LAKESIDE UNION SCHOOL DISTRICT
COUNTY OF SAN DIEGO
LAKESIDE, CALIFORNIA

AUDIT REPORT

JUNE 30, 2015

Wilkinson Hadley King & Co. LLP
CPA's and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

Introductory Section

Lakeside Union School District
Audit Report
For The Year Ended June 30, 2015

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Financial Section

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WILKINSON HADLEY KING & CO. LLP
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Independent Auditor's Report

To the Board of Trustees
Lakeside Union School District
Lakeside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District ("the District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Union 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.

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Emphasis of Matter

Change in Accounting Principles

As described in Note A to the financial statements, in 2015, Lakeside Union School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of funding progress for OPEB benefits, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakeside Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2014-15,* published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of Lakeside Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lakeside Union School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 15, 2015

Lakeside Union School District
Management Discussion and Analysis
June 30, 2015
(Unaudited)

The Management Discussion and Analysis Section of the audit is management's overall view of the District's financial condition, and provides an opportunity to discuss important fiscal issues with the Board and the public. Accounting rules require this discussion and analysis.

Financial Reports

The audit report consists of a series of financial reports. The Statement of Net Position and Statement of Activities report the District-wide financial condition and activities of the District taken as a whole. These two financial statements are Exhibits A-1 and A-2. The individual fund statements, which focus on reporting the District's operations in more detail start with Exhibit A-3.

District-wide Financial Condition

The Statement of Net Position is a District-wide financial statement that reports all that the District owns (assets) and owes (liabilities). District-wide includes charter schools reporting under the same financial system as the District. Fiscal year 2002-03 was the first year the District had accounted for the value of fixed assets and included these values as part of the financial statements. We display the book value of all District assets, including buildings, land, and equipment – and related depreciation – in this financial statement. The table below summarizes the value of District net position for the year ended June 30, 2015:

Beginning Net Position-Restated	$	(22,621,574)
Change		(4,596,408)
Ending Net Position	$	(27,217,982)

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

		June 30, 2015		June 30, 2014
Capital Assets	$	17,127,130	$	20,543,330
Other Assets		41,820,905		39,583,101
Total Assets	**$**	**58,948,035**	**$**	**60,126,431**
Deferred Outflows of Resources	$	9,216,801	$	0
Current and Other Liabilities	$	1,586,275	$	2,264,646
Long-term Liabilities		83,871,325		42,522,310
Total Liabilities	**$**	**85,457,600**	**$**	**44,786,956**
Deferred Inflows of Resources	$	8,925,217	$	0
Net Investment in Capital Assets	$	(5,024,267)	$	134,090
Restricted Net Assets		10,066,053		9,486,849
Unrestricted Net Assets		(32,259,768)		5,718,536
Total Net Position	**$**	**(27,217,982)**	**$**	**15,339,475**

The Statement of Activities is a District-wide financial statement that reports the District's cost of instruction and other District activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

	June 30, 2015	June 30, 2014
Revenues		
Charges for Services	$ 1,105,507	$ 1,697,031
Operating Grants and Contributions	11,015,564	9,505,066
Taxes Levied for General Purposes	7,916,167	7,259,189
Taxes Levied for Debt Service	1,225,156	1,171,902
Taxes Levied for Other Specific Purposes	172,593	159,922
Federal and State Aid, Not Restricted	26,252,291	22,797,604
Interest and Investment Earnings	39,157	36,036
Interagency Revenues	732,625	365,614
Miscellaneous	433,542	443,652
Total Revenues	**$ 48,892,602**	**$ 43,436,016**
Expenses		
Government Activities:		
Instruction	$ 32,991,368	$ 29,722,123
Instruction-Related Services	3,945,735	3,526,609
Pupil Services	3,357,214	3,030,724
Ancillary Services	7,159	0
General Administration	3,476,959	3,285,625
Plant Services	4,104,688	3,345,821
Community Services	1,187,908	1,150,636
Interest on Long Term Debt	1,863,647	2,047,410
Other Outgo	495,234	0
Total Government Activities	51,429,912	46,108,948
Business Type Activities:		
Pupil Services	1,955,026	1,808,897
General Administration	82,935	95,229
Plant Services	21,137	17,248
Total Business Type Activities	2,059,098	1,921,374
Total Expenses	**$ 53,489,010**	**$ 48,030,322**

The School District has continued to maintain its sound financial condition by remaining diligent in adjusting to its ever-changing financial picture.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to take into account revised and new categorical funding appropriations and related expenditures, and to update budgets for prior-year carryover amounts. The budget is also revised to reflect mid-year changes to the State Budget, which affect District funding. The following table summarizes the general fund budget to actual information for the year ended June 30, 2015:

	Adopted Budget	Year-End Budget	Actual
Total Revenues	40,041,761	42,604,791	43,639,931
Total Expenditures	41,566,882	44,401,954	45,431,967
Total Other Sources/(Uses)	28,606	28,606	112,708

The actual net increase to the total revenue budget was $2,073,049, primarily due to several reasons. ADA increased from projections at budget adoption by 102.43 due to an increase in enrollment. Special Education Mental Health funding was appropriated mid-year, additional funding was received for Lottery, Impact Aid, and other state and federal categoricals. Additionally, the budget for prior-year unspent funds (carryover) is appropriated mid-year. That is why there is a difference between the adopted and actual budget. At budget adoption, $28,606 was budgeted to transfer in for retirement incentive. After budget adoption and at year-end, $84,102 was expensed for copier capital leases.

The actual net increase to the total expenditure budget was $3,865,085, primarily due to several reasons. 4.0% salary increases were negotiated and given across the board after budget adoption. Additional teachers were hired due to increased enrollment. Revisions to set up expenditures related to categorical funds that are budgeted after July 1 as grant award documents are received. Additionally, prior year expenditure budgets with unspent funds (carryover) are appropriated after the District closes at fiscal year end.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2015:

Total Revenues	43,639,931
Total Expenditures	45,431,967
Other Financing Sources & Uses-	112,708
Net Change	(1,679,328)

Over the years, Lakeside Union School District has maintained a strong, financially responsible budget and an acceptable and safe reserve balance. This sound financial condition is a result of the wisdom of the governing board and good fiscal management by staff – evident in careful budget management, compliance oversight, and revenue maximization by improving attendance rates and offering programs that increase enrollment. Fiscal year 2015-16 will be another challenging year for the District. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels.

Capital Projects

In 2008-09 the voters did pass Proposition V which could provide 79.5 million to be spent on facilities and technology improvement for all Lakeside Union School District. In May 2009 the District received $21,833,149 in proceeds from the sale of Series A bonds. In October 2010 the district received $12,982,209 in proceeds from the sale of Series B bonds. Implementation of Phase I began in 2008-09 and continued in 2014-15. Implementation of Phase 2 began in 2010-11 and continued in 2014-15. As of June 30, 2015, $10,299,135 was expended on various projects in Fiscal Year 2014-15. Total bond expenditures beginning 2008-09 through 2014-15 are $44,144,720. Due to increased enrollment and other facility needs, the District had a few other capital projects that included providing portable building upgrades, repairs, and other facility related costs. Other facility projects began at end of the fiscal year and continued into 2015-16 of which $38,882 was recorded as a work in progress in 2014-15.

District Indebtedness

As of June 30, 2015, the District has incurred $83,871,325 of long-term liabilities: $46,225,933 general obligation bonds payable, $192,600 capital leases payable, $426,410 compensated absences payable, $774,629, early retirement incentives payable, $33,425,972 net pension liability, and $2,825,782 net OPEB obligation. $970,064 of the total long-term liabilities is due within one year.

Financial Issues

The District was declining in enrollment/average daily attendance from fiscal year 1999-2000 through 2006-07. Beginning in fiscal year 2007-08 the District experienced a very slight increase in enrollment. The District looked into optional avenues for increasing student enrollment/ADA and began implementation of an ADA Recovery Program 2007-08. Each school offers a Saturday School available for all students to participant in educational activities and the school is able to claim ADA for students who are eligible to make-up absences. P-2 average daily attendance has steadily increased since 2007-08. District enrollment has also increased due to programs offered such as foreign language, arts, dance, and others. The District will continue to keep careful watch over staffing and financial issues. As District health care costs and other expenditures rise, and continue in overage of expenditures over revenues District management must continue to closely monitor the District's limited financial resources.

<u>Health Care Cost Trends</u>
District-wide health care costs have been growing dramatically and continue to do so.

<u>State Categorical Funding</u>
Under the leadership of Governor Jerry Brown, the enactment of the Local Control Funding Formula (LCFF) in June 2013 marked the next chapter in California school finance. In 2013-14 school finance system went through the most dramatic change since the creation of revenue limit and categorical programs in 1972. The LCFF replaced revenue limits and most categorical programs. Funding allocated though a new formula, however, will be subject to local accountability requirements. LCFF is designed to close the achievement gap and provide additional funding for school districts but also comes with major changes, new opportunities and challenges.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact Erin Garcia, Assistant Superintendent of Business Services, or Sherrie Egeskog, Director of Finance at Lakeside Union School District, 12335 Woodside Avenue, Lakeside, CA 92040, or email to segeskog@lsusd.net.

Basic Financial Statements

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	$ 11,948,957	$ 1,652,767	$ 13,601,724
Receivables	2,609,162	276,014	2,885,176
Due From (To) Other Funds	178,893	-	178,893
Stores	-	137,337	137,337
Prepaid Expenses	324,000	-	324,000
Capital Assets:			
Land	2,600,683	-	2,600,683
Improvements	927,614	-	927,614
Buildings	49,529,874	-	49,529,874
Equipment	7,108,030	231,974	7,340,004
Work in Progress	38,882	-	38,882
Less Accumulated Depreciation	(18,419,030)	(197,122)	(18,616,152)
Total Assets	56,847,065	2,100,970	58,948,035
DEFERRED OUTFLOWS OF RESOURCES	9,216,801	-	9,216,801
LIABILITIES:			
Accounts Payable	1,367,921	117,265	1,485,186
Unearned Revenue	3,000	-	3,000
Due From (To) Other Funds	-	98,089	98,089
Long-Term Liabilities:			
Due Within One Year	951,897	18,167	970,064
Due in More Than One Year	82,901,261	-	82,901,261
Total Liabilities	85,224,079	233,521	85,457,600
DEFERRED INFLOWS OF RESOURCES	8,925,217	-	8,925,217
NET POSITION:			
Net Investment in Capital Assets	(5,059,119)	34,852	(5,024,267)
Restricted for:			
Capital Projects	4,751,439	-	4,751,439
Debt Service	860,693	-	860,693
Educational Programs	2,131,733	-	2,131,733
Other Purposes (Expendable)	133,591	1,832,597	1,966,188
Other Purposes (Nonexpendable)	356,000	-	356,000
Unrestricted	(32,259,768)	-	(32,259,768)
Total Net Position	$ (29,085,431)	$ 1,867,449	$ (27,217,982)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	$ 32,991,368	$ 396,780	$ 7,683,288	$ -	$ (24,911,300)	$	$ (24,911,300)
Instruction-Related Services:							
Instructional Supervision and Administration	464,553	-	96,399	-	(368,154)		(368,154)
Instructional Library, Media and Technology	155,673	-	-	-	(155,673)		(155,673)
School Site Administration	3,325,509	4,281	180,335	-	(3,140,893)		(3,140,893)
Pupil Services:							
Home-to-School Transportation	1,240,678	17	40	-	(1,240,621)		(1,240,621)
Food Services	12,386	-	-	-	(12,386)		(12,386)
All Other Pupil Services	2,104,150	-	431,287	-	(1,672,863)		(1,672,863)
General Administration:							
Centralized Data Processing	730,140	-	6,258	-	(723,882)		(723,882)
All Other General Administration	2,746,819	3,741	276,845	-	(2,466,233)		(2,466,233)
Plant Services	4,104,688	234,449	557,843	-	(3,312,396)		(3,312,396)
Ancillary Services	7,159	-	-	-	(7,159)		(7,159)
Community Services	1,187,908	66,429	157,686	-	(963,793)		(963,793)
Interest on Long-Term Debt	1,863,647	-	-	-	(1,863,647)		(1,863,647)
Other Outgo	495,234	-	-	-	(495,234)		(495,234)
Business-Type Activities							
Pupil Services:							
Food Services	1,955,026	375,775	1,544,304	-		(34,947)	(34,947)
General Administration:							
All Other General Administration	82,935	19,988	65,024	-		2,077	2,077
Plant Services	21,137	4,047	16,255	-		(835)	(835)
Total Expenses	$ 53,489,010	$ 1,105,507	$ 11,015,564	$ -	$ (41,334,234)	$ (33,705)	$ (41,367,939)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes and Subventions:			
Taxes Levied for General Purposes	7,916,167	-	7,916,167
Taxes Levied for Debt Service	1,225,156	-	1,225,156
Taxes Levied for Other Specific Purposes	172,593	-	172,593
Federal and State Aid, Not Restricted	26,252,291	-	26,252,291
Interest and Investment Earnings	32,727	6,430	39,157
Interagency Revenues	732,625	-	732,625
Miscellaneous	433,096	446	433,542
Total General Revenues	$ 36,764,655	$ 6,876	$ 36,771,531
Change in Net Position	(4,569,579)	(26,829)	(4,596,408)
Net Position Beginning-Restated (Note R)	(24,515,852)	1,894,278	(22,621,574)
Net Position Ending	$ (29,085,431)	$ 1,867,449	$ (27,217,982)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Building Fund
ASSETS:		
Cash in County Treasury	$ 4,347,381	$ 3,161,984
Cash on Hand and in Banks	-	-
Cash in Revolving Fund	32,000	-
Accounts Receivable	2,563,292	4,546
Due from Other Funds	587,736	-
Prepaid Expenditures	324,000	-
Total Assets	7,854,409	3,166,530
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 919,585	$ 553
Due to Other Funds	3,060,926	1,553
Unearned Revenue	3,000	-
Total Liabilities	3,983,511	2,106
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	32,000	-
Prepaid Items	324,000	-
Restricted Fund Balances	1,509,104	3,164,424
Assigned Fund Balances	56,044	-
Unassigned:		
Reserve for Economic Uncertainty	1,362,960	-
Other Unassigned	586,790	-
Total Fund Balance	3,870,898	3,164,424
Total Liabilities and Fund Balances	$ 7,854,409	$ 3,166,530

The accompanying notes are an integral part of this statement.

Special Reserve for Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
$ 762,296	$ 3,456,127	$ 11,727,788
-	189,169	189,169
-	-	32,000
1,652	39,671	2,609,161
3,000,000	8,173	3,595,909
-	-	324,000
3,763,948	3,693,140	18,478,027
$ -	$ 36,493	$ 956,631
-	354,537	3,417,016
-	-	3,000
-	391,030	4,376,647
-	-	32,000
-	-	324,000
-	2,339,424	7,012,952
3,763,948	962,686	4,782,678
-	-	1,362,960
-	-	586,790
3,763,948	3,302,110	14,101,380
$ 3,763,948	$ 3,693,140	$ 18,478,027

LAKESIDE UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances, governmental funds:			$ 14,101,380
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:			
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
Capital assets relating to governmental activities, at historical cost:		59,205,082	
Accumulated depreciation:		(18,419,030)	
	Net:		40,786,052
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(411,289)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources relating to pensions			6,175,313
Deferred inflows of resources relating to pensions			(8,925,217)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:			3,041,489
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liaibilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General Obligation Bonds Payable		46,225,933	
Net pension liability		33,425,972	
Capital Leases Payable		192,600	
Net OPEB Obligation		2,825,782	
Compensated Absences Payable		408,243	
Other General Long-Term Debt		774,629	
	Total:		(83,853,159)
Net position of governmental activities - Statement of Net Position			$ (29,085,431)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 19,960,547	$ -
Education Protection Account Funds	6,387,896	-
Local Sources	6,473,314	-
Federal Revenue	2,762,323	-
Other State Revenue	3,340,083	-
Other Local Revenue	4,716,605	8,926
Total Revenues	43,640,768	8,926
Expenditures:		
Instruction	30,920,782	-
Instruction - Related Services	3,952,915	-
Pupil Services	3,419,397	-
Community Services	21,225	-
General Administration	3,458,089	-
Plant Services	3,599,482	4,439,865
Debt Service:		
Principal	60,077	2,292,178
Interest	-	3,486,739
Total Expenditures	45,431,967	10,218,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,791,199)	(10,209,856)
Other Financing Sources (Uses):		
Transfers In	28,606	-
Transfers Out	(1,119,188)	-
Proceeds From Sale of Bonds	-	9,085,000
Other Sources	84,102	-
Other Uses	-	(80,353)
Total Other Financing Sources (Uses)	(1,006,480)	9,004,647
Net Change in Fund Balance	(2,797,679)	(1,205,209)
Fund Balance, July 1	6,668,577	4,369,633
Fund Balance, June 30	$ 3,870,898	$ 3,164,424

The accompanying notes are an integral part of this statement.

Special Reserve for Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 19,960,547
-	-	6,387,896
-	-	6,473,314
-	-	2,762,323
-	170,239	3,510,322
6,756	3,033,643	7,765,930
6,756	3,203,882	46,860,332
-	336,188	31,256,970
-	76,330	4,029,245
-	-	3,419,397
-	1,187,728	1,208,953
-	51,107	3,509,196
-	187,897	8,227,244
-	220,608	2,572,863
-	924,719	4,411,458
-	2,984,577	58,635,326
6,756	219,305	(11,774,994)
1,090,582	-	1,119,188
-	-	(1,119,188)
-	-	9,085,000
-	-	84,102
-	-	(80,353)
1,090,582	-	9,088,749
1,097,338	219,305	(2,686,245)
2,666,610	3,082,805	16,787,625
$ 3,763,948	$ 3,302,110	$ 14,101,380

LAKESIDE UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Total change in fund balances, governmental funds:		$	(2,686,245)
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	3,092,343		
Depreciation Expense	(1,869,393)		
Net			1,222,950
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:			2,572,864
Debt Proceeds: In governmental funds, repayments of long-term debt are reported 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 were:			(9,088,749)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that 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:			(554,304)
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			1,785,174
Accreted 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, interest on capital appreciation bonds is accreted annually. Interest accreted for the period was:			-
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:			(90,349)
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:			(545,625)

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, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:	(285,823)
Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:	(1,586)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:	3,102,114
Change in net position of governmental activities - Statement of Activities	$ (4,569,579)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2015

	Enterprise Fund
	Cafeteria Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 1,616,142
Cash on Hand and in Banks	36,525
Cash in Revolving Fund	100
Accounts Receivable	276,014
Store Inventories	137,337
Total Current Assets	2,066,118
Noncurrent Assets:	
Fixed Assets-	
Equipment	231,974
Accumulated Depreciation - Equipment	(197,122)
Total Noncurrent Assets	34,852
Total Assets	2,100,970
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 117,264
Due to Other Funds	98,089
Total Current Liabilities	215,353
Noncurrent Liabilities:	
Compensated Absences Payable	18,167
Total Noncurrent Liablities	18,167
Total Liabilities	233,520
NET POSITION:	
Unrestricted (Deficit)	1,867,450
Total Net Position	$ 1,867,450

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Fund
	Cafeteria Fund
Operating Revenues:	
Federal Revenue	$ 1,523,349
State Revenue	102,234
Local Revenue	406,685
Total Revenues	2,032,268
Operating Expenses:	
Classified Personnel Salaries	662,659
Employee Benefits	296,545
Books and Supplies	984,403
Services and Other Operating Expenses	29,106
Capital Outlay	3,449
Other Outgo	82,935
Total Expenses	2,059,097
Income (Loss) before Contributions and Transfers	(26,829)
Change in Net Position	(26,829)
Total Net Position - Beginning	1,894,279
Total Net Position - Ending	$ 1,867,450

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 201

		Enterprise Fund
		Cafeteria Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	$	365,788
Cash Received from Grants		1,625,583
Cash Payments to Employees for Services		(959,204)
Cash Payments to Other Suppliers for Goods and Services		(1,096,444)
Net Cash Provided (Used) by Operating Activities		(64,277)
Cash Flows from Investing Activities:		
Interest and Dividends on Investments		6,430
Net Cash Provided (Used) for Investing Activities		6,430
Net Increase (Decrease) in Cash and Cash Equivalents		(57,847)
Cash and Cash Equivalents at Beginning of Year		1,730,503
Cash and Cash Equivalents at End of Year	$	1,672,656
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(26,829)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		3,449
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables		(13,128)
Decrease (Increase) in Inventories		(62,771)
Increase (Decrease) in Accounts Payable		37,556
Increase (Decrease) in Compensated Absences		16,694
Increase (Decrease) in Due to Other Funds		(12,818)
Total Adjustments		(31,018)
Net Cash Provided (Used) by Operating Activities	$	(57,847)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 66,765
Total Assets	66,765
LIABILITIES:	
Due to Student Groups	$ 66,765
Total Liabilities	66,765
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

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

Special Reserve Fund for Capital Outlay Projects. This fund exists primarily to provide for the accumulation of General fund monies for capital outlay purposes.

In addition, the District reports the following fund types:

Special Revenue Funds. Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities.

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).

Enterprise Funds: These funds are used to account for activities for which a fee is charged to external users for goods and services.

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

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

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Encumbrances

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

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code.

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year**.** Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the not recognized in the governmental funds but are recognized in the government-wide financial statements.

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings	25-50
Building Improvements	20
Vehicles	5-15
Office Equipment	5-15
Computer Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

7. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

8. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement #54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

10. Use of Estimates

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

11. Change in Accounting Policies

In June, 2012 the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions -- an Amendment of GASB No. 27," which is effective for fiscal years beginning after June 15, 2014. The District has implemented the provisions of this Statement for the year ended June 30, 2015.

The Statement requires numerous new pension disclosures in the notes to the financial statements and two new 10-year schedules as required supplementary information. Also, for the first time the District is required to recognize pension expense, report deferred outflows of resources and deferred inflows of resources related to pensions, a net pension liability for its proportionate shares of the collective pension expense, collective deferred outflows of resources and deferred inflows of resources related to pensions, and collective net pension liability. The reporting of these new amounts on the government-wide financial statements, along with the effect of the restatement of the beginning net position, if any, will also affect the District's government-wide net position.

In November, 2013 the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68". This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The District has implemented the provisions of this Statement for the year ended June 30, 2015.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Excess of Expenditures Over Appropriations

As of June 30, 2015, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Certificated salaries	$ 291,754
Employee benefits	994,048
Services and other operating expenditures	95,550
Direct costs	2,901
Capital outlay	85,155
Debt service-principal	20,510

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($13,343,929 as of June 30, 2015). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $13,343,929. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts 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 the 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.

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

Cash balances on hand and in banks ($292,559 as of June 30, 2015) and in the revolving fund ($26,950) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The San Diego County Investment Pool is rated AAAf/S1 by Standard & Poors. At year end the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

As of June 30, 2015, the District's bank balances (including revolving cash) of $319,509 were not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment**.** Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

E. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of intergovernmental grants, entitlements, interest and other local sources as follows:

	Major Governmental Funds				
	General Fund	Special Reserve for Capital Outlay Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:					
Federal Programs	$ 1,389,682	$ -	$ -	$ -	$ 1,389,682
State Government:					
Lottery	417,773	-	-	-	417,773
Other State Programs	192,532	-	-	37,027	229,559
Local Sources:					
Interest	4,280	1,652	4,546	2,644	13,122
Other Local Revenues	559,025	-	-	-	559,025
Total	$ 2,563,292	$ 1,652	$ 4,546	$ 39,671	$ 2,609,161

	Enterprise Fund
	Cafeteria Fund
Federal Government:	
Federal Programs	$ 254,664
State Government:	
Child Nutrition	19,879
Local Sources:	
Interest	1,471
Total	$ 276,014

All accounts receivable are considered to be collectible in full and as such no allowance for doubtful accounts has been established.

F. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,497,516	$ 103,167	$ -	$ 2,600,683
Work in progress	550,935	2,883,196	3,395,249	38,882
Total capital assets not being depreciated	3,048,451	2,986,363	3,395,249	2,639,565
Capital assets being depreciated:				
Buildings	45,134,625	3,395,249	-	48,529,874
Improvements	927,614	-	-	927,614
Equipment	7,010,318	105,979	8,267	7,108,030
Total capital assets being depreciated	53,072,557	3,501,228	8,267	56,565,518
Less accumulated depreciation for:				
Buildings	(12,549,858)	(1,316,286)	-	(13,866,144)
Improvements	(665,459)	(20,101)	-	(685,560)
Equipment	(3,341,000)	(533,006)	(6,680)	(3,867,326)
Total accumulated depreciation	(16,556,317)	(1,869,393)	(6,680)	(18,419,030)
Total capital assets being depreciated, net	36,516,240	1,631,835	1,587	38,146,488
Governmental activities capital assets, net	$ 39,564,691	$ 4,618,198	$ 3,396,836	$ 40,786,053

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	212,085	19,889	-	231,974
Total capital assets being depreciated	212,085	19,889	-	231,974
Less accumulated depreciation for:				
Equipment	(193,673)	(3,449)	-	(197,122)
Total accumulated depreciation	(193,673)	(3,449)	-	(197,122)
Total capital assets being depreciated, net	18,412	16,440	-	34,852
Business-type activities capital assets, net	$ 18,412	$ 16,440	$ -	$ 34,852

Depreciation was charged to functions as follows:

Instruction	$	1,265,663
Instruction-Related Services		5,114
Pupil Services		13,302
General Administration		63,444
Plant Services		521,870
	$	1,869,393

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2015, consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
General Fund	Child Development Fund	$	348,836	CARE deposit adjustment
General Fund	Charter School Fund		133,557	Service charges
General Fund	Capital Facilities Fund		5,701	Developer fee revenue
General Fund	Cafeteria Fund		98,089	OPEB and indirect costs
General Fund	Building Fund	$	1,553	OPEB and indirect costs
Charter School Fund	General Fund		52,753	Property taxes
Child Development Fund	General Fund		8,173	Depreciation
Special Reserve Fund	General Fund		3,000,000	Cash flow transfer
	Total	$	3,648,662	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2015, consisted of the following:

Transfers From	Transfers To		Amount	Reason
Special Reserve Fund	General Fund	$	28,606	Payment retirement incentive
Special Reserve Fund	Special Reserve Fund		1,090,582	Capital outlay transfer
Charter School Fund	Charter School Fund		122,500	In-kind transfer
	Total	$	1,241,688	

H. Accounts Payable

Accounts payable at June 30, 2015 consisted of:

	Major Governmental Funds				
	General Fund	Special Reserve for Capital Outlay Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendor payables	$ 331,642	$ -	$ -	$ 31,136	$ 362,778
Pension related liabilities	306,922	-	553	-	307,475
Payroll and related liabilities	281,021	-	-	5,357	286,378
Total	$ 919,585	$ -	$ 553	$ 36,493	$ 956,631

	Enterprise Fund
	Cafeteria Fund
Vendor payables	$ 112,592
Payroll and related benefits	4,672
Total	$ 117,264

I. Short-Term Debt Activity

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

J. Unearned Revenue

H. Unearned Revenue

Uneraned Revenue balances as of June 30, 2015 consists of:

	General Fund
Federal programs	$ 3,000
Total	$ 3,000

K. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the net pension liability measurement date are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2015 is as follows:

Description	Issue Date	Amortization Term	Balance July 1, 2014	Additions	Current Year Amortization	Balance June 30, 2015
Pension related	06/30/2015	1 Year	$ -	6,175,313	-	6,175,313
Refunded Bonds	06/30/2015	20 Years	-	3,041,488	-	3,041,488
Total Deferred Outflows of Resources			$ -	$ 9,216,801	$ -	$ 9,216,801

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Pension Related
2016	$ 6,320,141
2017	152,075
2018	152,075
2019	152,075
2020	152,075
2021-2025	760,375
2026-2030	760,375
2031-2035	760,375
2036-2040	7,235
Total	$ 9,216,801

L. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, payments received subsequent to the net pension liability measurement date are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2015 is as follows:

Description	Issue Date	Amortization Term	Balance July 1, 2014	Additions	Current Year Amortization	Balance June 30, 2015
Pension related	06/30/2015	1 Year	$ -	8,925,217	-	8,925,217
Total Deferred Inflows of Resources			$ -	$ 8,925,217	$ -	$ 8,925,217

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related
2016	$ 8,925,217
Total	$ 8,925,217

M. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 39,264,796	$ 10,245,113	$ 3,283,976	$ 46,225,933	$ 313,871
Capital leases	169,104	84,102	60,606	192,600	67,475
Other general long-term debt	488,885	642,777	357,034	774,628	162,308
Net OPEB obligation	2,280,157	963,754	418,129	2,825,782	-
Compensated absences *	316,421	91,822	-	408,243	408,243
Net pension liability	41,847,614	-	8,421,642	33,425,972	-
Total governmental activities	$ 84,366,977	$ 12,027,568	$ 12,541,387	$ 83,853,158	$ 951,897

Business-type activities:					
Compensated absences *	$ 1,473	$ 16,694	$ -	$ 18,167	$ 18,167
Total business-type activities	$ 1,473	$ 16,694	$ -	$ 18,167	$ 18,167

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Compensated absences	Business-type	Cafeteria

2. Debt Service Requirements

Debt service requirements on long-term debt, net of OPEB, pension liability, and bond premium, at June 30, 2015 are as follows:

	Governmental Activities			
Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2016	$ 936,193	$ -	$ 1,127,964	$ 2,064,157
2017	1,481,304	-	1,194,632	2,675,936
2018	1,646,150	-	1,157,731	2,803,881
2019	1,755,034	-	1,116,140	2,871,174
2020	774,796	-	1,078,501	1,853,297
2021-2025	4,890,313	819,848	4,904,277	10,614,438
2026-2030	6,017,997	3,117,003	5,310,205	14,445,205
2031-2035	14,748,545	2,766,455	1,531,292	19,046,292
2036-2040	4,754,152	18,155,848	8,000	22,918,000
2041-2045	1,983,797	14,412,771	-	16,396,568
2046-2050	2,866,542	27,556,831	-	30,423,373
2051-2055	626,996	7,348,005	-	7,975,001
Totals	$ 42,481,819	$ 74,176,761	$ 17,428,743	$ 134,087,322

Accreted interest represented in the table is inclusive of amounts that have accrued as of June 30, 2015**.** Accreted interest represented in the repayment schedule is inclusive of all amounts that will be repaid.

	Business-type Activities		
Year Ending June 30,	Principal	Interest	Total
2016	$ 18,167	$ -	$ 18,167
Totals	$ 18,167	$ -	$ 18,167

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2015, as follows:

Year Ending June 30:	
2016	$ 67,476
2017	60,927
2018	36,219
2019	21,108
2020	6,870
Total Minimum Rentals	$ 192,600

4. General Obligation Bonds

General obligation bonds at June 30, 2015 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2008 Election Series A	05/07/2009	3.00-6.03%	08/01/2033	$ 21,833,149
2008 Election Series B	10/07/2010	6.14-6.49%	08/01/2050	12,982,209
2014 Election Series A	04/07/2015	0.0%	08/01/2018	2,900,000
2015 Refunding Bonds	06/09/2015	2.00-4.00%	08/01/2035	6,185,000
Total GO Bonds				$ 43,900,358

	Beginning Balance	Increases	Decreases	Ending Balance
2008 Election Series A	$ 21,533,149	$ -	$ 220,000	$ 21,313,149
2008-A Bond Premium	677,415	-	33,866	643,549
2008-A Accreted Interest	755,392	202,180	-	957,572
2008 Election Series B	12,982,209	-	2,292,178	10,690,031
2008-B Bond Premium	305,689	-	26,760	278,929
2008-B Accreted Interest	3,010,942	1,038,286	711,172	3,338,056
2014 Election Series A	-	2,900,000	-	2,900,000
2015 Refunding Bonds	-	6,185,000	-	6,185,000
2015 Discount	-	(80,353)	-	(80,353)
Total GO Bonds	$ 39,264,796	$ 10,245,113	$ 3,283,976	$ 46,225,933

The annual requirements to amortize the bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2016	$ 280,000	$ -	$ 1,076,842	$ 1,356,842
2017	1,295,000	-	1,152,596	2,447,596
2018	1,504,000	-	1,122,936	2,626,936
2019	1,651,000	-	1,087,984	2,738,984
2020	685,000	-	1,055,724	1,740,424
2021-2025	4,675,152	819,848	4,872,003	10,367,003
2026-2030	6,017,997	3,117,003	5,310,205	14,445,205
2031-2035	14,748,545	2,766,455	1,531,292	19,046,292
2036-2040	4,754,152	18,155,848	8,000	22,918,000
2041-2045	1,983,797	14,412,771	-	16,396,568
2046-2050	2,866,542	27,556,831	-	30,423,373
2051-2055	626,995	7,348,005	-	7,975,000
Totals	$ 41,088,180	$ 74,176,761	$ 17,217,582	$ 132,482,523

Accreted interest represented in the table is inclusive of amounts that have accrued as of June 30, 2015. Accreted interest represented in the repayment schedule is inclusive of all amounts that will be repaid.

5. Early Retirement Incentives

On June 20, 2008 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by seven employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $2,520). Total principal incurred for the service credits was $295,439.

On June 20, 2009 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by four employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $1,440). Total principal incurred for the service credits was $155,564.

On June 20, 2012 the district offered an early retirement incentive through the San Diego County FBC Deferred Compensation Program for which eligible employees received 75% of their salary in exchange for early retirement. The incentive was utilized by eight employees. The district elected to defer payments on the service credits over a three year period with no interest. The district incurred a one time administrative fee of 1% of each years installment payment ($1,533 annually for three years). Total principal incurred for the service credits was $459,768.

On June 20, 2012 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by two employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $720). Total principal incurred for the service credits was $89,648.

On June 21, 2013 the district offered an early retirement incentive through the San Diego County Office of Education FBC Deferred Compensation Program for which eligible employees received 65% of their salary in exchange for early retirement. The incentive was utilized by five employees. The district elected to defer payments on the service credits over a two year period with no interest. The district incurred a one time administrative fee of 1% over each year installment payment ($2,868 over two years). Total principal incurred for the service credits was $557,699.

On June 20, 2015 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by twelve employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $4,320). Total principal incurred for the service credits was $573,762.

Early retirement incentives can be summarized as follows:

	Original Amount	Beginning Balance	Increases	Decreases	Ending Balance
2008 Cal STRS	$ 295,439	$ 73,861	$ -	$ 36,930	$ 36,931
2009 Cal STRS	155,564	58,336	-	19,445	38,891
2012 FBC	459,768	153,256	-	153,256	-
2012 Cal STRS	89,648	67,235	-	11,206	56,029
2013 FBC	286,796	45,895	-	45,895	-
2014 FBC	90,301	90,301	-	90,301	-
2015 STRS Option III	573,762	-	573,762	-	573,762
2015 STRS Option II	69,015	-	69,015	-	69,015
Total	$ 2,020,293	$ 488,884	$ 642,777	$ 357,034	$ 774,628

Future repayments on early retirement incentives are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 162,307	$ 51,963	$ 214,270
2017	122,377	42,876	165,253
2018	105,931	35,636	141,567
2019	82,926	29,416	112,342
2020	82,926	22,777	105,703
2021-2025	218,161	33,535	251,696
Totals	$ 774,628	$ 216,203	$ 990,831

6. Bond Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

The District has issued bonds at a premium. The premiums are being amortized over the life of the debt using the straight line method.

Premiums issued on the debt resulted in an effective interest rate as follows:

	2008 Series A Bonds	2008 Series B Bonds
Total Interest Payments on Bond	$ 23,929,697	$ 79,073,622
Less Bond Premium	(846,769)	(338,737)
Net Interest Payments	23,082,928	78,734,885
Par amount of Bonds	$ 21,833,149	$ 12,982,209
Periods	21	38
Effective Interest Rate	5.000%	16.000%

N. Joint Ventures (Joint Powers Agreements)

The District participates in one joint powers agreement (JPA) entity, 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.

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

Combined condensed unaudited financial information of the District's share of the JPA for the year ended June 30, 2014 is as follows:

Total Assets	$	1,711,659
Total Liabilities		893,569
Total Fund Balance	$	818,090
Total Cash Receipts	$	982,428
Total Cash Disbursements		915,155
Net Change in Fund Balance	$	67,273

Financial information on the District's share of the SDCSRM JPA for the year ended June 30, 2015 was not available at the time this report was issued. The information can be obtained by contacting the JPA directly.

O. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Provided

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	CalSTRS		CalPERS	
	Before	On or After	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67	50-62	52-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*	1.1 - 2.5%	1.0 - 2.5%
Required employee contribution rates (Average)	8.000%	8.000%	6.974.%	6.974.%
Required employer contribution rates	8.250%	8.250%	11.442%	11.442%

*Amounts are limited to 120% of Social Security Wage Base.

c. Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated about necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (measurement date), the average active employee contribution rate is 6.974% of annual pay, and the employer's contribution rate is 11.442% of annual payroll.

d. Contributions - CalSTRS

For the measurement period ended June 30, 2014 (measurement date), Section 22950 of the California Education Code requires members to contribute monthly to the system 8% of the creditable compensation upon which members' contributions under this part are based. In addition the employer required rates established by the CalSTRS Board have been established at 8.25% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

e. On Behalf Payments.

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2014 (measurement date) the State contributed 5.204002% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures**.** Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

f. Contributions Recognized

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	CalSTRS	CalPERS
Contributions - Employer	$ 1,018,626	$ 755,529
Contributions - Employee	1,022,475	467,373
Contributions - State On Behalf Payments	622,561	
Total Contributions	$ 2,663,662	$ 1,222,902

Pension expense for each plan were as follows:

	CalSTRS	CalPERS
Change in Net Pension Liability	$ (5,850,048)	$ (2,571,594)
Net Difference between projected and actual earnings on plan investments	6,475,500	2,449,717
Total Employer and State Contributions	266,362	1,222,902
Total Pension Expense	$ 3,289,114	$ 1,101,025

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 26,296,643
CalPERS	7,129,329
Total Net Pension Liability	$ 33,425,972

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, actuarially determined. Although a valid comparison of the District's proportion at June 30, 2014 to its proportion at June 30, 2013 is not available in the first year of implementation of GASB Statement No. 68, that disclosure will be available in subsequent years.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	CalSTRS	CalPERS
Proportion - June 30, 2013	0.0450%	0.0628%
Proportion - June 30, 2014	0.0450%	0.0628%
Change - Increase (Decrease)	-	-

For the year ended June 30, 2015, the District recognized pension expense of $4,390,139. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,611,475	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	(8,925,217)
Total	$ 4,611,475	$ (8,925,217)

$4,611,475 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2016	$	(2,231,304)
2017		(2,231,304)
2018		(2,231,304)
2019		(2,231,305)
Total	$	(8,925,217)

a. Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS		CalPERS	
Valuation Date	June 30, 2013		June 30, 2013	
Measurement Date	June 30, 2014		June 30, 2014	
Actuarial Cost Method	Entry Age - Normal Cost Method for both CalSTRS & CalPERS			
Actuarial Assumptions:				
Discount Rate	7.6%		7.5%	
Inflation	3.0%		2.75%	
Payroll Growth	3.75%		3.00%	
Projected Salary Increase	0.05%-5.6%	(1)	3.20%-10.80%	(1)
Investment Rate of Return	7.6%	(2)	7.5%	(2)
Mortality	.013%-0.435%	(3)	0.00125-0.45905	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Depending on age, gender, and type of job

b. Discount Rate

The discount rate used to measure the total pension liability was 7.60% for CalSTRS and 7.50% for CalPERS. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalSTRS and CalPERS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalSTRS and CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and 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 quarter of one percent.

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return (Years 1-10)(1)	Real Return (Years 11+)(2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

c. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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 or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	$ 46,130,327	$ 12,506,471
Current Discount Rate	7.60%	7.50%
Net Pension Liability	$ 26,296,650	$ 7,129,329
1% Increase	8.60%	8.50%
Net Pension Liability	$ 9,723,613	$ 1,888,986

d. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

CalSTRS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	$ 107,003,700	$ 74,857,009	$ 32,146,691
Changes for the year:			
Service cost	2,402,100	-	2,402,100
Interest	8,019,900	-	8,019,900
Differences between expected and actual experience			
Contributions - Employer	-	1,018,626	(1,018,626)
Contributions - Employee	-	1,022,475	(1,022,475)
Contributions - State On Behalf	-	622,561	(622,561)
Net investment income	-	13,680,856	(13,680,856)
Other income	-	925	(925)
Benefit payments, including refunds of employee contributions	(5,415,750)	(5,415,750)	
Administrative expenses	-	(69,370)	69,370
Other expenses	-	(4,025)	4,025
Net Changes	5,006,250	10,856,298	(5,850,048)
Balance at June 30, 2015	$ 112,009,950	$ 85,713,307	$ 26,296,643

CalPERS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	$ 40,842,694	$ 31,141,771	$ 9,700,923
Changes for the year:			
Service cost	989,744	-	989,744
Interest	3,026,406	-	3,026,406
Differences between expected and actual experience			
Contributions - Employer	-	755,529	(755,529)
Contributions - Employee	-	467,373	(467,373)
Net investment income	-	5,364,844	(5,364,844)
Benefit payments, including refunds of employee contributions	(1,970,966)	(1,970,966)	-
Administrative expenses	-	-	-
Other expenses	-	-	-
Net Changes	2,045,184	4,616,778	(2,571,594)
Balance at June 30, 2015	$ 42,887,878	$ 35,758,549	$ 7,129,329

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

P. Postemployment Benefits Other Than Pension Benefits

The District currently provides retiree health benefits to 92 retired employees. In addition, 412 active employees are earning service credits towards eligibility for future retiree health benefits. To be eligible for retiree health benefits, an employee must retire from PERS/STRS on or after age 55 with at least 10 years of District eligible service (15 years of service for Certificated employees). The District's financial obligation is to provide 100% of the cost for retiree-only medical premium (and dental premium for Classified employees) to the retirees' attainment of age 65. Some current retirees are eligible for lifetime benefits.

Benefit Plan Provisions

The postretirement health plans and the District's obligation vary by employee group as described below.

Certificated Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. Eligibility for retiree medical benefits requires retirement under STRS on or after age 55 with at least 15 years of District eligible service.

The District's contribution is 100% of the retiree-only medical premium. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree.

Classified Employees

The District provides retiree medical including prescription drug benefits and dental benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. Eligibility for retiree medical and dental benefits requires retirement under PERS on or after age 55 with at least 10 years of District eligible service.

The District's contribution is 100% of the retiree-only medical and dental premium. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree.

Management Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. There are some management employees with lifetime medical coverage and/or some life insurance coverage. Eligibility for retiree medical benefits requires retirement under STRS/PERS on or after age 55 with at least 10 years of District eligible service.

The District's contribution is 100% of the retiree-only medical premium. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree.

Annual Required Contribution

The District's annual required contribution (accrual expense) for the 2013-14 fiscal year is $927,737. The $927,737 is comprised of the present value of benefits accruing in the fiscal year (normal cost with interest) plus a 26-year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The increase in the net OPEB obligation at the end of the fiscal year will reflect any actual contributions made by the District during the period for retiree health benefits including any pre-funding amounts. The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and charges in the District's net OPEB obligation to the plan:

Annual Required Contribution (ARC)	$	1,020,743
Interest on Net OPEB Obligation		100,482
Adjustment to ARC		(157,471)
Annual OPEB Cost		963,754
Employer Contributions		(418,129)
Increase in Net OPEB Obligation		545,625
Net OPEB Obligation, Beginning of Year		2,280,157
Net OPEB Obligation, End of Year	$	2,825,782

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015 is as follows:

Year Ended June 30,		Annual OPEB Cost		Percentage Contributed		Net OPEB Obligation
2011	$	817,118	$	60.49%	$	1,117,425
2012		852,720		58.29%		1,473,069
2013		873,649		57.06%		1,848,156
2014		916,325		52.85%		2,280,157
2015		963,754		43.38%		2,825,782

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

Q. Adjustments to Beginning Net Position

The District implemented GASB Statement No. 68 & 71 during the current fiscal year which resulted in accounting changes for net pension liability. Under previous standards, net pension liability was not recorded on the statement of net position. Under newly implemented standards the net pension liability is recorded as a liability on the statement of net position. In addition, resulting from a difference in the measurement date for the net pension liability, any contributions to pensions subsequent to the measurement date are now recorded as deferred outflows of resources. The combination of changes due to accounting policies resulted in an adjustment to beginning net position as follows:

Net Position, Beginning (As Originally Stated)	$ 13,445,197
Adjustments for:	
Change in Accounting Policy - Net Pension Liability	(41,847,614)
Change in Accounting Policy - Deferred Outflows Pension Related	3,886,564
Net Position, Beginning (As Restated)	$ (24,515,853)

R. Components of Ending Fund Balance

As of June 30, 2015 ending fund balance consisted of the following:

	Major Governmental Funds				
	General Fund	Building Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	$ 32,000	$ -	$ -	$ -	$ 32,000
Prepaid Expense	324,000	-	-	-	324,000
Restricted Fund Balances					
Capital Projects	-	3,164,424	-	-	3,164,424
Educational Programs	1,509,105	-	-	2,339,425	3,848,530
Assigned Fund Balances					
Capital Projects	-	-	3,763,948	-	3,763,948
Educational Programs	56,044	-	-	962,685	1,020,729
Unassigned Fund Balances					
For Economic Uncertainty	1,362,960	-	-	-	1,362,960
Unassigned	586,789	-	-	-	586,789
Total Fund Balance	$ 3,870,898	$ 3,164,424	$ 3,763,948	$ 3,302,110	$ 14,101,380

S. Construction Commitments

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

T. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

U. Subsequent Events

New Accounting Pronouncements

GASB Statement No. 72

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, Fair Value Measurement and Application. The primary objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. This Statement requires a government to use valuation techniques that are appropriate under circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches:

The Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The Cost Approach: This approach reflects the amount that would be required to replace the present service capacity of the asset.

The Income Approach: This approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

In addition to establishing fair value techniques the Statement establishes a hierarchy of inputs to valuation techniques and requires additional note disclosures about fair value in the financial statements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

The Statement is effective for years beginning after June 15, 2015 and as such the District is implementing effective for the 2015-16 fiscal year.

GASB Statement No. 76

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles For State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55 and is effective for financial statement periods beginning after June 15, 2015 and as such the District is implementing effective for the 2015-16 fiscal year.

Required Supplementary Information

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

LAKESIDE UNION SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 21,644,330	$ 21,051,895	$ 19,960,547	$ (1,091,348)
Education Protection Account Funds	4,217,937	5,326,992	6,387,896	1,060,904
Local Sources	6,086,158	6,288,696	6,473,314	184,618
Federal Revenue	2,316,327	2,976,463	2,762,323	(214,140)
Other State Revenue	1,757,088	2,269,005	3,340,083	1,071,078
Other Local Revenue	4,019,921	4,691,740	4,715,768	24,028
Total Revenues	40,041,761	42,604,791	43,639,931	1,035,140
Expenditures:				
Current:				
Certificated Salaries	19,514,962	20,605,288	20,897,042	(291,754)
Classified Salaries	6,214,987	6,766,303	6,716,757	49,546
Employee Benefits	9,899,584	10,427,370	11,421,418	(994,048)
Books And Supplies	1,931,877	2,209,082	1,798,753	410,329
Services And Other Operating Expenditures	4,053,800	4,407,522	4,503,072	(95,550)
Direct Support/Indirect Costs	(91,423)	(91,037)	(88,136)	(2,901)
Capital Outlay	10,000	37,829	122,984	(85,155)
Debt Service:				
Principal	33,095	39,567	60,077	(20,510)
Total Expenditures	41,566,882	44,401,924	45,431,967	(1,030,043)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,525,121)	(1,797,133)	(1,792,036)	5,097
Other Financing Sources (Uses):				
Transfers In	28,606	28,606	28,606	-
Other Sources	-	-	84,102	84,102
Total Other Financing Sources (Uses)	28,606	28,606	112,708	84,102
Net Change in Fund Balance	(1,496,515)	(1,768,527)	(1,679,328)	89,199
Fund Balance, July 1	5,494,182	5,494,182	5,494,182	-
Fund Balance, June 30	$ 3,997,667	$ 3,725,655	$ 3,814,854	$ 89,199

LAKESIDE UNION SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
RETIREE HEALTH BENEFIT PROGRAM
YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/2008	$ -	$ 5,896,582	$ 5,896,582	-	$ 25,481,310	23.1%
01/2010	-	6,016,575	6,016,575	-	24,595,517	24.5%
01/2012	-	6,212,351	6,212,351	-	24,950,695	24.9%
01/2014	-	6,789,240	6,789,240	-	24,004,000	28.3%

EXHIBIT B-2

LAKESIDE UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM (CALSTRS)
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.0450%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 26,296,643	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 12,368,700	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	212.61%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	76.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

N/A - 2014-15 is the first implementation year and as such, no information is being presented for years prior to implementation.

Notes to Schedule:

1) Benefit Changes: In 2015 there were no changes to benefits.

2) Changes in Assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM (CALSTRS)
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 2,041,101	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,041,101)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 12,368,700	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

N/A - 2014-15 is the first implementation year and as such, no information is being presented for years prior to implementation.

Notes to Schedule:

Actuarial methods and assumptions

The total pension liability for the CalSTRS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple

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**.** RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

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.

EXHIBIT B-4

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNOA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.0628%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 7,129,329	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 6,597,072	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.07%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

N/A - 2014-15 is the first implementation year and as such, no information is being presented for years prior to implementation.

Notes to Schedule:

1) Benefit Changes: In 2015 there were no changes to benefits.

2) Changes in Assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

LAKESIDE UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 1,222,902	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,222,902)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 6,597,072	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	18.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Notes to Schedule

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table	Derived using CalPERS Membership Data for all funds
Post Retirement Increase	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other 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, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

Budgetary Comparison Schedule - General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Fund Financial Statements Ending Fund Balance	$	3,870,898
Less Fund 17 Fund Balance		(225)
Less Fund 20 Fund Balance		(55,819)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$	3,814,854
General Fund - Fund Financial Statements Net Change in Fund Balance	$	(2,797,679)
Change in Fund Balance attributed to Fund 17		1,090,080
Change in Fund Balance attributed to Fund 20		28,271
General Fund - Budgetary Comparison Schedule Change in Fund Balance	$	(1,679,328)

Combining Statements and Budget Comparisons as Supplementary Information

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

LAKESIDE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	$ 1,134,222	$ 860,693	$ 1,461,212	$ 3,456,127
Cash on Hand and in Banks	189,169	-	-	189,169
Accounts Receivable	38,168	-	1,503	39,671
Due from Other Funds	8,173	-	-	8,173
Total Assets	1,369,732	860,693	1,462,715	3,693,140
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 36,493	$ -	$ -	$ 36,493
Due to Other Funds	348,836	-	5,701	354,537
Total Liabilities	385,329	-	5,701	391,030
Fund Balance:				
Restricted Fund Balances	882,410	-	1,457,014	2,339,424
Assigned Fund Balances	101,993	860,693	-	962,686
Total Fund Balance	984,403	860,693	1,457,014	3,302,110
Total Liabilities and Fund Balances	$ 1,369,732	$ 860,693	$ 1,462,715	$ 3,693,140

LAKESIDE UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Other State Revenue	$ 151,726	$ 18,513	$ -	$ 170,239
Other Local Revenue	1,628,767	1,208,656	196,220	3,033,643
Total Revenues	1,780,493	1,227,169	196,220	3,203,882
Expenditures:				
Instruction	336,188	-	-	336,188
Instruction - Related Services	76,330	-	-	76,330
Community Services	1,187,728	-	-	1,187,728
General Administration	5,201	-	45,906	51,107
Plant Services	14,644	-	173,253	187,897
Debt Service:				
Principal	608	220,000	-	220,608
Interest	-	924,719	-	924,719
Total Expenditures	1,620,699	1,144,719	219,159	2,984,577
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,794	82,450	(22,939)	219,305
Net Change in Fund Balance	159,794	82,450	(22,939)	219,305
Fund Balance, July 1	824,609	778,243	1,479,953	3,082,805
Fund Balance, June 30	$ 984,403	$ 860,693	$ 1,457,014	$ 3,302,110

LAKESIDE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Child Development Fund	Deferred Maintenance Fund	Pupil Transportation Equipment	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	$ 1,036,134	$ 57,973	$ 40,115	$ 1,134,222
Cash on Hand and in Banks	189,169	-	-	189,169
Accounts Receivable	38,072	57	39	38,168
Due from Other Funds	8,173	-	-	8,173
Total Assets	1,271,548	58,030	40,154	1,369,732
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 36,493	$ -	$ -	$ 36,493
Due to Other Funds	348,836	-	-	348,836
Total Liabilities	385,329	-	-	385,329
Fund Balance:				
Restricted Fund Balances	882,410	-	-	882,410
Assigned Fund Balances	3,809	58,030	40,154	101,993
Total Fund Balance	886,219	58,030	40,154	984,403
Total Liabilities and Fund Balances	$ 1,271,548	$ 58,030	$ 40,154	$ 1,369,732

LAKESIDE UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Child Development Fund	Deferred Maintenance Fund	Pupil Transportation Equipment	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Other State Revenue	$ 151,726	$ -	$ -	$ 151,726
Other Local Revenue	1,628,373	233	161	1,628,767
Total Revenues	1,780,099	233	161	1,780,493
Expenditures:				
Instruction	336,188	-	-	336,188
Instruction - Related Services	76,330	-	-	76,330
Community Services	1,187,728	-	-	1,187,728
General Administration	5,201	-	-	5,201
Plant Services	14,644	-	-	14,644
Debt Service:				
Principal	608	-	-	608
Total Expenditures	1,620,699	-	-	1,620,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,400	233	161	159,794
Net Change in Fund Balance	159,400	233	161	159,794
Fund Balance, July 1	726,819	57,797	39,993	824,609
Fund Balance, June 30	$ 886,219	$ 58,030	$ 40,154	$ 984,403

LAKESIDE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 1,461,170	$ 42	$ 1,461,212
Accounts Receivable	1,503	-	1,503
Total Assets	1,462,673	42	1,462,715
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Due to Other Funds	$ 5,701	$ -	$ 5,701
Total Liabilities	5,701	-	5,701
Fund Balance:			
Restricted Fund Balances	1,456,972	42	1,457,014
Total Fund Balance	1,456,972	42	1,457,014
Total Liabilities and Fund Balances	$ 1,462,673	$ 42	$ 1,462,715

LAKESIDE UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other Local Revenue	$ 196,220	$ -	$ 196,220
Total Revenues	196,220	-	196,220
Expenditures:			
General Administration	45,906	-	45,906
Plant Services	173,253	-	173,253
Total Expenditures	219,159	-	219,159
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,939)	-	(22,939)
Net Change in Fund Balance	(22,939)	-	(22,939)
Fund Balance, July 1	1,479,911	42	1,479,953
Fund Balance, June 30	$ 1,456,972	$ 42	$ 1,457,014

Other Supplementary Information

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

Supplementary Information Section

LAKESIDE UNION SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2015

The Lakeside Union School District was established in 1890, and is comprised of an area of approximately 75 square miles in San Diego County. There were no changes in the boundaries of the district during the current year. The district is currently operating six elementary; two middle schools; a special education high school; and is the authorizer of three charter schools.

On July 1, 1997 the district authorized River Valley Charter High School and Canyon Oaks Junior High School, which provides education to students in grades 7-12.

On April 18, 2002 the district authorized the Barona Indian Charter School which provides education to students in grades K-8.

On March 13, 2008 the district authorized a charter for the National University Academy dedicated to creating K-12 learning opportunities beginning in the 2008-09 school year.

On May 14, 2009 the district authorized a charter for Mandarin Language Academy, a specialized school for Mandarin Chinese immersion in grades K-8. The charter closed June 30, 2013.

Governing Board

Name	Office	Term and Term Expiration
Kevin C. Howe	President	Four Year Term Expires November 2018
C. Keith Hildreth	Vice President	Four Year Term Expires November 2016
Gelia G. Cook	Clerk	Four Year Term Expires November 2018
Twila C. Godley	Member	Four Year Term Expires November 2016
Bonnie LaChappa	Member	Four Year Term Expires November 2018

Administration

David H. Lorden, Ed.D.
Superintendent

Andrew Johnsen, Ed.D.
Assistant Superintendent

Erin Garcia
Assistant Superintendent

Sherrie Egeskog
Business Office Director

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-1

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2015

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	2,395.04	N/A	2,403.06	N/A
Extended Year Special Education	2.98	N/A	2.98	N/A
TK/K-3 Totals	2,398.02	N/A	2,406.04	N/A
Grades 4-6:				
Regular ADA	1,478.09	N/A	1,471.86	N/A
Extended Year Special Education	1.80	N/A	1.80	N/A
Grades 4-6 Totals	1,479.89	N/A	1,473.66	N/A
Grades 7-8:				
Regular ADA	869.79	N/A	865.90	N/A
Extended Year Special Education	1.94	N/A	1.94	N/A
Nonpublic, Nonsectarian Schools	2.35	N/A	2.76	N/A
Extended Year - Nonpublic	0.40	N/A	0.40	N/A
Grades 7-8 Totals	874.48	N/A	871.00	N/A
Grades 9-12:				
Extended Year Special Education	-	N/A	-	N/A
Extended Year - Nonpublic	-	N/A	-	N/A
Grades 9-12 Totals	-	N/A	-	N/A
ADA totals	4,752.39	N/A	4,750.70	N/A

N/A-There were no revisions to the Annual ADA as reported.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

LAKESIDE UNION SCHOOL DISTRICT **TABLE D-2**

SCHEDULE OF INSTRUCTIONAL TIME

YEAR ENDED JUNE 30, 2015

Grade Level	Ed Code 46207 Minutes Requirement	Ed Code 46207 Adjusted & Reduced	2014-15 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	35,000	52,130	178	-	Complied
Grade 1	50,400	49,000	53,050	178	-	Complied
Grade 2	50,400	49,000	53,700	178	-	Complied
Grade 3	50,400	49,000	53,700	178	-	Complied
Grade 4	54,000	52,500	53,700	178	-	Complied
Grade 5	54,000	52,500	53,700	178	-	Complied
Grade 6	54,000	52,500	55,640	178	-	Complied
Grade 7	54,000	52,500	55,640	178	-	Complied
Grade 8	54,000	52,500	55,640	178	-	Complied

Districts, including basic aid districts, and charter schools must maintain their instructional minutes as required by Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206**.** The District neither met nor exceeded its target funding.

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-3

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2015

General Fund	Budget 2016 (See Note 1)	2015	2014	2013
Revenues and other financial sources	$ 48,803,678	$ 43,752,639	$ 39,498,277	$ 37,175,531
Expenditures, other uses and transfers out	46,203,680	45,431,967	41,074,165	38,660,761
Change in fund balance (deficit)	2,599,998	(1,679,328)	(1,575,888)	(1,485,230)
Ending fund balance	$ 6,414,852	$ 3,814,854	$ 5,494,182	$ 7,070,070
Available reserves (See Note 2)	$ 1,418,111	$ 1,718,960	$ 3,874,014	$ 5,782,445
Available reserves as a percentage of total outgo	3.1%	3.8%	9.4%	15.0%
Total long-term debt (Note 5)	$ 82,901,261	$ 83,853,158	$ 42,520,837	$ 41,534,382
Average daily attendance at P-2	4,733	4,752	4,654	4,275

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

The general fund balance has decreased by $4,740,446 over the past three years. The fiscal year 2015-16 budget projects an increase of $2,599,998. For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $43,713,153 over the past three years.

Average daily attendance has increased by 608 over the past three years.

Notes:
1. Budget 2016 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned fund balances, all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
3. On behalf payments of $1,046,161, $1,002,673, and $1,011,041, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2015, 2014 and 2013.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the general fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.
5. As a result of implementation of GASB Statement No. 68, long term liabilities for the year ended June 30, 2015 |include net pension liabilities which were not previously accounted for. As such, total long term debt for the year ended June 30, 2015 is not comparable to previous years represented in this table.

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-4

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

	General Fund	Special Reserve Fund Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Other Postemployment Benefits (Fund 20)
June 30, 2015, annual financial and budget report fund balances	$ 3,814,854	$ 225	$ 55,819
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
Inclusion of funds for reporting purposes only, in accordance with GASB Statement No. 54	56,044	(225)	(55,819)
Net adjustments and reclassifications	56,044	(225)	(55,819)
June 30, 2015, audited financial statement fund balances	$ 3,870,898	$ -	$ -

	Schedule of Long-Term Debt
June 30, 2015 annual financial and budget report total liabilities	$ 44,560,543
Adjustments and reclassifications:	
Increase (decrease) in total liabilities:	
General obligation bonds understatement	6,012,793
Capital leases overstatement	(9,950)
Other general long-term debt overstatement	(136,197)
Net pension liability understatement	33,425,972
Compensated absences overstatement	(3)
June 30, 2015 audited financial statement total liabilities	$ 83,853,158

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

The following charter schools are chartered by Lakeside Union School District.

Charter Schools	Included In Audit?
River Valley Charter High School	No
Barona Indian Charter School	No
National University Academy	No

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program:			
Medi-Cal *	93.778	-	$ 150,370
Total U. S. Department of Health and Human Services			150,370
U. S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Impact Aid - P.L. 81.874	84.041	-	190,025
Indian Education	84.060	-	47,410
Total Direct Programs			237,435
Passed Through State Department of Education:			
Title I	84.010	14329	512,067
Special Education Cluster			
Special Education: IDEA Basic	84.027	13379	981,100
Special Education: IDEA Local Assistance	84.027	10115	1,324
Special Education: IDEA Mental Health	84.027	14468	61,874
Special Education: IDEA Preschool Local	84.027A	13682	106,832
Special Education: IDEA Preschool	84.173	13430	58,457
Special Education: IDEA Preschool Staff Development	84.173A	13431	392
Total Special Education Cluster			1,209,979
Early Intervention	84.181	23761	24,364
Title III Cluster			
Title III Limited English Proficiency	84.365	14346	34,513
Title III Immigrant Education	84.365	14365	3,538
Total Title III Cluster			38,051
Title II Part B Math and Science	84.366	14512	352,326
Title II Teacher Quality	84.367	14341	148,858
Total Passed Through State Department of Education			2,285,645
Total U. S. Department of Education			2,523,080
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	13526	253,135
National School Lunch Section 11	10.555	13396	802,391
National School Lunch Section 4	10.555	13391	152,669
Commodities *	10.565	13396	55,635
Total Child Nutrition Cluster			1,263,830
Child Care Food Program	10.558	13393	259,524
Total Passed Through State Department of Education			1,523,354
Total U. S. Department of Agriculture			1,523,354
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,196,804

* Indicates noncash expenditure

The accompanying notes are an integral part of this schedule.

Basis of Presentation

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

NOTE 1 - Early Retirement Incentive Program

The district has adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the district.

Retiree Information

A total of _____ employees have retired in exchange for the additional two years of service credit.

			Retired Employee		Replacement Employee (If Applicable)	
Position Vacated	Age	Service Credit	Salary	Benefits	Salary	Benefits
Teacher	60	23	$ 85,310	$ 27,051	$ 46,470	$ 22,324
Teacher	58	26	92,091	17,117	46,470	11,564
Teacher	59	30	94,422	25,627	46,470	19,791
Teacher	60	29	89,823	25,079	46,470	19,803
Teacher	60	17	67,375	24,867	46,470	22,322
Teacher	61	24	67,444	19,995	46,470	17,442
Teacher	60	38	85,106	24,505	46,470	19,803
Counselor	61	36	99,106	17,969	49,544	11,937
Teacher	64	19	83,059	29,600	46,470	25,146
Teacher	68	26	92,091	17,115	46,470	11,563
Teacher	61	28	82,433	29,523	46,470	25,146
Teacher	60	26	94,422	17,399	46,470	11,563
Totals			$ 1,032,682	$ 275,847	$ 560,714	$ 218,404

Additional Costs

As a result of this early retirement incentive program, the district expects to incur additional costs. The breakdown in additional costs is presented below:

Retirement costs	$ 803,819
Postretirement health benefit costs	155,081
Administrative costs	4,320
Total additional costs	$ 963,220

Other Independent Auditor's Reports

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

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CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

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

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Union School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Lakeside Union School District's basic financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lakeside Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-001.

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Lakeside Union School District's Response to Findings

Lakeside Union School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lakeside Union 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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 15, 2015

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

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CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

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

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Lakeside Union School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Lakeside Union School District's major federal programs for the year ended June 30, 2015. Lakeside Union 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 Lakeside Union School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lakeside Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Lakeside Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 15, 2015

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. King, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2015.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes

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Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	N/A
Adult Education Maintenance of Effort	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	Yes
Before School	Yes
General Requirements	Yes
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
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

We did not perform testing for Independent Study. The procedure was not required to be performed since the ADA was below that which requires testing.

Opinion on State Compliance

In our opinion, Lakeside Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. We did not modify our opinion with respect to this matter.

Lakeside Union School District's Response to Findings

Lakeside Union School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lakeside Union 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 compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 15, 2015

Findings and Recommendations Section

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

2. Federal Awards

Internal control over major programs:		
One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
10.558	Child Care Food Program
93.778	Medi-Cal

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Education Agencies?	X Yes	____ No
Type of auditor's report issued on compliance for state programs:	Unmodified	

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

Finding 2015-001 (10000)
Attendance Reporting

Criteria or Specific Requirement
In accordance with California Education Code Section 44809 and California Code of Regulations, Title 5, Section 401, the California Department of Education is required to approve forms and procedures that constitute LEAs attendance accounting systems. Currently, the California Department of Education approves attendance systems in which teachers manually sign and date attendance registers, depending on the type of attendance accounting system used. For on-line attendance accounting systems, approval is given to systems that provide for teachers signing and dating weekly printout of attendance records entered on-line during the previous week.

Condition
At Lakeside Middle School and Winter Gardens Elementary School for the school month tested, March 2 through March 27 (school month 7), we noted instances where the attendance rosters were being verified and dated in excess of one month past the final attendance date for the period. Weekly attendance should be signed, verified, and dated immediatley after the end of each attendance period. We also noted that at Lakeside Middle School monthly attendance rosters are being used instead of weekly attendance rosters.

Based on our review, we determined there were no questioned costs or loss of attendance as all rosters were verified prior to the end of the P2 reporting period.

Questioned Costs
None

Context
The condition was identified as a result of our review of attendance procedures being completed at the school site. Additional tests of attendance allowed us to verify that attendance is reported correctly and as such there is no adjustment to ADA.

Effect
The District has not complied with the requirements associated with the approved attendance accounting policies.

Recommendation
Provide training to attendance clerks to ensure understanding of the documentation requirements. Implement procedures to ensure attendance is verified timely by the teachers. In addition, at Lakeside Middle School we recommend they begin utilizing weekly attendance rosters instead of the monthly rosters now in use.The District may also consider submitting for approval an electronic signature process to the California Department of Education to reduce the amount of paper and time utilized during the current approval process.

LEA Response
The school principal and attendance clerks at both Lakeside Middle and Winter Gardens Elementary schools have been made aware of the correct procedure. The school principal has notified staff to include teachers of correct procedure and have implemented schoolwide plan to ensure attendance is verified weekly. Additional corrective action includes a notice from Business Office to all school principals and office staff regarding the correct procedure. In addition, principals will be responsible to personally check attendance records for weekly verification. District is using a new attendance system effective 2015-16. All staff have received training to include weekly verification of attendance. Updated procedures manual has been provided to all staff. District will continue to provide ongoing attendance training for staff.

LAKESIDE UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Finding 2014-1 (10000) Attendance Reporting At Lakeside Farms Elementary School for the school month tested, February 3 through February 28 (month 6), we noted instances where the attendance rosters were being verified and dated in excess of two months past the final attendance date for the period. Weekly attendance should be signed, verified, and dated immediatley after the end of each attendance period. Based on our review, we determined there were no questioned costs or loss of attendance as all rosters were verified prior to the end of the P2 reporting period. Provide training to attendance clerks to ensure understanding of the documentation requirements Implement procedures to ensure attendance is verified timely by the teachers. The District may also consider submitting for approval an electronic signature process to the California Department of Education to reduce the amount of paper and time utilized during the current approval process.	Partially Implemented	See Current Year Finding
Finding 2014-2 (10000) Kindergarten Continuance In our review of kindergarten continuance forms at Lakeside Farms Elementary School we noted one student who continued kindergarten did not have the proper state approved agreement-to-continue form on file. Due to an oversight the continuance form was not completed. As a result, the ADA for this student is disallowed. Revise the P2 attendance report and reduce the reported ADA by .50 for kindergarten. Implement procedures to ensure all school sites have the proper agreement-to-continue form and that the form is utilized for all students continued in kindergarten.	Implemented	