	\$ 6,161
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	6,161	(6,161)
Decrease in unearned revenue	330,106	
Net adjustments and reclassifications	336,267	(6,161)
June 30, 2014, audited financial statement fund balance	\$ 5,980,992	\$ -

**CORONADO UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

See accompanying note to supplementary information.



**CORONADO UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 535	\$ 12,865	\$ 43,036	\$ 663,339	\$ 220,848	\$ 1,367,439	\$ 1,038,901	\$ 286,521	\$ 3,633,484
Accounts receivable	-	5,401	60,489	653	146,598	1,346	-	281	214,768
Due from other funds	-	28,607	40,303	-	102,628	-	-	2,500	174,038
Stores inventory	-	-	10,292	-	-	-	-	-	10,292
<b>Total Assets</b>	<b>\$ 535</b>	<b>\$ 46,873</b>	<b>\$ 154,120</b>	<b>\$ 663,992</b>	<b>\$ 470,074</b>	<b>\$ 1,368,785</b>	<b>\$ 1,038,901</b>	<b>\$ 289,302</b>	<b>\$ 4,032,582</b>
<b>LIABILITIES</b>									
Accrued liabilities	\$ -	\$ 285	\$ 5,162	\$ -	\$ 20,610	\$ -	\$ -	\$ 16	\$ 26,073
Due to other funds	535	46,587	138,066	-	1,966	-	-	2	187,156
<b>Total Liabilities</b>	<b>535</b>	<b>46,872</b>	<b>143,228</b>	<b>-</b>	<b>22,576</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>213,229</b>
<b>FUND BALANCES</b>									
Non-spendable	-	-	10,892	-	-	-	-	-	10,892
Restricted	-	1	-	-	442,864	1,368,785	1,038,901	289,284	3,139,835
Committed	-	-	-	663,992	-	-	-	-	663,992
Assigned	-	-	-	-	4,634	-	-	-	4,634
<b>Total Fund Balances</b>	<b>-</b>	<b>1</b>	<b>10,892</b>	<b>663,992</b>	<b>447,498</b>	<b>1,368,785</b>	<b>1,038,901</b>	<b>289,284</b>	<b>3,819,353</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 535</b>	<b>\$ 46,873</b>	<b>\$ 154,120</b>	<b>\$ 663,992</b>	<b>\$ 470,074</b>	<b>\$ 1,368,785</b>	<b>\$ 1,038,901</b>	<b>\$ 289,302</b>	<b>\$ 4,032,582</b>

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, 2014**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
<b>REVENUES</b>									
Federal sources	\$ -	\$ -	\$ 127,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,046
Other state sources	-	67,638	5,264	-	-	-	2,539	-	75,441
Other local sources	1	16,998	524,594	2,309	359,453	4,712	978,664	4,488	1,891,219
<b>Total Revenues</b>	<b>1</b>	<b>84,636</b>	<b>656,904</b>	<b>2,309</b>	<b>359,453</b>	<b>4,712</b>	<b>981,203</b>	<b>4,488</b>	<b>2,093,706</b>
<b>EXPENDITURES</b>									
Current									
Instruction	534	77,385	-	-	-	-	-	604	78,523
Instruction-related services									
Instructional supervision and administration	-	-	-	-	-	-	-	1,300	1,300
Instructional library, media, and technology	-	-	-	-	-	-	-	508	508
School site administration	-	26,479	-	-	-	-	-	-	26,479
Pupil services									
Food services	-	-	722,858	-	2,651	-	-	-	725,509
General administration									
All other general administration	-	6,478	36,945	-	-	-	-	-	43,423
Plant services	-	-	-	12,655	145,790	-	-	-	158,445
Facilities acquisition and maintenance	-	-	-	10,896	-	-	-	-	10,896
Community services	-	-	-	-	272,598	-	-	-	272,598
Debt service									
Principal	-	-	-	-	-	-	550,000	-	550,000
Interest and other	-	-	-	-	-	-	432,500	-	432,500
<b>Total Expenditures</b>	<b>534</b>	<b>110,342</b>	<b>759,803</b>	<b>23,551</b>	<b>421,039</b>	<b>-</b>	<b>982,500</b>	<b>2,412</b>	<b>2,300,181</b>
<b>Excess (Deficiency) of Revenues</b>									
<b>Over Expenditures</b>	<b>(533)</b>	<b>(25,706)</b>	<b>(102,899)</b>	<b>(21,242)</b>	<b>(61,586)</b>	<b>4,712</b>	<b>(1,297)</b>	<b>2,076</b>	<b>(206,475)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	28,607	94,290	-	-	-	-	-	122,897
Transfers out	-	(2,901)	-	-	-	-	-	-	(2,901)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>25,706</b>	<b>94,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,996</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(533)</b>	<b>-</b>	<b>(8,609)</b>	<b>(21,242)</b>	<b>(61,586)</b>	<b>4,712</b>	<b>(1,297)</b>	<b>2,076</b>	<b>(86,479)</b>
<b>Fund Balance - Beginning</b>	<b>533</b>	<b>1</b>	<b>19,501</b>	<b>685,234</b>	<b>509,084</b>	<b>1,364,073</b>	<b>1,040,198</b>	<b>287,208</b>	<b>3,905,832</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 10,892</b>	<b>\$ 663,992</b>	<b>\$ 447,498</b>	<b>\$ 1,368,785</b>	<b>\$ 1,038,901</b>	<b>\$ 289,284</b>	<b>\$ 3,819,353</b>

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

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**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**

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 46208*. During the year ended June 30, 2014, the District participated in the Longer Day incentive funding program. As of June 30, 2014, the District had not yet met its target funding. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

**Schedule of Financial Trends and Analysis**

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

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

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

**Schedule of Charter Schools**

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

**Combining Statements – Non-Major Funds**

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

**Local Education Agency Organization Structure**

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

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board  
Coronado Unified School District  
Coronado, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coronado Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2014. Our report includes a reference to other auditors who audited the financial statements of the Coronado Schools Foundation, the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Coronado School Foundation were not audited in accordance with *Governmental Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with this entity.

**Internal Control over Financial Reporting**

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

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

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

**Corporate Office:**

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

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

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State Board of Accountancy

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2014-1, #2014-2, #2014-3)

### **Compliance and Other Matters**

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

### **Coronado Unified School District's Response to Findings**

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

### **Purpose of this Report**

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

*Christy White Associates*

San Diego, California  
December 11, 2014

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

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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LOS ANGELES  
SAN FRANCISCO/BAY AREA

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Independent Auditors' Report

Governing Board  
Coronado Unified School District  
Coronado, California

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

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coronado Unified School District's major federal programs for the year ended June 30, 2014. Coronado Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### *Opinion on Each Major Federal Program*

In our opinion, Coronado Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

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

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

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

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

*Christy White Associates*

San Diego, California

December 11, 2014



## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

#### Corporate Office:

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Coronado, California

### **Report on State Compliance**

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2013-14*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Coronado Unified School District's state programs for the fiscal year ended June 30, 2014, as identified below.

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

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

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

Our responsibility is to express an opinion on compliance for each of Coronado Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2013-14*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Coronado Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on State Compliance*

In our opinion, Coronado Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2014.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2014-4, #2014-5. Our opinion on state compliance is not modified with respect to this matter. Coronado Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Coronado Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### *Procedures Performed*

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

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No
Continuation Education	10	No
Instructional Time for school districts	10	Yes
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	No

*Procedures Performed (continued)*

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance; for charter schools	8	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
Charter School Facility Grant Program	1	Not Applicable
We did not perform testing for independent study and continuation because they were not material for the district.		
We did not perform testing of California Clean Energy Jobs Act funds because the district did not expend any funds as of the end of the fiscal year.		

*Christy White Associates*

San Diego, California

December 11, 2014

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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**CORONADO UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>	
<u>84.041</u>	<u>Impact Aid</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>300,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

**STATE AWARDS**

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

**CORONADO UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FIVE DIGIT CODE**

20000

30000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

**Section II – Financial Statement Findings**

**FINDING #2014-1 ASSOCIATED STUDENT BODY (30000)**

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

**Condition:** We audited the student body funds at Coronado Middle School for internal control procedures and found that three (3) out of twelve (12) cash receipts tested did not contain ticket control worksheets, inventory tally sheets or other supporting documentation to reconcile the cash received for dance tickets and fundraiser sales to the amount of tickets or items sold.

- Receipt #907461 on 10/17/13 in the amount of \$62 for fundraiser proceeds.
- Receipt #907500 on 12/13/13 in the amount of \$1,963.23 for dance tickets sold.
- Receipt #907527 on 2/25/14 in the amount of \$1,739 for dance tickets sold.

**Cause:** Lack of supporting documentation used to record the amount of proceeds collected.

**Perspective/Context:** A sample of cash receipt received by Coronado Middle School ASB during fiscal year 2013-14.

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

**Recommendation:** We recommend that the district require its ASBs to provide proper supporting documentation for all cash collections, allowing all cash collections to be reconciled to the amount of items sold.

**District Response:** This finding occurred in the previous year at Coronado High School and has been successfully remediated at that site. For Coronado Middle School, the district has prepared a sample ticket control worksheet to substantiate cash collected for fundraisers and other events. The ASB clerk will provide training on its use to each of the ASB representatives by Jan. 31, 2015.

**CORONADO UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING #2014-2 ACCOUNTS PAYABLE AND PURCHASING (30000)**

**Criteria:** Purchase requisitions and purchase orders should support all payments in order to demonstrate proper authorization prior to the purchase, and to properly procure the funds associated with a given purchase.

**Condition:** In our testing of cash disbursements it was noted that not all purchases were properly supported by a purchase order prior to the purchase being made.

- Warrant #12-314434 on 5/12/14 to New Haven Youth & Family was approved on 3/17/14 while services began on 2/20/14.
- Warrant #12-264052 on 1/8/14 to Bay Books had a purchase order date of 11/7/13 and an invoice date of 10/24/13.

**Cause:** An internal control weakness exists with regard to the implementation of purchasing internal controls. Not all purchases went through the purchasing channel of the District.

**Effect:** Funds might not be encumbered in the District budgeting process against all expenditures made and proper authorization of purchases and verification of budget for such expenditures is being bypassed. The normal purchasing and cash disbursement approval process is not always followed, and could potentially allow questionable expenditures to inadvertently be processed for payment without advanced approval.

**Perspective/Context:** Four (2) out of twenty-five (25) expenditures tested had the invoice dated prior to the purchase order date.

**Recommendation:** We recommend that the District enforce policies and procedures in order to ensure that purchases are only being made when a purchase order exists. This will ensure that purchases are being preapproved and funds are properly encumbered.

**District Response:** On Sept. 25, 2014 the district notified all employees of the requirements for proper purchase order processing to mitigate future audit findings in this area. The district's policy is that no work should be performed or items ordered until a PO has been created. The district will also send out a memo to vendors, by January 31, 2015, explaining that a PO must be provided to them prior to work being performed or items ordered. If this policy is not followed payment may be held or denied.

**CORONADO UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING #2014-3 CASH RECEIPTS (30000)**

**Criteria:** Sound internal control policies should be in place over District cash collections. Cash received should be properly reconciled and segregation of duties should exist over the cash collecting and reconciling process.

**Condition:** During our test of cash receipts at the District's Child Care Center and BBMAC Pool the auditor noted that there is no formal reconciliation process of the cash collected to the billings from the system. We also noted a lack of segregation of duties in which the person collecting the cash also updates the billing system and takes the cash to be deposited to the District.

**Cause:** A lack of segregation of duties and formal process for cash reconciliations.

**Effect:** Funds collected at these two collection points have a risk of being misappropriated before they reach the District for deposit.

**Perspective/Context:** A sample of cash collections from the Child Care Center and BBMAC pool for the 2013-14 fiscal year.

**Recommendation:** We recommend that the District ensure that cash collected at the Child Care Center and BBMAC pool is reconciled to billings from the system before it is brought to the District for deposit. Also, the cash collection, billing system updating, and deposit duties should be segregated to mitigate any risk of theft or misappropriation.

**District Response:** The district has already implemented the process of segregating the duties at BBMAC and Child Care. The Director of each department has an employee who will receive funds and prepare the deposits. The Directors will then double-count funds received.



**CORONADO UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

**Section III – Federal Award Findings and Questioned Costs**

*There were no federal findings and Questioned Costs for the fiscal year 2013-14.*

**CORONADO UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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<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 #2014-4 SECOND PERIOD AND ANNUAL ATTENDANCE REPORT (10000)**

**Criteria:** The Second Period and Annual Attendance Report should tie to supporting documentation per Education Code Section 41601. Auditors are required to verify compliance in Section 19817.2 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

**Condition:** The District’s Second Period and Annual Attendance Report did not match supporting documentation.

**Cause:** Discrepancies were due to clerical errors.

**Effect:**

- The District’s Second Period Report was understated by 0.11 ADA.
- The District’s Annual Attendance Report had a misstatement that resulted in a net effect of 0 ADA overstated or understated.

**Context:**

- The Second Period Attendance report did not have supporting documentation for ADA for Continuation Education.
- The Annual Attendance report was overstated by 2.97 ADA for transitional kindergarten through 3<sup>rd</sup> grade and was understated by 2.97 ADA for grades four through six resulting in a net effect of 0 ADA overstated or understated on the Annual Attendance Report.

**Questioned Costs:** There was an understatement of .11 ADA on the Second Period Report for Continuation Education grades 9 through 12. . Given 139 days in the 2013-14 P-2 attendance period and a 2013-14 LCFF entitlement per ADA of \$8,505 for grades nine through twelve, the fiscal impact of the ADA understatement is approximately \$935.55.

**CORONADO UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING #2014-4 SECOND PERIOD AND ANNUAL ATTENDANCE REPORT (10000) (continued)**

<u>Grade Span</u>	<u>Questioned Costs</u>
Ninth through Twelfth	935.55
Total	935.55

Grades TK through three were overstated by 2.97 ADA and Grades four through six were understated by 2.97 on the Annual Attendance Report. The District is not funded on the Annual Report thus there are zero questioned costs for the annual portion.

**Recommendation:** We recommend that the district properly revise its Second Period and Annual Attendance reports to reflect the correct ADA amounts.

**District Response:** The district has instructed the attendance technician to print the backup for each site and attach it to the period attendance report so the Assistant Superintendent can verify the accuracy of the information in the attendance report. A summary sheet has been created so that if any changes occur the district can identify them quickly and make any corrections that may be needed.

**CORONADO UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS , continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING #2014-5- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section 19849 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

**Condition:** 34 of 173 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as free or reduced price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

**Cause:** The Child Nutrition program allows districts to use the student’s prior year meal application during the first 30 days of school to ensure all eligible students receive a free or reduced price meal during the application collection period. The District was unaware that this meal application status would not be allowed to be considered for CALPADS purposes.

**Effect:** The district is not in compliance with state requirements.

**Context:** 34 of 173 students reported as FRPM eligible did not have proper supporting documentation to support their designation

**Questioned Costs:**

To determine questioned costs, the error rate (34/173) was extrapolated over the entire impacted population for all schools, as the error only related to FRPM determination, only pupils eligible based on FRPM were considered.

<b>Errors Discovered</b>	34
<b>Population Tested</b>	173
<b>Error Rate (A/B)</b>	19.65%
<b>Total Impacted Population</b>	279
<b>Total Unallowed Students (C*D)</b>	55
<b>Unadjusted Pupil Count</b>	279
<b>Total Population</b>	3,101
<b>Unadjusted % (F/G)</b>	9.00%
<b>Adjusted Count (F-E)</b>	224
<b>Adjusted % (I/G)</b>	7.23%

**CORONADO UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS , continued  
FOR THE YEAR ENDED JUNE 30, 2014**

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**FINDING #2014-5- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)  
(continued)**

<b>Schools Tested</b>	<b>Unadjusted Pupil Count</b>	<b>Unadjusted Enrollment</b>	<b>Total Errors Found</b>	<b>Adjusted Pupil Count</b>	<b>Adjusted Enrollment</b>
Coronado High School	50	1,160	9	41	1,160
Coronado Middle School	60	739	9	51	739
Coronado Village Elementary	104	875	8	96	875
Palm Academy for Learning	1	13	1	0	13
Silver Strand Elementary	64	309	7	57	309
<b>Total District (All Sites)</b>	<b>279</b>	<b>3,096</b>	<b>55*</b>	<b>245</b>	<b>3,096</b>

\*Total based on extrapolation of error rate over the entire impacted population.

	<b>Unadjusted</b>	<b>Adjusted</b>	<b>Questioned Costs</b>
<b>Unduplicated Pupil Percentage</b>	9.00%	7.23%	
<b>Base Grant Funding</b>	\$ 23,954,787		
<b>Supplemental Grant Funding at Target</b>	2% \$ 38,193	\$ 30,687	\$ 7,506
<b>Gap Percentage for 13-14</b>			12%
<b>Questioned Costs for 13-14</b>			\$ 900.73

**Recommendation:** We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have supporting documentation to support their CALPADS designation.

**District Response:** Many districts in California experienced this same issue in 2013-14 due to the newness of CALPADS reporting and conflicting advice from the State of California regarding the implementation of CALPADS. Beginning with the start of the 2014-15 school year, the district asked students that desired “Free and Reduced Price Meal” eligibility to submit the appropriate application. The district then reviewed each application to ensure students were coded correctly in CALPADS.

**CORONADO UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

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

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

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

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

**Current Status:** Partially implemented. See Finding #2014-1.