

CORONADO UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2015

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, 2015

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

GOVERNING BOARD

Member	Office	Term Expires
Dawn Ovrom	President	December 2016
Maria Simon	Vice President	December 2016
Lou Smith	Clerk	December 2018
Kristina Wagner Cook	Member	December 2016
Lee Pontes	Member	December 2018

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, 2015**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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, 2015, 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*.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

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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, 2015, 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, in 2015 Coronado Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB benefits, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions 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 14, 2015 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 14, 2015

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

INTRODUCTION

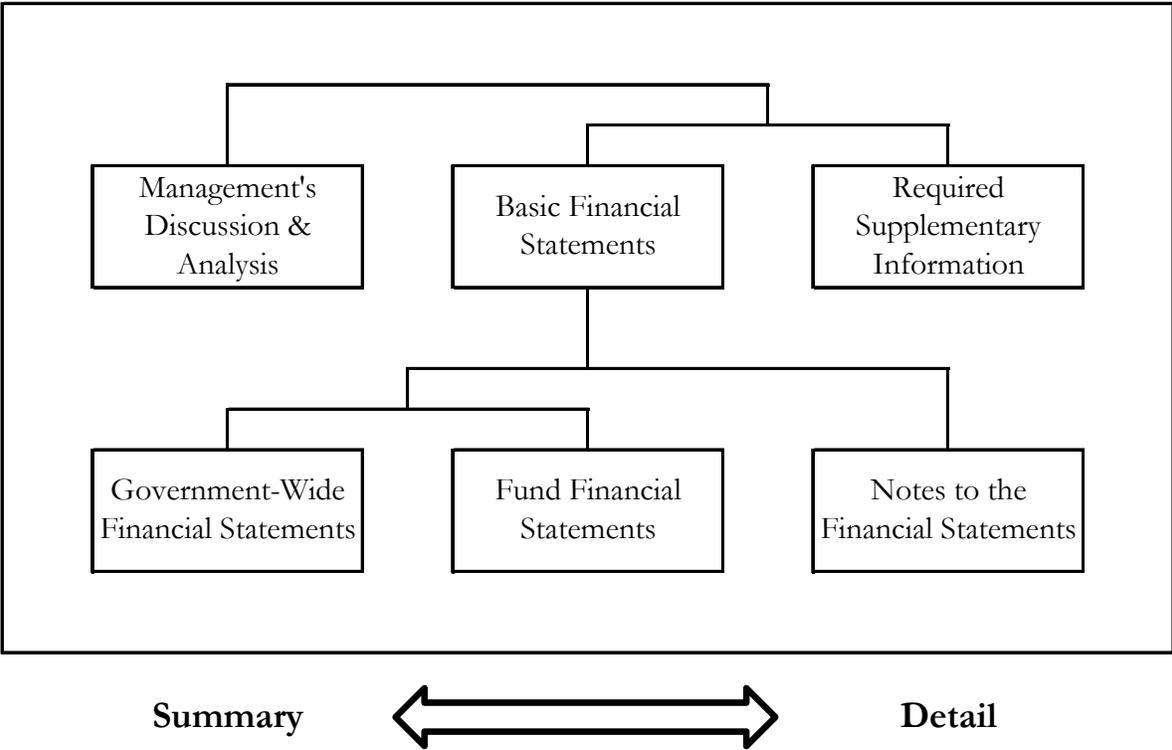
Our discussion and analysis of Coronado Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net position for governmental activities was \$76,814,314 at June 30, 2015. This was a decrease of \$2,166,366 from the prior year's restated net position.
- ▶ Overall revenues for governmental activities were \$34,705,719 which was less than expenses of \$36,777,978.

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, 2015**

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. LCFF 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, 2015**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

	Governmental Activities			Business-Type Activities		
	2015	2014	Net Change	2015	2014	Net Change
ASSETS						
Current and other assets	\$ 22,927,012	\$ 21,283,862	\$ 1,643,150	\$ 230,967	\$ 76,529	\$ 154,438
Capital assets	104,485,665	108,364,540	(3,878,875)	-	-	-
Total Assets	127,412,677	129,648,402	(2,235,725)	230,967	76,529	154,438
DEFERRED OUTFLOWS OF RESOURCES	1,970,318	315,750	1,654,568	-	-	-
LIABILITIES						
Current liabilities	2,823,918	2,508,533	315,385	2,654	11,760	(9,106)
Long-term liabilities	43,620,960	21,375,940	22,245,020	-	-	-
Total Liabilities	46,444,878	23,884,473	22,560,405	2,654	11,760	(9,106)
DEFERRED INFLOWS OF RESOURCES	6,123,803	-	6,123,803	-	-	-
NET POSITION						
Net investment in capital assets	83,260,178	86,588,712	(3,328,534)	-	-	-
Restricted	4,254,299	15,275,244	(11,020,945)	-	-	-
Unrestricted	(10,700,163)	4,215,703	(14,915,866)	228,313	64,769	163,544
Total Net Position	\$ 76,814,314	\$106,079,659	\$ (29,265,345)	\$ 228,313	\$ 64,769	\$ 163,544

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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		
	2015	2014	Net Change	2015	2014	Net Change
REVENUES						
Program revenues						
Charges for services	\$ 533,303	\$ 519,566	\$ 13,737	\$ -	\$ -	\$ -
Operating grants and contributions	4,981,031	4,330,470	650,561	-	-	-
Capital grants and contributions	-	4,712	(4,712)	-	-	-
General revenues						
Property taxes	6,280,420	6,097,305	183,115	-	-	-
Unrestricted federal and state aid	19,700,452	18,779,797	920,655	-	-	-
Other	3,210,513	3,264,359	(53,846)	378,983	256,968	122,015
Total Revenues	34,705,719	32,996,209	1,709,510	378,983	256,968	122,015
EXPENSES						
Instruction	18,560,309	19,518,910	(958,601)	-	-	-
Instruction-related services	3,898,747	3,663,111	235,636	-	-	-
Pupil services	2,977,519	2,730,932	246,587	-	-	-
General administration	1,748,369	2,016,550	(268,181)	-	-	-
Plant services	3,272,269	3,517,281	(245,012)	-	-	-
Ancillary and community services	960,113	963,131	(3,018)	-	-	-
Debt service	719,119	851,425	(132,306)	-	-	-
Other Outgo	420,492	-	420,492	-	-	-
Depreciation	4,214,368	4,152,689	61,679	-	-	-
Other	6,673	-	6,673	309,546	181,329	128,217
Total Expenses	36,777,978	37,414,029	(636,051)	309,546	181,329	128,217
Transfers & special items	(94,107)	12,714	(106,821)	94,107	(12,714)	106,821
Change in net position	(2,166,366)	(4,405,106)	2,238,740	163,544	62,925	100,619
Net Position - Beginning, as Restated	78,980,680	110,484,765	(31,504,085)	64,769	1,844	62,925
Net Position - Ending	\$ 76,814,314	\$ 106,079,659	\$ (29,265,345)	\$ 228,313	\$ 64,769	\$ 163,544

* Restatement to Beginning Net Position relates to both the 2015 year and the 2014 year

Beginning net position was restated in 2015 due to GASB Statement No. 68, which accounts for Net Pension Liability. 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.

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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.

	Net Cost of Services	
	2015	2014
Instruction	\$ 14,867,210	\$ 16,433,130
Instruction-related services	3,655,557	3,495,808
Pupil services	2,138,820	1,828,802
General administration	1,419,525	1,700,940
Plant services	3,267,320	3,384,511
Ancillary and community services	608,980	714,877
Debt service	719,119	851,425
Transfers to other agencies	366,072	(2,901)
Depreciation	4,214,368	4,152,689
Other	6,673	-
Total Expenses	\$ 31,263,644	\$ 32,559,281

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 \$21,566,451, which is more than last year's ending fund balance of \$20,050,494. The District's General Fund had \$668,754 more in operating revenues than expenditures for the year ended June 30, 2015. The District's Special Reserve Fund for Capital Outlay Projects had \$399,769 more in operating revenues than expenditures for the year ended June 30, 2015.

CURRENT YEAR BUDGET 2014-15

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, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested \$104,485,665 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2015	2014	Net Change
CAPITAL ASSETS			
Land	\$ 569,949	\$ 569,949	\$ -
Construction in progress	230,917	98,848	132,069
Land improvements	16,304,080	16,304,080	-
Buildings & improvements	124,405,430	124,281,253	124,177
Furniture & equipment	3,602,326	3,542,896	59,430
Accumulated depreciation	(40,627,037)	(36,432,486)	(4,194,551)
Total Capital Assets	\$104,485,665	\$108,364,540	\$ (3,878,875)

Long-Term Debt

At year-end, the District had \$43,620,960 in long-term debt, an increase of 104% 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.)

	Governmental Activities		
	2015	2014	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 11,859,995	\$ 12,560,828	\$ (700,833)
Total certificates of participation	9,365,492	9,215,000	150,492
Early retirement incentive	-	98,995	(98,995)
Compensated absences	63,029	151,390	(88,361)
Net OPEB obligation	464,100	418,722	45,378
Net pension liability	22,965,131	-	22,965,131
Less: current portion of long-term debt	(1,096,787)	(1,068,995)	(27,792)
Total Long-term Liabilities	\$ 43,620,960	\$ 21,375,940	\$ 22,245,020

**CORONADO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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 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 annual compliance and audit requirements.

The State's economy is expected to grow at a modest rate of about 2%-3% annually over the next two years with little chance of recession, according to the UCLA Anderson Economic Forecast for September 2015. 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*, is effective in the 2014-15 fiscal year. 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 pension plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is 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 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

CORONADO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	June 30, 2014			
	Governmental	Business-Type		Discretely Presented
	Activities	Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 20,267,808	\$ 295,938	\$ 20,563,746	\$ 290,114
Investments	-	-	-	6,123,692
Accounts receivable	2,586,571	2,308	2,588,879	19,425
Internal balances	67,279	(67,279)	-	-
Inventory	5,354	-	5,354	-
Prepaid expenses	-	-	-	4,840
Capital assets, not depreciated	800,866	-	800,866	-
Capital assets, net of accumulated depreciation	103,684,799	-	103,684,799	9,467
Total Assets	127,412,677	230,967	127,643,644	6,447,538
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,683,291	-	1,683,291	-
Deferred amount on refunding	287,027	-	287,027	-
Total Deferred Outflows of Resources	1,970,318	-	1,970,318	-
LIABILITIES				
Accrued liabilities	1,727,131	2,654	1,729,785	258,804
Long-term liabilities, current portion	1,096,787	-	1,096,787	-
Long-term liabilities, non-current portion	43,620,960	-	43,620,960	-
Total Liabilities	46,444,878	2,654	46,447,532	258,804
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	6,123,803	-	6,123,803	-
Total Deferred Inflows of Resources	6,123,803	-	6,123,803	-
NET POSITION				
Net investment in capital assets	83,260,178	-	83,260,178	-
Restricted:				
Capital projects	1,371,857	-	1,371,857	-
Debt service	690,380	-	690,380	-
Educational programs	2,050,374	-	2,050,374	-
All others	141,688	-	141,688	-
Permanent endowment	-	-	-	1,292,353
Unrestricted	(10,700,163)	228,313	(10,471,850)	4,896,381
Total Net Position	\$ 76,814,314	\$ 228,313	\$ 77,042,627	\$ 6,188,734

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

**CORONADO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			06/30/14 Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 18,560,309	\$ -	\$ 3,693,099	\$ -	\$ (14,867,210)	\$ -	\$ (14,867,210)	\$ -
Instruction-related services								
Instructional supervision and administration	407,682	-	50,074	-	(357,608)	-	(357,608)	-
Instructional library, media, and technology	1,042,884	-	5,225	-	(1,037,659)	-	(1,037,659)	-
School site administration	2,448,181	-	187,891	-	(2,260,290)	-	(2,260,290)	-
Pupil services								
Home-to-school transportation	594,572	-	17,689	-	(576,883)	-	(576,883)	-
Food services	706,636	508,392	121,201	-	(77,043)	-	(77,043)	-
All other pupil services	1,676,311	-	191,417	-	(1,484,894)	-	(1,484,894)	-
General administration								
Centralized data processing	-	-	139,131	-	139,131	-	139,131	-
All other general administration	1,748,369	24,911	164,802	-	(1,558,656)	-	(1,558,656)	-
Plant services	3,272,269	-	4,949	-	(3,267,320)	-	(3,267,320)	-
Ancillary services	374,124	-	346,034	-	(28,090)	-	(28,090)	-
Community services	585,989	-	5,099	-	(580,890)	-	(580,890)	-
Enterprise activities	6,673	-	-	-	(6,673)	-	(6,673)	-
Interest on long-term debt	719,119	-	-	-	(719,119)	-	(719,119)	-
Other Outgo	420,492	-	54,420	-	(366,072)	-	(366,072)	-
Depreciation (unallocated)	4,214,368	-	-	-	(4,214,368)	-	(4,214,368)	-
Total Governmental Activities	\$ 36,777,978	\$ 533,303	\$ 4,981,031	\$ -	(31,263,644)			
BUSINESS-TYPE ACTIVITIES								
Enterprise activities	309,546	-	-	-		\$ (309,546)		
Total Business-Type Activities	309,546	-	-	-		(309,546)		
Total School District	\$ 37,087,524	\$ 533,303	\$ 4,981,031	\$ -			\$ (31,573,190)	
DISCRETELY PRESENTED COMPONENT UNIT								
Program services	\$ 849,058	\$ -	\$ -	\$ -				\$ (849,058)
Management and general	62,464	-	-	-				(62,464)
Fundraising	85,434	-	-	-				(85,434)
Total	\$ 996,956	\$ -	\$ -	\$ -				(996,956)
General revenues								
Taxes and subventions								
Property taxes, levied for general purposes					3,249,453	-	3,249,453	-
Property taxes, levied for debt service					1,023,709	-	1,023,709	-
Property taxes, levied for other specific purposes					2,007,258	-	2,007,258	-
Federal and state aid not restricted for specific purposes					19,700,452	-	19,700,452	-
Interest and investment earnings					79,147	-	79,147	-
Miscellaneous					3,131,366	378,983	3,510,349	1,417,435
Subtotal, General Revenue					29,191,385	378,983	29,570,368	1,417,435
Change in net position before transfers & special items					(2,072,259)	69,437	(2,002,822)	420,479
Internal transfers					(94,107)	94,107	-	-
Total Transfers & Special Items					(94,107)	94,107	-	-
CHANGE IN NET POSITION								
Net Position - Beginning, as Restated					78,980,680	64,769	79,045,449	5,768,255
Net Position - Ending					\$ 76,814,314	\$ 228,313	\$ 77,042,627	\$ 6,188,734

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

**CORONADO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,645,260	\$ 10,007,847	\$ 3,614,701	\$ 20,267,808
Accounts receivable	2,469,926	6,474	110,171	2,586,571
Due from other funds	313,759	1,817,343	278,801	2,409,903
Stores inventory	-	-	5,354	5,354
Total Assets	\$ 9,428,945	\$ 11,831,664	\$ 4,009,027	\$ 25,269,636
LIABILITIES				
Accrued liabilities	\$ 905,430	\$ 427,976	\$ 27,155	\$ 1,360,561
Due to other funds	2,048,560	-	294,064	2,342,624
Total Liabilities	2,953,990	427,976	321,219	3,703,185
FUND BALANCES				
Nonspendable	10,000	-	5,955	15,955
Restricted	1,391,710	74,602	3,154,557	4,620,869
Committed	625,000	-	522,662	1,147,662
Assigned	1,687,819	11,329,086	4,634	13,021,539
Unassigned	2,760,426	-	-	2,760,426
Total Fund Balances	6,474,955	11,403,688	3,687,808	21,566,451
Total Liabilities and Fund Balances	\$ 9,428,945	\$ 11,831,664	\$ 4,009,027	\$ 25,269,636

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

**CORONADO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 20,667,659	\$ -	\$ -	\$ 20,667,659
Federal sources	2,672,340	-	111,100	2,783,440
Other state sources	2,361,396	-	104,214	2,465,610
Other local sources	4,162,759	2,131,282	2,293,582	8,587,623
Total Revenues	29,864,154	2,131,282	2,508,896	34,504,332
EXPENDITURES				
Current				
Instruction	18,113,325	-	86,896	18,200,221
Instruction-related services				
Instructional supervision and administration	357,401	-	800	358,201
Instructional library, media, and technology	1,043,462	-	(6)	1,043,456
School site administration	2,388,119	-	25,347	2,413,466
Pupil services				
Home-to-school transportation	595,137	-	-	595,137
Food services	-	-	710,398	710,398
All other pupil services	1,647,016	-	-	1,647,016
General administration				
All other general administration	1,787,448	-	48,527	1,835,975
Plant services	2,629,740	482,774	178,774	3,291,288
Facilities acquisition and maintenance	-	333,548	-	333,548
Ancillary services	368,870	-	-	368,870
Community services	239,783	-	350,961	590,744
Enterprise activities	5,099	-	-	5,099
Debt service				
Principal	-	270,000	585,000	855,000
Interest and other	-	645,191	421,150	1,066,341
Total Expenditures	29,175,400	1,731,513	2,407,847	33,314,760
Excess (Deficiency) of Revenues Over Expenditures	688,754	399,769	101,049	1,189,572
Other Financing Sources (Uses)				
Transfers in	-	1,370,962	105,667	1,476,629
Other sources	-	9,365,492	-	9,365,492
Transfers out	(194,791)	-	(1,375,945)	(1,570,736)
Other uses	-	(8,945,000)	-	(8,945,000)
Net Financing Sources (Uses)	(194,791)	1,791,454	(1,270,278)	326,385
NET CHANGE IN FUND BALANCE	493,963	2,191,223	(1,169,229)	1,515,957
Fund Balance - Beginning	5,980,992	9,212,465	4,857,037	20,050,494
Fund Balance - Ending	\$ 6,474,955	\$ 11,403,688	\$ 3,687,808	\$ 21,566,451

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, 2015**

Net Change in Fund Balances - Governmental Funds \$ 1,515,957

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:	\$ 335,493	
Depreciation expense:	<u>(4,214,368)</u>	(3,878,875)

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:

9,800,000

Debt proceeds:

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

(9,365,492)

Deferred amounts on refunding:

In governmental funds, deferred amounts on refundings are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refundings are amortized over the life of the debt. The net effect of the deferred amounts on refundings during the period was:

(138,263)

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:

(50,840)

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

**CORONADO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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: 88,361

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: (45,378)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (306,664)

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: 98,995

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

\$ (2,166,366)

**CORONADO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	Business-Type Activities Enterprise Fund
	Preschool
ASSETS	
Current assets	
Cash and cash equivalents	\$ 295,938
Accounts receivable	2,308
Due from other funds	25,007
Total current assets	<u>323,253</u>
Total Assets	<u>323,253</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	2,654
Due to other funds	92,286
Total current liabilities	<u>94,940</u>
Total Liabilities	<u>94,940</u>
NET POSITION	
Unrestricted	<u>228,313</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, 2015**

	<u>Business-Type Activities</u>
	<u>Preschool</u>
OPERATING REVENUE	
Other local revenues	\$ 378,521
Total operating revenues	<u>378,521</u>
OPERATING EXPENSE	
Salaries and benefits	297,377
Supplies and materials	11,594
Professional services	575
Total operating expenses	<u>309,546</u>
Operating income/(loss)	<u>68,975</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	462
Transfers in	130,360
Transfers out	(36,253)
Total non-operating revenues/(expenses)	<u>94,569</u>
CHANGE IN NET POSITION	163,544
Net Position - Beginning	64,769
Net Position - Ending	<u>\$ 228,313</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, 2015**

	<u>Business-Type Activities</u>	
	<u>Enterprise Fund</u>	
	<u>Preschool</u>	
Cash flows from operating activities		
Cash received from user charges	\$	422,974
Cash payments for payroll, insurance, and operating costs		(286,707)
Net cash provided by (used for) operating activities		<u>136,267</u>
Cash flows from non-capital financing activities		
Interfund transfers in (out)		94,107
Net cash provided by (used for) non-capital financing activities		<u>94,107</u>
Cash flows from investing activities		
Interest received		462
Net cash provided by (used for) investing activities		<u>462</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>230,836</u>
 CASH AND CASH EQUIVALENTS		
Beginning of year		65,102
End of year	\$	<u>295,938</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income (loss)	\$	68,975
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		69,460
(Increase) decrease in due from other funds		(25,007)
Increase (decrease) in accounts payable		(9,106)
Increase (decrease) in due to other funds		31,945
Net cash provided by (used for) operating activities	\$	<u>136,267</u>

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

CORONADO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 730,932
Other assets	74,119
Total Assets	\$ 805,051
LIABILITIES	
Due to student groups	\$ 805,051
Total Liabilities	\$ 805,051

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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, 2015

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

C. Basis of Presentation (*continued*)

Major Governmental Funds (*continued*)

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*).

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2015

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

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).

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

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

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

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

Permanent Funds

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

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

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.

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.

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, 2015

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2015

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*)

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

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

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

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.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Estimates

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

H. Budgetary Data

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

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

I. Property Tax

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

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 implemented GASB Statement No. 68 for the year ended June 30, 2015.

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 implemented GASB Statement No. 71 for the year ended June 30, 2015.

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The District has not yet determined the impact on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

CORONADO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Total Governmental Activities	Business-Type Activities	Fiduciary Funds
Cash in county	\$ 19,592,408	\$ 295,938	\$ -
Cash on hand and in banks	-	-	730,932
Cash with fiscal agent	664,800	-	-
Cash in revolving fund	10,600	-	-
Total cash and cash equivalents	\$ 20,267,808	\$ 295,938	\$ 730,932

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, 2015

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 \$19,898,547 and an amortized book value of \$19,888,346. The average weighted maturity for this pool is 356 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, 2015, 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, 2015

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, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of the following:

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Total Business- Type Activities</u>
Federal Government					
Categorical aid	\$ 599,737	\$ -	\$ 4,419	\$ 604,156	\$ -
State Government					
Categorical aid	289,668	-	8,187	297,855	-
Lottery	168,840	-	-	168,840	-
Local Government					
Other local sources	1,411,681	6,474	97,565	1,515,720	2,308
Total	<u>\$ 2,469,926</u>	<u>\$ 6,474</u>	<u>\$ 110,171</u>	<u>\$ 2,586,571</u>	<u>\$ 2,308</u>

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance			Balance		
	July 01, 2014	Additions	Deletions	July 01, 2014	Additions	Deletions
Governmental Activities						
Capital assets not being depreciated						
Land	\$ 569,949	\$ -	\$ -	\$ 569,949		
Construction in progress	98,848	230,917	98,848	230,917		
Total Capital Assets not Being Depreciated	668,797	230,917	98,848	800,866		
Capital assets being depreciated						
Land improvements	16,304,080	-	-	16,304,080		
Buildings & improvements	124,281,253	124,177	-	124,405,430		
Furniture & equipment	3,542,896	79,247	19,817	3,602,326		
Total Capital Assets Being Depreciated	144,128,229	203,424	19,817	144,311,836		
Less Accumulated Depreciation						
Land improvements	7,882,269	1,085,385	-	8,967,654		
Buildings & improvements	26,536,056	2,796,656	-	29,332,712		
Furniture & equipment	2,014,161	332,327	19,817	2,326,671		
Total Accumulated Depreciation	36,432,486	4,214,368	19,817	40,627,037		
Governmental Activities						
Capital Assets, net	\$ 108,364,540	\$ (3,780,027)	\$ 98,848	\$ 104,485,665		

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2015 were as follows:

Due To Other Funds	Due From Other Funds				
	General Fund	Special Reserve	Non-Major	Other Enterprise	Total
		Fund for Capital			
	Outlay Projects	Funds	Fund		
General Fund	\$ 4,743	\$ 1,817,343	\$ 201,467	\$ 25,007	\$ 2,048,560
Non-Major Governmental Funds	252,984	-	41,080	-	294,064
Other Enterprise Fund	56,032	-	36,254	-	92,286
Total Due From Other Funds	\$ 313,759	\$ 1,817,343	\$ 278,801	\$ 25,007	\$ 2,434,910

General Fund due to Child Development Fund for cash flow needs	\$ 22,874
General Fund due to cafeteria fund for various support costs	72,693
General Fund due to the Capital Facilities Fund for expenses	105,900
General Fund due to the Special Reserve Fund for Capital Outlay Fund for transfer of pass through money	1,817,343
General Fund due to Other Enterprise Fund for expenses	25,007
Child Development Fund due to the General Fund for repayment of support and indirect costs	114,561
Child Development Fund due to the Cafeteria Fund for preschool meals	11,402
Cafeteria Fund to the General Fund for cash flow needs	127,977
Foundation Special Revenue Fund due to the General Fund for various support costs	2,349
Capital Facilities fund to the General Fund for administrative costs	8,097
Capital Facilities fund to the Child Development Fund for expenses	29,678
Other Enterprise Fund due to the General Fund for transfer of operating costs	56,032
Other Enterprise Fund due to the Child Development Fund for transfer of operating costs	25,894
Other Enterprise Fund due to the Cafeteria Fund for transfer of operating costs	10,360
The General Fund due to the General Fund for expenses	4,743
Total	\$ 2,434,910

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>			
	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 64,431	\$ 130,360	\$ 194,791
Non-Major Governmental Funds	1,370,962	4,983	-	1,375,945
Other Enterprise Fund	-	36,253	-	36,253
Total Interfund Transfers	\$ 1,370,962	\$ 105,667	\$ 130,360	\$ 1,606,989

Transfer from the General Fund to the Child Development Fund for cash flow support.	\$ 25,893
Transfer from the General Fund to the Cafeteria Fund for cash flow support.	38,538
Transfer from the Child Development Fund to the Cafeteria Fund for the cost of preschool meals.	4,983
Transfer from Other Enterprise Fund to the Cafeteria Fund for cash flow support.	36,253
Transfer from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects to cover operating costs.	1,370,962
Transfer from the General Fund to the Other Enterprise Fund for cash flow support.	130,360
Total	\$ 1,606,989

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015 consisted of the following:

	<u>Special Reserve Fund for Capital</u>		<u>Non-Major Governmental</u>		<u>Total Governmental</u>		<u>Total Business- Type Activities</u>
	<u>General Fund</u>	<u>Outlay Projects</u>	<u>Funds</u>	<u>District-Wide</u>	<u>Activities</u>	<u>Activities</u>	
Payroll	\$ 302,243	\$ -	\$ 15,525	\$ -	\$ 317,768	\$ 1,338	
Vendors payable	603,187	427,976	11,630	-	1,042,793	-	
Unmatured interest	-	-	-	366,570	366,570	-	
Other liabilities	-	-	-	-	-	1,316	
Total	\$ 905,430	\$ 427,976	\$ 27,155	\$ 366,570	\$ 1,727,131	\$ 2,654	

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2015 consisted of the following:

	Restated Balance		Balance		Balance Due
	July 01, 2014	Additions	Deductions	June 30, 2015	In One Year
Governmental Activities					
General obligation bonds	\$ 11,055,000	\$ -	\$ 585,000	\$ 10,470,000	\$ 615,000
Unamortized premium	1,505,828	-	115,833	1,389,995	115,833
Total general obligation bonds	12,560,828	-	700,833	11,859,995	730,833
Certificates of participation	9,215,000	8,420,000	9,215,000	8,420,000	280,000
Unamortized premium	-	945,492	-	945,492	85,954
Total certificates of participation	9,215,000	9,365,492	9,215,000	9,365,492	365,954
Early retirement incentive	98,995	-	98,995	-	-
Compensated absences	151,390	-	88,361	63,029	-
Net OPEB obligation	418,722	45,378	-	464,100	-
Net pension liability	28,738,664	-	5,773,533	22,965,131	-
Total	\$ 51,183,599	\$ 9,410,870	\$ 15,876,722	\$ 44,717,747	\$ 1,096,787

Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.

Payments on certificates of participation are made in the Special Reserve Fund for Capital Outlay Projects.

Payments for the Early Retirement Incentive program are made in the General Fund.

Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT (continued)

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2015 amounted to \$63,029. 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, 2015 were as follows:

Year Ended June 30,	Principal	Interest	Total
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	745,000	332,150	1,077,150
2021 - 2025	4,530,000	1,171,300	5,701,300
2026	2,550,000	185,100	2,735,100
Total	\$ 10,470,000	\$ 3,241,450	\$ 13,711,450

C. Certificates of Participation

Future commitments for certificates of participation at June 30, 2015 were as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 280,000	\$ 268,844	\$ 548,844
2017	290,000	256,044	546,044
2018	305,000	244,143	549,143
2019	315,000	231,744	546,744
2020	325,000	218,944	543,944
2021 - 2025	1,830,000	921,870	2,751,870
2026 - 2030	2,110,000	606,178	2,716,178
2031 - 2035	2,430,000	272,938	2,702,938
2036	535,000	8,359	543,359
Total	\$ 8,420,000	\$ 3,029,064	\$ 10,905,705

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 7 – 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, 2015, the District completed payments outstanding.

E. Net Pension Liability

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The District’s restated beginning net pension liability was \$23,738,664, and decreased by \$5,773,533 during the year ended June 30, 2015. The ending net pension liability at June 30, 2015 was \$22,965,131. See Note 10 for additional information regarding the net pension liability.

NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2015:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 10,000	\$ -	\$ 600	\$ 10,600
Stores inventory	-	-	5,355	5,355
Total non-spendable	10,000	-	5,955	15,955
Restricted				
Permanent fund balance	-	-	288,642	288,642
Educational programs	1,391,710	-	370,022	1,761,732
Capital projects	-	74,602	1,297,255	1,371,857
Debt service	-	-	1,056,950	1,056,950
All others	-	-	141,688	141,688
Total restricted	1,391,710	74,602	3,154,557	4,620,869
Committed				
Other commitments	625,000	-	522,662	1,147,662
Total committed	625,000	-	522,662	1,147,662
Assigned				
Other assignments	1,687,813	-	-	1,687,813
Special Reserve Fund for Other Than Capital Outlay Projects	6	-	-	6
Foundation Special Revenue Fund	-	-	4,634	4,634
Special Reserve Fund for Capital Outlay Projects	-	11,329,086	-	11,329,086
Total assigned	1,687,819	11,329,086	4,634	13,021,539
Unassigned				
Remaining unassigned	2,760,426	-	-	2,760,426
Total unassigned	2,760,426	-	-	2,760,426
Total	\$ 6,474,955	\$ 11,403,688	\$ 3,687,808	\$ 21,566,451

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, 2015

NOTE 9 – 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*	<u>347</u>
 Number of participating employers	 1

*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, 2015, 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, 2015

NOTE 9 – 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	\$	290,335
Interest on net OPEB obligation		18,842
Adjustment to annual required contribution		<u>(28,238)</u>
Annual OPEB cost (expense)		280,939
Contributions made		<u>(235,561)</u>
Increase (decrease) in net OPEB obligation		45,378
Net OPEB obligation, beginning of the year		<u>418,722</u>
Net OPEB obligation, end of the year	\$	<u>464,100</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, 2015 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	\$ 280,939	84%	\$ 464,100
2014	\$ 276,495	63%	\$ 418,722
2013	\$ 263,709	51%	\$ 316,362

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2013	\$ -	\$ 2,349,002	\$ 2,349,002	0%	\$ 18,826,879	12%

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
Asset Valuation	\$ -
Actuarial Assumptions:	
Investment rate of return	5.0%
Discount rate	4.5%
Health care trend rate	8.0%
Inflation rate	2.8%

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory 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). The District recognized \$1,989,957 for their proportionate share of pension expense for the year ended June 30, 2015.

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.

Benefits provided

The CalSTRS defined benefit plan has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

Active plan members are required to contribute 8.15% of their salary for fiscal year 2015 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 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,190,236 for the year ended June 30, 2015.

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 \$754,157 to CalSTRS (5.679% of 2012-13 creditable compensation subject to CalSTRS).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 18,330,756
States's proportionate share of the net pension liability associated with the District	<u>11,068,902</u>
Total	<u>\$ 29,399,658</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District’s proportion was 0.031 percent, which did not change from its proportion measured as of June 30, 2013.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$1,582,422. In addition, the District recognized pension expense and revenue of \$955,544 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 4,513,914
District contributions subsequent to the measurement date	1,190,236	-
	<u>\$ 1,190,236</u>	<u>\$ 4,513,914</u>

\$1,190,236 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 1,128,479
2017	1,128,479
2018	1,128,479
2019	1,128,477
	<u>\$ 4,513,914</u>

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	3.75%
Interest on Member Accounts	4.50%

**CORONADO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial assumptions (continued)

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	100%	

* 10-year geometric average

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 28,572,855	\$ 18,330,756	\$ 9,790,707

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (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.

Benefits provided

The benefits for the defined benefit plan are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

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 2015 was 11.771% of annual payroll. Contributions to the plan from the District were \$493,055 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$4,634,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District’s proportion was 0.041 percent, which did not change from its proportion measured as of June 30, 2013.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$407,535. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 1,592,423
Changes in proportion and differences between District contributions and proportionate share of contributions	-	17,466
District contributions subsequent to the measurement date	493,055	-
	<u>\$ 493,055</u>	<u>\$ 1,609,889</u>

\$493,055 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 402,473
2017	402,473
2018	402,473
2019	402,470
	<u>\$ 1,609,889</u>

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial assumptions (continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 8,129,751	\$ 4,634,375	\$ 1,713,635

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – 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, 2015.

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, 2015.

C. Construction Commitments

As of June 30, 2015, the District had no major commitments with respect to unfinished capital projects.

NOTE 12 – 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 the operation and maintenance for the services and other necessary items associated with administering a self-insurance plan for workers' compensation, health, and property and liability insurance for its member school districts. The District's JPA fund balance for workers' compensation reflects a deficit balance of \$17,013 for unfunded claims based on estimated future claims liabilities and the actual amount of cash on deposit with the JPA at June 30, 2015. The District is in the process of developing a repayment plan to repay the deficit balance at June 30, 2015.

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, 2015

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

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, 2015, the deferred amount on refunding was \$287,027.

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*, the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. The District’s deferred outflows and inflows of resources related to pensions were as follows at June 30, 2015:

	Deferred outflows related to pensions	Deferred inflows related to pensions
STRS Pension	\$ 1,190,236	\$ 4,513,914
PERS Pension	493,055	1,609,889
Total	\$ 1,683,291	\$ 6,123,803

NOTE 14 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District’s proportionate share of net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 106,079,659
Restatement	(27,098,979)
Net Position - Beginning, as Restated	\$ 78,980,680

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CORONADO UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 20,408,088	\$ 20,602,259	\$ 20,667,659	\$ 65,400
Federal sources	1,422,800	2,619,598	2,672,340	52,742
Other state sources	522,880	1,649,643	2,361,396	711,753
Other local sources	1,963,328	3,671,368	4,162,742	491,374
Total Revenues	24,317,096	28,542,868	29,864,137	1,321,269
EXPENDITURES				
Certificated salaries	11,261,555	13,558,154	13,388,082	170,072
Classified salaries	2,938,204	4,062,125	4,418,003	(355,878)
Employee benefits	4,507,590	5,739,586	6,288,699	(549,113)
Books and supplies	553,875	1,451,701	877,468	574,233
Services and other operating expenditures	2,066,330	5,208,221	4,243,194	965,027
Capital outlay	5,030	-	-	-
Other outgo				
Transfers of indirect costs	(323,662)	(29,670)	(40,046)	10,376
Total Expenditures	21,008,922	29,990,117	29,175,400	814,717
Excess (Deficiency) of Revenues				
Over Expenditures	3,308,174	(1,447,249)	688,737	2,135,986
Other Financing Sources (Uses)				
Transfers in	-	6,175	6,172	(3)
Transfers out	(50,200)	(50,200)	(194,791)	(144,591)
Net Financing Sources (Uses)	(3,929,270)		(188,619)	(144,594)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	5,974,831	5,974,831	5,974,831	-
Fund Balance - Ending	\$ 5,353,735	\$ 4,527,582	\$ 6,474,949	\$ 1,947,367

* 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:

- 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, 2015**

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	\$ 2,349,002	0%	\$ 18,826,879	12%
July 1, 2011	\$ -	\$ 2,145,303	\$ 2,145,303	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
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALSTRS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.031%
District's proportionate share of the net pension liability	\$ 18,330,756
States's proportionate share of the net pension liability associated with the District	11,068,902
Total	<u>\$ 29,399,658</u>
District's covered-employee payroll	\$ 13,688,776
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.9%
Plan fiduciary net position as a percentage of the total pension liability.	76.5%

See accompanying note to required supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALPERS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.041%
District's proportionate share of the net pension liability	\$ 4,634,375
District's covered-employee payroll	\$ 5,138,103
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	90.2%
Plan fiduciary net position as a percentage of the total pension liability.	83.4%

See accompanying note to required supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,190,236
Contributions in relation to the contractually required contribution*	(1,190,236)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 13,688,776
Contributions as a percentage of covered-employee payroll	8.69%

*Amounts do not include on behalf contributions

**CORONADO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
Contractually required contribution	\$ 493,055
Contributions in relation to the contractually required contribution	(493,055)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 5,138,103
Contributions as a percentage of covered-employee payroll	9.60%

See accompanying note to required supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015, 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	\$ 4,062,125	\$ 4,418,003	\$ 355,878
Employee benefits	\$ 5,739,586	\$ 6,288,699	\$ 549,113

**SUPPLEMENTARY
INFORMATION**

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
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	\$ 196,288
Title II, Part A, Teacher Quality	84.367A	14341	56,015
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	561
Title III, Immigrant Education Program	84.365	15146	12,477
Subtotal Title III Cluster			<u>13,038</u>
Title VIII, Impact Aid	84.041	10015	1,546,717
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	491,521
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	35,255
Part B, Preschool Grants	84.173	13430	12,691
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	24,896
Preschool Staff Development	84.173A	13431	150
Subtotal Special Education Cluster			<u>564,513</u>
Total U. S. Department of Education			<u>2,376,571</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
National School Lunch Program	10.555	13391	111,100
Total U. S. Department of Agriculture			<u>111,100</u>
U. S. DEPARTMENT OF DEFENSE:			
Federal Grant STEPS (Student, Technology, Education Plans)	12.556	*	294,659
Total U. S. Department of Defense			<u>294,659</u>
Total Federal Expenditures			<u>\$ 2,782,330</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2015**

	Second Period Report	Revised Second Period Report	Annual Report	Revised Annual Report
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	701.73	703.49	700.04	701.45
Extended Year Special Education	8.57	8.57	8.57	8.57
Total TK/K through Third	<u>710.30</u>	<u>712.06</u>	<u>708.61</u>	<u>710.02</u>
Fourth through Sixth				
Regular ADA	631.14	632.79	630.03	631.09
Extended Year Special Education	12.01	12.01	12.01	12.01
Special Education - Nonpublic Schools	1.52	1.52	1.52	1.65
Extended Year Special Education - Nonpublic Schools	0.26	0.26	0.11	0.11
Total Fourth through Sixth	<u>644.93</u>	<u>646.58</u>	<u>643.67</u>	<u>644.86</u>
Seventh through Eighth				
Regular ADA	498.04	499.10	499.54	499.54
Extended Year Special Education	9.84	9.84	9.84	9.84
Special Education - Nonpublic Schools	0.98	0.98	0.98	0.98
Extended Year Special Education - Nonpublic Schools	-	-	0.15	0.15
Total Seventh through Eighth	<u>508.86</u>	<u>509.92</u>	<u>509.51</u>	<u>510.51</u>
Ninth through Twelfth				
Regular ADA	1,155.72	1,138.92	1,151.50	1,131.49
Extended Year Special Education	6.05	6.05	6.05	6.05
Special Education - Nonpublic Schools	4.25	4.25	4.25	4.16
Extended Year Special Education - Nonpublic Schools	0.73	0.73	0.73	0.73
Total Ninth through Twelfth	<u>1,166.75</u>	<u>1,149.95</u>	<u>1,162.53</u>	<u>1,142.43</u>
TOTAL SCHOOL DISTRICT	<u>3,030.84</u>	<u>3,018.51</u>	<u>3,025.32</u>	<u>3,007.82</u>

***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, 2015**

Grade Level	Minutes Requirement	Minutes Requirement Reduced	2014-15 Actual Minutes	Number of Days	Status
Kindergarten	36,000	35,000	49,700	180	Complied
Grade 1	50,400	49,000	51,145	180	Complied
Grade 2	50,400	49,000	51,145	180	Complied
Grade 3	50,400	49,000	51,145	180	Complied
Grade 4	54,000	52,500	57,305	180	Complied
Grade 5	54,000	52,500	57,305	180	Complied
Grade 6	54,000	52,500	58,323	180	Complied
Grade 7	54,000	52,500	58,323	180	Complied
Grade 8	54,000	52,500	58,323	180	Complied
Grade 9	64,800	63,000	65,260	180	Complied
Grade 10	64,800	63,000	65,260	180	Complied
Grade 11	64,800	63,000	65,260	180	Complied
Grade 12	64,800	63,000	65,260	180	Complied

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

	2016 (Budget)	2015	2014	2013
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 31,967,005	\$ 29,870,309	\$ 29,180,813	\$ 29,490,733
Expenditures And Other Financing Uses	31,205,757	29,370,191	30,186,745	28,992,639
Net change in Fund Balance	\$ 761,248	\$ 500,118	\$ (1,005,932)	\$ 498,094
Ending Fund Balance	\$ 7,236,197	\$ 6,474,949	\$ 5,974,831	\$ 6,980,763
Available Reserves*	\$ 3,377,769	\$ 2,760,426	\$ 1,225,065	\$ 2,443,718
Available Reserves As A Percentage Of Outgo	10.82%	9.40%	4.06%	8.43%
Long-term Debt	\$ 43,620,960	\$ 44,717,747	\$ 22,444,935	\$ 23,074,388
Average Daily Attendance At P-2	3,031	3,019	3,025	3,057

The General Fund balance has decreased by \$505,814 over the past two years. The fiscal year 2015-16 budget projects an increase of \$761,248. 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 surplus in two of the past three years and anticipates incurring an additional operating surplus during the 2015-16 fiscal year. Total long term obligations have increased by \$21,643,359 over the past two years.

Average daily attendance has decreased by 38 ADA over the past two years. An increase of 12 ADA is anticipated during the 2015-16 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**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, 2015**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2015, annual financial and budget report fund balance	\$ 6,474,949	\$ 6
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	6	(6)
Net adjustments and reclassifications	6	(6)
June 30, 2015, audited financial statement fund balance	<u>\$ 6,474,955</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015**

Charter School	Status	Included in Audit Report
Coronado Pathways Charter	Non-Active as February 2015	No

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 284	\$ 40,284	\$ 9,578	\$ 663,698	\$ 334,396	\$ 1,221,147	\$ 1	\$ 1,056,950	\$ 288,363	\$ 3,614,701
Accounts receivable	1	7,938	33,855	649	59,466	7,982	-	-	280	110,171
Due from other funds	-	78,446	94,455	-	-	105,900	-	-	-	278,801
Stores inventory	-	-	5,354	-	-	-	-	-	-	5,354
Total Assets	\$ 285	\$ 126,668	\$ 143,242	\$ 664,347	\$ 393,862	\$ 1,335,029	\$ 1	\$ 1,056,950	\$ 288,643	\$ 4,009,027
LIABILITIES										
Accrued liabilities	\$ 282	\$ 705	\$ 9,310	\$ -	\$ 16,857	\$ -	\$ -	\$ -	\$ 1	\$ 27,155
Due to other funds	-	125,963	127,977	-	2,349	37,775	-	-	-	294,064
Total Liabilities	282	126,668	137,287	-	19,206	37,775	-	-	1	321,219
FUND BALANCES										
Non-spendable	-	-	5,955	-	-	-	-	-	-	5,955
Restricted	-	-	-	141,688	370,022	1,297,254	1	1,056,950	288,642	3,154,557
Committed	3	-	-	522,659	-	-	-	-	-	522,662
Assigned	-	-	-	-	4,634	-	-	-	-	4,634
Total Fund Balances	3	-	5,955	664,347	374,656	1,297,254	1	1,056,950	288,642	3,687,808
Total Liabilities and Fund Balance	\$ 285	\$ 126,668	\$ 143,242	\$ 664,347	\$ 393,862	\$ 1,335,029	\$ 1	\$ 1,056,950	\$ 288,643	\$ 4,009,027

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, 2015**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Foundation Permanent Fund	Non-Major Governmental Funds
REVENUES										
Federal sources	\$ -	\$ -	\$ 111,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,100
Other state sources	-	95,719	5,996	-	-	-	-	2,499	-	104,214
Other local sources	3	15	539,846	2,674	448,655	277,359	2,178	1,021,700	1,152	2,293,582
Total Revenues	3	95,734	656,942	2,674	448,655	277,359	2,178	1,024,199	1,152	2,508,896
EXPENDITURES										
Current										
Instruction	-	85,896	-	-	-	-	-	-	1,000	86,896
Instruction-related services										
Instructional supervision and administration	-	-	-	-	-	-	-	-	800	800
Instructional library, media, and technology	-	-	-	-	-	-	-	-	(6)	(6)
School site administration	-	25,347	-	-	-	-	-	-	-	25,347
Pupil services										
Food services	-	-	707,010	-	3,388	-	-	-	-	710,398
General administration										
All other general administration	-	5,402	34,643	-	-	8,482	-	-	-	48,527
Plant services	-	-	-	2,319	167,148	9,307	-	-	-	178,774
Community services	-	-	-	-	350,961	-	-	-	-	350,961
Debt service										
Principal	-	-	-	-	-	-	-	585,000	-	585,000
Interest and other	-	-	-	-	-	-	-	421,150	-	421,150
Total Expenditures	-	116,645	741,653	2,319	521,497	17,789	-	1,006,150	1,794	2,407,847
Excess (Deficiency) of Revenues Over Expenditures	3	(20,911)	(84,711)	355	(72,842)	259,570	2,178	18,049	(642)	101,049
Other Financing Sources (Uses)										
Transfers in	-	25,893	79,774	-	-	-	-	-	-	105,667
Transfers out	-	(4,983)	-	-	-	-	(1,370,962)	-	-	(1,375,945)
Net Financing Sources (Uses)	-	20,910	79,774	-	-	-	(1,370,962)	-	-	(1,270,278)
NET CHANGE IN FUND BALANCE	3	(1)	(4,937)	355	(72,842)	259,570	(1,368,784)	18,049	(642)	(1,169,229)
Fund Balance - Beginning	-	1	10,892	663,992	447,498	1,037,684	1,368,785	1,038,901	289,284	4,857,037
Fund Balance - Ending	\$ 3	\$ -	\$ 5,955	\$ 664,347	\$ 374,656	\$ 1,297,254	\$ 1	\$ 1,056,950	\$ 288,642	\$ 3,687,808

See accompanying note to supplementary information.

**CORONADO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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, 2015, the District participated in the Longer Day incentive funding program. As of June 30, 2015, 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)

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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, 2015, 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 14, 2015. 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.

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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 #2015-1, #2015-2)

Compliance and Other Matters

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

Coronado Unified School District's Response to Findings

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

Purpose of this Report

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



San Diego, California
December 14, 2015

**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

Heather Rubio

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, 2015. 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.

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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, 2015.

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 14, 2015

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board
Coronado Unified School District
Coronado, California

Report on State Compliance

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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, 2015, 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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.

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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, 2015.

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 #2015-3. Our opinion on state compliance is not modified with respect to these matters.

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:

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	No
Instructional Time for school districts	Yes
Instructional Materials, general requirements	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupation Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
California Clean Energy Jobs Act	No

Procedures Performed (continued)

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	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 14, 2015

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

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>84.027, 84.027A, 84.173, 84.173</u>	<u>Special Education Cluster</u>
<u>84.041</u>	<u>Title VIII, 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, 2015**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

Section II – Financial Statement Findings

FINDING #2015-01: CASH RECEIPTING INTERNAL CONTROLS (30000)

Criteria: Per Education Code 41001, all deposits and payments required by this section shall be made daily, unless the county superintendent of schools authorizes them to be made weekly or otherwise, but in no event less frequent than monthly. Proper internal control procedures require timely transfer of cash receipts from the cash clearing account to the county cash account.

Condition: During our review of the internal controls over cash receipting procedures, we noted that receipting procedures were inconsistent. In many instances, cash receipts were not being transferred from the clearing account to the county account in a timely manner. In many instances, funds were held in the clearing account for two to three months before being transferred to the county account.

Cause: Inadequate controls and monitoring over the cash receipting cycle.

Effect: Without a proper documentation trail, it is impossible to identify if all collected items were deposited to the bank in a complete and timely manner.

Perspective: Review of District internal control procedures over cash receipting.

Recommendation: We recommend that all receipts be deposited and transferred in a timely fashion with appropriate supporting documentation.

District Response: While it should be noted that all cash and checks were deposited into the clearing accounts in a timely manner, the District understands that the clearing accounts must be reconciled and transferred to the county account no later than 30 days from receipt of funds. To that end, the target practice going forward is for clearing accounts to be reconciled and transferred each two week, and in no case should deposited funds remain in clearing accounts longer than 30 days from receipt.

**CORONADO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING #2015-02: CHILD CARE CENTER & BRIAN BENT MEMORIAL AQUATICS COMPLEX (BBMAC)
CASH RECEIPTS (30000)**

Criteria: Responsibilities for authorizing, recording, and handling of transactions are divided amongst various staff members. In addition, there should be a process in place to ensure reconciliation of collections to system billings and to ensure aging accounts are being addressed for collection.

Condition: Per review of the Child Care and BBMAC cash receipt processes, it was noted that cash/checks collected were not being reconciled to system billings before being brought to the district office. It was also noted that there is no formal oversight process for the collection of aging accounts from the Child Care and the BBMAC.

Cause: Inadequate controls to ensure proper segregation of duties and collection of aging receipts.

Effect: The potential risk for the misuse of Child Care and BBMAC money and collection of Child Care and BBMAC fees.

Perspective: We inquired with the Child Care Center and BBMAC over the cash handling process and the collection of accounts for the fiscal year.

Recommendation: We recommend that the District cross train various employees to perform duties such as recording of billings/invoicing during times of absence or vacation. In addition, we recommend oversight for uncollectible accounts at the Child Care Center and BBMAC services should ensure that all aging accounts are being addressed each fiscal year for collectability.

District Response: The District understands that cash/checks collected at the Early Child Development Center and the BBMAC should be reconciled to system billings before being brought to the district office, and that a formal oversight process for the collection of aging accounts from those locations is needed as well. Training will be provided to the sites for the former, and Business Services will institute the latter.

**CORONADO UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 2014-15.

**CORONADO UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

FIVE DIGIT CODE

10000
40000
42000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

Section IV – State Award Finding and Questioned Costs

FINDING #2015-03: ATTENDANCE REPORTING (10000)

State Funding Source: Local Control Funding Formula (LCFF) Entitlement

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

Condition: Through testing performed at school sites within the District, auditors found eight (8) out twenty five (25) absent and tardy notes tested did not trace to attendance system accurately.

Effect: Possible misstatement of Average Daily Attendance (ADA) by the District.

Cause: The attendance clerk informed us that teachers are not always submitting attendance. She runs the APT602 report daily to identify the teachers who have not submitted attendance for the day. She will send the teachers with missing attendance an e-mail reminder to submit their attendance and if by the next day they have not submitted their attendance she will provide them with a paper copy to fill out however sometimes they are not returned to her. We identified instances where teachers had not submitted attendance for a given day through review of the attendance documentation. This poses a major risk for under and over reporting of attendance days.

Questioned Costs: There was an 8 of 25 days that was not corrected prior to submitting P-2. Given the District rework of P2 ADA yielded an additional 1.76 grades TK-3 ADA and an additional 1.65 grades 4-6 ADA, the fiscal impact of the ADA understatement is approximately \$21,202. The District plans to revise P-2 to include the change.

Recommendation: We recommend that the P-2 attendance report be revised to reflect 8 days of understated attendance. We also recommend that tardy notes be reconciled to the attendance system daily in order to prevent the understatement of attendance.

District Response: The District agrees that the site attendance clerk must complete the requirements for verifying attendance in a legally compliant manner, and that was not done in the area cited above. Elements of the required process will be reinforced with attendance clerks and site administration, and ongoing monitoring will occur as well.

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

Current Status: Implemented.

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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.

Current Status: Implemented.

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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.

Current Status: See Finding #2015-1

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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 3rd 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.

Grade Span	Questioned Costs
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.

CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2015

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

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.

Current Status: Implemented.

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

**CORONADO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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

Schools Tested	Unadjusted Pupil Count	Unadjusted Enrollment	Total Errors Found	Adjusted Pupil Count	Adjusted Enrollment
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
Total District (All Sites)	279	3,096	55*	245	3,096

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

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

Current Status: Implemented.