

SIERRA SANDS UNIFIED SCHOOL DISTRICT

**COUNTY OF KERN
RIDGECREST, CALIFORNIA**

**AUDIT REPORT
JUNE 30, 2015**

**BURKEY COX EVANS & BRADFORD
Accountancy Corporation
1058 West Avenue M-14, Suite B
Palmdale, CA 93551**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sierra Sands Unified School District
Ridgecrest, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Sands Unified School District (the District), as of and for the year ended June 30, 2015, and the related notes to 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.

Auditors' 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 from 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 auditors consider 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, each major fund, and the aggregate remaining fund information of Sierra Sands Unified School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sierra Sands Unified School District
Page 2

Emphasis of Matter

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2015, the 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 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 Sierra Sands Unified School District's basic financial statements. The combining and individual nonmajor fund 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 and individual nonmajor fund 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 and individual nonmajor fund 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.

Sierra Sands Unified School District
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the 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 Sierra Sands Unified School District's internal control over financial reporting and compliance.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
December 11, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS – REQUIRED SUPPLEMENTARY
INFORMATION**

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

This section of the Sierra Sands Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position on June 30, 2015 was \$29,935,352 compared to \$31,498,321 on June 30, 2014.
- The District's total revenues in 2014-15 were \$53,210,204 compared to \$58,675,472 in 2013-14.
- The District's total expenses in 2014-15 were \$54,773,173 compared to \$52,905,956 in 2013-14.
- The general fund reported a balance on June 30, 2015 of \$3,701,308 compared to an ending balance of \$5,123,446 on June 30, 2014.
- A reporting adjustment was made on June 30, 2015, to meet requirements for reporting the District's pension liability as required by the Governmental Accounting Standards Board (GASB) Statement No. 68. This pension liability estimates the future cost of providing District employees with retirement benefits which can impact the future use of resources. More detailed information about the pension liability can be found in Notes 10 and 11 to the financial statements.

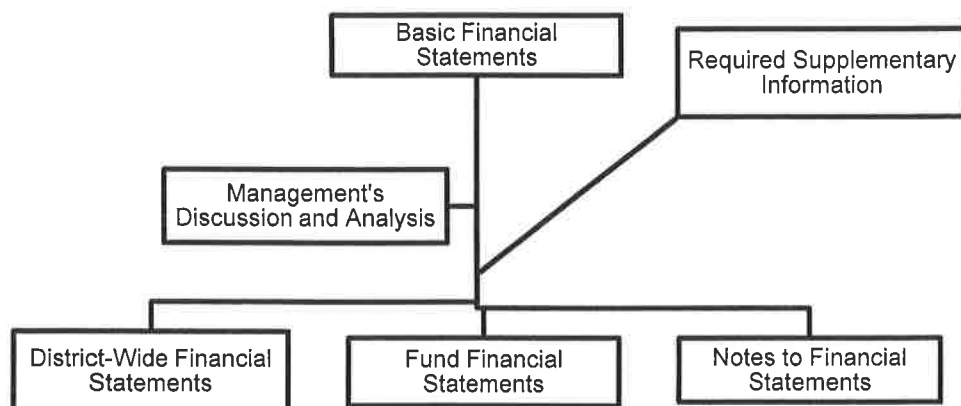
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide (a.k.a. government-wide) financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The governmental funds statements tell how basic services like general and special education were financed in the short term as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationship in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.

Figure A-1: Required Components of the District's Annual Financial Report



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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2: Major Features of the District's District-Wide and Fund Financial Statements

	District-Wide	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary activities)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District is the trustee or agent for resources belonging to others, such as student body monies
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in fund Balance	N/A
Accounting Basis and Measurement Focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources measurement focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the required liability is due and payable.	N/A

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using an accrual basis of accounting and economic resources measurement focus. Consequently, the statement of net position includes all of the District's assets and liabilities, as well as deferred inflows and outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – essentially the difference between the District's assets and liabilities – is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess overall health of the District, additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are grouped in the following category:

- **Governmental activities** – Most of the District's basic services are included here, such as general education, special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its debts) or to show that it is properly using certain revenues (like federal grants).

The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in the governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental fund statements that explains the relationship (or differences) between them.
- Fiduciary funds – The District is the trustee or agent (the fiduciary) for assets that belong to others, such as the student body funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

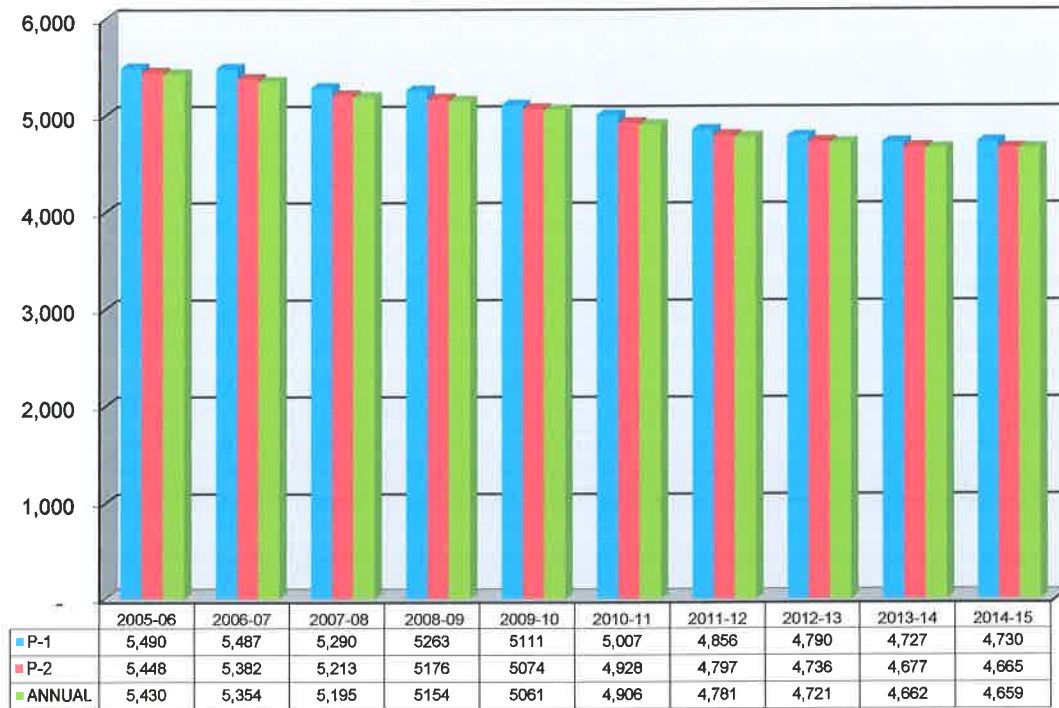
In 2014-15 the District continued its construction efforts of the BHS modernization project and the building of the new Murray Middle School. These projects are made possible through grants from the Department of Defense – Office of Economic Adjustments, which will fund 80% of the cost of each project with the district funding the remaining 20%. Projects are anticipated to be completed in summer and fall of 2017, respectively.

Average Daily Attendance

For the ninth year in a row, total Average Daily Attendance (ADA) decreased from the prior year. ADA at P-2 in 2014-15 was 4665 compared to 4677 ADA at P-2 in 2013-14 and 4736 ADA at P-2 in 2012-13. The following graph (Figure A-3) reflects the districts decline in enrollment which is due to a number of factors including the availability of additional alternative education opportunities for area students. Figure A-3 displays the District's average daily attendance history since fiscal year 2005/2006.

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

Figure A-3: Average Daily Attendance History



Net Position

The District's total net position was less (5.0%) on June 30, 2015 than it was the year before decreasing by approximately \$1.56M (See Table A-1). The year to year differences are primarily reflective of the District's initiatives relating to its facilities program.

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

Table A-1: Condensed Statements of Net Position

	June 30, 2015	June 30, 2014	Change	Percentage Change
Assets:				
Current Assets	\$ 38,558,199	\$ 46,980,577	\$ (8,422,378)	-17.9%
Capital Assets	80,916,535	79,807,810	1,108,725	1.4%
Total Assets	119,474,734	126,788,387	(7,313,653)	-5.8%
Deferred Outflows of Resources:				
Pension	1,470,992	2,158,953	(687,961)	-31.9%
Total Assets and Deferred Outflows	\$ 120,945,726	\$ 128,947,340	\$ (8,001,614)	-6.2%
Liabilities:				
Current Liabilities	\$ 5,004,396	\$ 9,554,989	\$ (4,550,593)	-47.6%
Long-term Liabilities	77,882,963	87,894,030	(10,011,067)	-11.4%
Total Liabilities	82,887,359	97,449,019	(14,561,660)	-14.9%
Deferred Inflows of Resources:				
Unearned Revenues	146,015	-	146,015	-
Pension	7,977,000	-	7,977,000	-
Total Deferred Inflows	8,123,015	-	8,123,015	-
Net Position:				
Net Investment in Capital Assets	39,696,933	34,996,971	4,699,962	13.4%
Restricted	8,093,907	8,434,355	(340,448)	-4.0%
Unrestricted	(17,855,488)	(11,933,005)	(5,922,483)	49.6%
Total Net Position	29,935,352	31,498,321	(1,562,969)	-5.0%
Total Liabilities and Net Position	\$ 120,945,726	\$ 128,947,340	\$ (8,001,614)	-6.2%

Changes in Net Position

The District's total revenues decreased by 9.3% (See Table A-2). This decrease is related to a reduction in one-time money related to facilities funding.

The District's total expenditures increased by 3.5% (See Table A-2). This increase is primarily due to the District's facilities initiatives, as well as the inclusion of collective bargaining outcomes. The District's expenses are predominantly related to instruction, instruction related services, and pupil services (78%) (See Figure A-5).

Table A-2: Condensed Statements of Activities

	June 30, 2015	June 30, 2014	Change	Percentage Change
Revenues:				
Program Revenues	\$ 10,682,515	\$ 11,740,342	\$ (1,057,827)	-9.0%
Charges for Services	559,095	510,679	48,416	9.5%
General Revenue	41,968,594	46,424,451	(4,455,857)	-9.6%
Total Revenues	53,210,204	58,675,472	(5,465,268)	-9.3%
Expenditures:				
Expenditures	54,773,173	52,905,956	1,867,217	3.5%
Total Expenditures	54,773,173	52,905,956	1,867,217	3.5%
Change in Net Position	\$ (1,562,969)	\$ 5,769,516	\$ (7,332,485)	-127.1%

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

Figure A-4: Revenues for Fiscal Year 2015

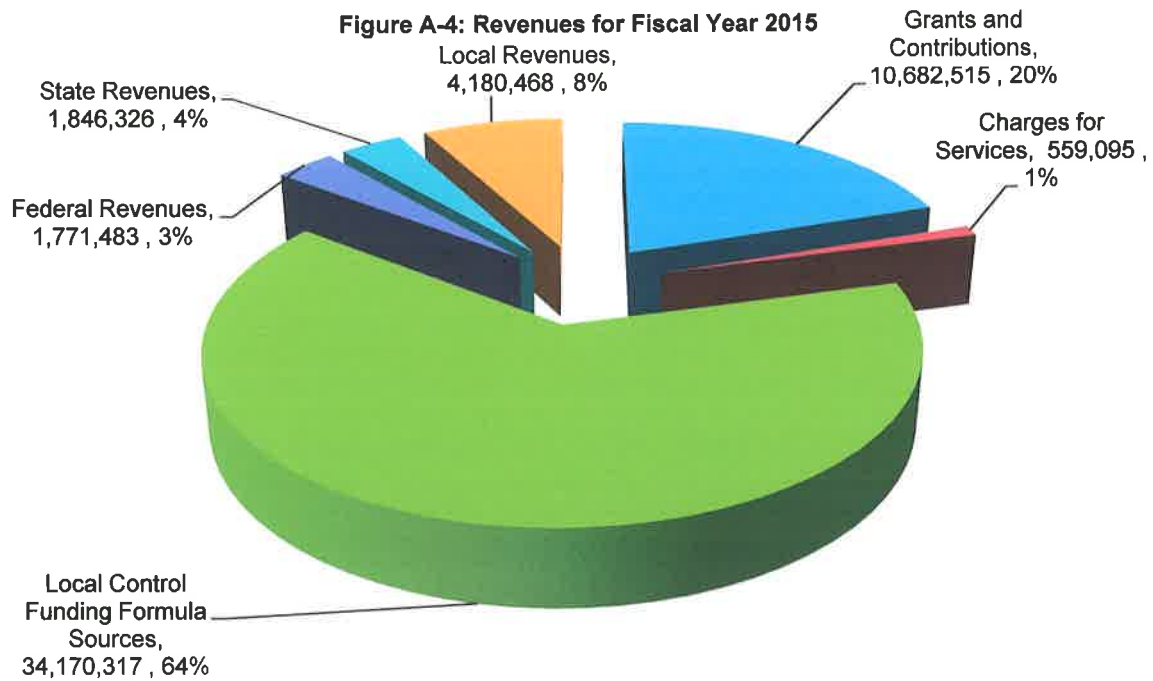
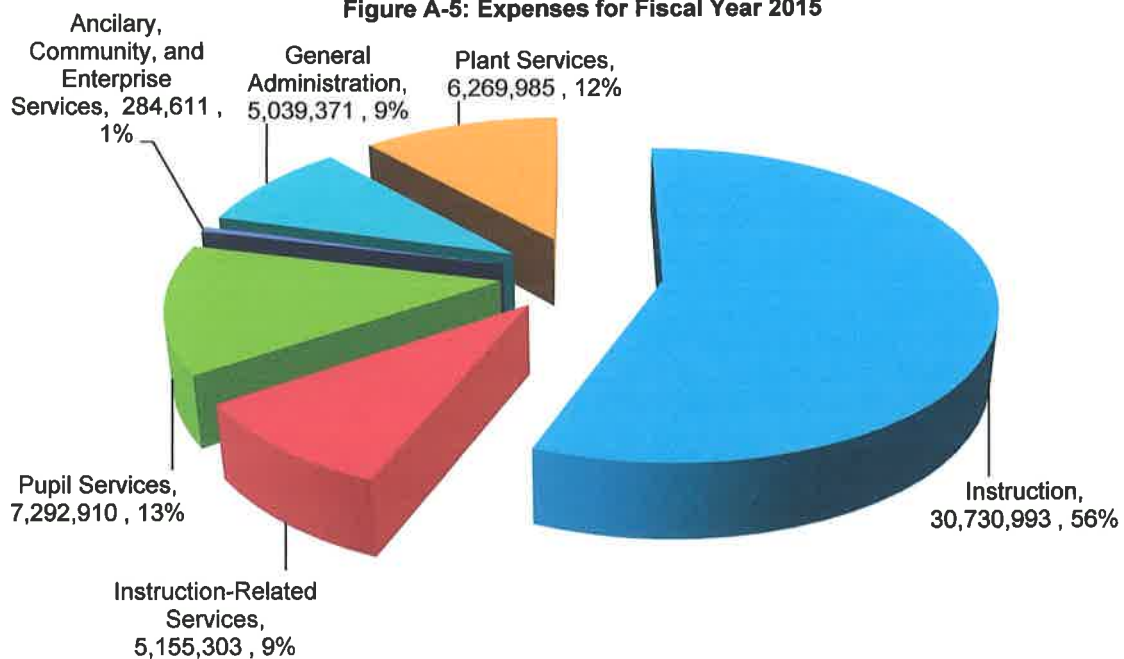


Figure A-5: Expenses for Fiscal Year 2015



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

Governmental Activities

The cost of all governmental activities this year was \$54,773,173 (See Table A-2). Some of the costs were paid by the users of the District's programs (\$559,095). Certain programs were subsidized by operating grants/contributions (\$10,682,515). Most of the District's costs (\$43,531,563), however, were paid for by the District and other California state taxpayers.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds. Governmental Funds are comprised of the General Fund (reflected in the audit report as a combination of the General Fund, Adult Education, Deferred Maintenance, Special Reserve for Non-Capital outlay, and Post-Employment Benefits), the Blended Component Unit (Inyo-Kern Schools Financing Authority), and Other Governmental Funds (a combination of the Child Development, Food Service, Building Fund, School Facilities, and Developer Fees). (See Statement of Fund Balances for Governmental Funds and the Combining Statement of Fund Balances) As the District completed the year, its governmental funds reported combined fund balances of \$33.41 million, compared to \$37.07 million in 2013-14.

The total net change of all governmental fund balances equaled -\$3.66 million and all fund balances continued to be positive. This decrease in total net fund balance is largely due to the District's continued implementation of its facilities and modernization program absent the timely receipt of State Matching funds.

STUDENT BODY FUND

The District continued to vigorously manage its student body funds. The District experienced no audit findings in this area in 2014-15. To maintain compliance and internal controls, the District will continue to proactively and regularly monitor student body financial reports, provide staff development opportunities, maintain communication, and upgrade accounting tools.

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District's final budget for the general fund anticipated that the expenditures would exceed revenues by \$90,458, the actual results for the year show revenues exceeded expenditures by \$1,279,728.

- Actual revenues were \$523,101 higher than expected, due largely to more local revenues than projected.
- Actual expenditures were \$847,085 less than final budget, with a decrease of \$671,599 related to other outgoing costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014-15, the District had capital asset investments valued at \$108.36 million. These assets include school buildings, administrative buildings (including the Sierra Vista Center), athletic facilities, computers, and equipment. (See Table A-3). Total accumulated depreciation amounted to \$27.44 million. The capital asset investments experienced a net increase (including additions and deductions) of \$1.11 million over last year. More detailed information about capital assets can be found in Note 6 to the financial statements.

Table A-3: Capital Assets (Net of Accumulated Depreciation)

	2014-2015	2013-2014	Change	% Change
Sites, Buildings & Improvements	\$ 57,583,067	\$ 51,836,981	\$ 5,746,086	11.1%
Equipment	1,936,637	2,036,483	(99,846)	-4.9%
Work in Progress	21,396,831	25,934,346	(4,537,515)	-17.5%
	<u>\$ 80,916,535</u>	<u>\$ 79,807,810</u>	<u>\$ 1,108,725</u>	<u>1.4%</u>

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

Long-Term Debt

The District maintains seven debt obligations other than current liabilities. The first type of debt is compensated absences (i.e. employee vacations) which has an outstanding balance of \$95,068 as of June 30, 2015. The second area relates to the passage of Measure A, a governmental obligation bond in the amount of \$50,500,000 for modernization for each of the District's eleven school sites, which has an outstanding balance of \$21,777,250 as of June 30, 2015. The third is a lease revenue bond in the amount of \$4,500,000 to facilitate in the purchase and renovation of a support facility. The District's outstanding liability for the lease revenue bond is \$3,535,000.

The fourth is a \$3.0M State loan incurred by the District for the matching fund amount associated with the grant utilized to construct the CTE building. This grant was funded under Proposition 1D and required a \$3.0M match by the District. Construction began in 2010-11 and it was completed in the spring of 2012. The District's outstanding balance as of June 30, 2015 for the State loan is \$1,652,352. The fifth is a Qualified School Construction Bond (QSCB) being used to leverage Measure A bond funds. The QSCB enabled the District to continue its Modernization efforts. Series A was funded in July 2010 in the amount of \$14,150,000. The outstanding balance for the QSCB debt as of June 30, 2015 is \$14,150,000. The sixth is a no interest state loan for the Faller Preschool. The amount of this loan is \$105,000. The seventh is a net pension liability of \$29,728,000, which is a result of the implementation of GASB 68.

See Notes 7 and 8 to the financial statements for more detailed information.

Bonded Debt

On August 25, 2006, the District sold \$19,467,868 of General Obligation Bonds – Election 2006. In December 2008 the District sold an additional \$5,401,532 of the Measure A General Obligation Bonds. The annual requirements to amortize the General Obligation Bonds are shown in Table A-4 below:

Table A-4: Bonded Debt

Year Ending June 30,	Principal	Interest	Total
2016	\$ 753,681	\$ 678,705	\$ 1,432,386
2017	841,967	666,020	1,507,987
2018	941,242	648,844	1,590,086
2019	1,037,236	640,250	1,677,486
2020	1,137,759	632,887	1,770,646
2021-2025	7,789,071	2,622,440	10,411,511
2026-2030	6,046,936	7,678,752	13,725,688
2031-2035	3,229,358	10,765,982	13,995,340
Totals	<u>\$ 21,777,250</u>	<u>\$ 24,333,880</u>	<u>\$ 46,111,130</u>

Other Debt – Lease Revenue Bond

On March 1, 2007, the District acquired \$4,500,000 of Lease Revenue Bonds. A portion of these revenues were used toward the purchase of the Sierra Vista Center and the remaining balance is used to prepare a portion of the facility for District Administrative offices. The annual requirements to amortize these Lease Revenue Bonds are shown in Table A-5 below. This debt obligation will be primarily funded through rental income from the commercial businesses located in the Sierra Vista Center.

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

Table A-5: Lease Revenue Bond

Year Ending June 30,	Principal	Interest	Total
2016	\$ 150,000	\$ 146,783	\$ 296,783
2017	155,000	140,783	295,783
2018	160,000	134,583	294,583
2019	165,000	128,183	293,183
2020	175,000	121,583	296,583
2021-2025	975,000	496,922	1,471,922
2026-2030	1,200,000	274,845	1,474,845
2031-2035	555,000	35,700	590,700
Totals	<u>\$ 3,535,000</u>	<u>\$ 1,479,382</u>	<u>\$ 5,014,382</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Local Control Funding Formula (LCFF) gap funding boost is significant but future gap funding is expected to be much less in the years to come.
- Expectations are on the rise in terms of new and improved services to students and subsequent higher student performance.
- Temporary taxes authorized by Proposition 30 will expire prior to full implementation of the LCFF. The sales tax increase is due to expire 12/31/16. The income tax increase is due to expire 12/31/18.
- Employer contributions to STRS and PERS will continue to significantly increase in the following years.
- Ongoing funding must be allocated to support continuing expenditures in the areas of technology in support of Common Core implementation

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives for those with an interest in this area. Questions about this report or additional financial information can be provided by contacting Christina Giraldo, Assistant Superintendent of Business and Support Services at Sierra Sands Unified School District, 113 West Felspar, Ridgecrest, California 93555; or send an e-mail to cgiraldo@ssusd.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SIERRA SANDS UNIFIED SCHOOL DISTRICT**STATEMENT OF NET POSITION**

JUNE 30, 2015

ASSETS:

Cash in County Treasury	\$ 31,939,729
Cash on Hand and in Banks	1,795,185
Cash in Revolving Fund	40,000
Cash with a Fiscal Agent/Trustee	1,882,585
Accounts Receivable	2,810,231
Prepays	9,518
Stores Inventories	80,951
Capital Assets (Net)	80,916,535
Total Assets	<u>119,474,734</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pension	1,470,992
Total Assets and Deferred Outflows of Resources	<u>\$ 120,945,726</u>

LIABILITIES:

Accounts Payable	5,004,396
Noncurrent Liabilities:	
Due within one year	2,558,690
Due in more than one year	75,324,273
Total Liabilities	<u>82,887,359</u>

DEFERRED INFLOWS OF RESOURCES:

Pension	7,977,000
Unearned Revenue	146,015
Total Deferred Inflows of Resources	<u>8,123,015</u>

NET POSITION:

Net Investment in Capital Assets	39,696,933
Restricted For:	
Debt Service	2,870,472
Capital Projects	4,643,480
Special Revenue	579,955
Unrestricted	(17,855,488)
Total Net Position	<u>\$ 29,935,352</u>

The accompanying notes are an integral part of this statement.

SIERRA SANDS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Instruction	\$ 30,730,993	\$ -	\$ 4,501,252	\$ (26,229,741)
Instruction-Related Services	5,155,303	-	814,733	(4,340,570)
Pupil Services	7,292,910	416,694	2,048,197	(4,828,019)
Ancillary Services	256,440	-	38,956	(217,484)
Community Services	6,057	-	920	(5,137)
Enterprise	22,114	-	3,359	(18,755)
General Administration	5,039,371	26,870	456,937	(4,555,564)
Plant Services	6,269,985	115,531	2,818,161	(3,336,293)
Total Governmental Activities	<u>\$ 54,773,173</u>	<u>\$ 559,095</u>	<u>\$ 10,682,515</u>	<u>(43,531,563)</u>
General Revenues				
LCFF Sources				34,170,317
Federal Revenues				1,771,483
State Revenues				1,846,326
Local Revenues				<u>4,180,468</u>
Total General Revenues				<u>41,968,594</u>
Change in Net Position				(1,562,969)
Net Position - Beginning				<u>31,498,321</u>
Net Position - Ending				<u>\$ 29,935,352</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

SIERRA SANDS UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Special Reserve Fund for Capital Outlay Projects	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash in County Treasury	\$ 16,922,188	\$ 8,160,007	\$ -	\$ 6,857,534	\$ 31,939,729
Cash on Hand and in Banks	67,810	-	-	1,727,375	1,795,185
Cash in Revolving Fund	40,000	-	-	-	40,000
Cash with Fiscal Agent/Trustee	-	-	1,882,585	-	1,882,585
Accounts Receivable	1,932,256	725,704	3,031	149,240	2,810,231
Due from Other Funds	2,071,158	1,372,660	-	619	3,444,437
Prepays	9,518	-	-	-	9,518
Stores Inventories	59,689	-	-	21,262	80,951
Total Assets	<u>\$ 21,102,619</u>	<u>\$ 10,258,371</u>	<u>\$ 1,885,616</u>	<u>\$ 8,756,030</u>	<u>\$ 42,002,636</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:					
Liabilities:					
Accounts Payable	\$ 4,782,634	\$ 129,757	\$ -	\$ 92,005	\$ 5,004,396
Due to Other Funds	2,338,793	-	535,526	570,118	3,444,437
Total Liabilities	<u>7,121,427</u>	<u>129,757</u>	<u>535,526</u>	<u>662,123</u>	<u>8,448,833</u>
Deferred Inflows of Resources:					
Unearned Revenue	146,015	-	-	-	146,015
Total Deferred Inflows of Resources	<u>146,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,015</u>
Fund Balance:					
Nonspendable Fund Balances:					
Revolving Cash	40,000	-	-	-	40,000
Stores Inventories	59,689	-	-	21,262	80,951
Prepays	9,518	-	-	-	9,518
Restricted	975,448	4,102,060	-	4,726,418	9,803,926
Committed	10,317,376	6,026,554	1,350,090	3,346,227	21,040,247
Assigned Fund Balance	-	-	-	-	-
Unassigned:					
Reserve for Economic Uncertainty	2,433,146	-	-	-	2,433,146
Other Unassigned	-	-	-	-	-
Total Fund Balance	<u>13,835,177</u>	<u>10,128,614</u>	<u>1,350,090</u>	<u>8,093,907</u>	<u>33,407,788</u>
Total Liabilities and Fund Balances	<u>\$ 21,102,619</u>	<u>\$ 10,258,371</u>	<u>\$ 1,885,616</u>	<u>\$ 8,756,030</u>	<u>\$ 42,002,636</u>

The accompanying notes are an integral part of this statement.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Total Fund Balances of Governmental Funds	\$	33,407,788
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		80,916,535
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability	(29,728,000)
Deferred Inflows of Resources - Pensions	(7,977,000)
Deferred Outflows of Resources - Pensions	1,470,992
State of California Contract	(1,757,352)
General Obligation Bonds	(21,777,250)
Lease Revenue Bonds	(3,535,000)
Certificates of Participation	(14,150,000)
Employment Benefit Obligations	(6,935,361)
Total Long-term Liabilities	<u>(84,388,971)</u>

Net Position of Governmental Activities	\$	<u>29,935,352</u>
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SIERRA SANDS UNIFIED SCHOOL DISTRICT

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
Revenues:					
LCFF Sources:					
State Apportionments	\$ 22,346,398	\$ -	\$ -	\$ -	\$ 22,346,398
Education Protection Account Funds	6,750,933	-	-	-	6,750,933
Local Sources	5,072,986	-	-	-	5,072,986
Federal Revenue	4,997,375	1,802,412	-	1,301,224	8,101,011
Other State Revenue	5,275,359	-	-	553,698	5,829,057
Other Local Revenue	2,986,183	32,696	18,291	2,072,649	5,109,819
Total Revenues	<u>47,429,234</u>	<u>1,835,108</u>	<u>18,291</u>	<u>3,927,571</u>	<u>53,210,204</u>
Expenditures:					
Instruction	27,386,786	-	-	329,071	27,715,857
Instruction - Related Services	5,115,160	-	-	40,143	5,155,303
Pupil Services	4,547,931	-	-	1,948,246	6,496,177
Ancillary Services	256,440	-	-	-	256,440
Community Services	6,057	-	-	-	6,057
Enterprise	22,114	-	-	-	22,114
General Administration	2,488,559	-	-	115,350	2,603,909
Plant Services	6,326,459	3,506,139	-	240,020	10,072,618
Debt Service:					
Principal	-	291,941	-	2,943,752	3,235,693
Interest	-	80,902	-	1,908,292	1,989,194
Total Expenditures	<u>46,149,506</u>	<u>3,878,982</u>	<u>-</u>	<u>7,524,874</u>	<u>57,553,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,279,728</u>	<u>(2,043,874)</u>	<u>18,291</u>	<u>(3,597,303)</u>	<u>(4,343,158)</u>
Other Financing Sources (Uses):					
Transfers In	362,994	4,758,902	-	2,559,029	7,680,925
Transfers Out	(2,856,231)	(1,903,500)	(2,921,194)	-	(7,680,925)
Other Sources	-	-	-	697,827	697,827
Other Uses	(16,922)	-	-	-	(16,922)
Total Other Financing Sources (Uses)	<u>(2,510,159)</u>	<u>2,855,402</u>	<u>(2,921,194)</u>	<u>3,256,856</u>	<u>680,905</u>
Net Change in Fund Balance	<u>(1,230,431)</u>	<u>811,528</u>	<u>(2,902,903)</u>	<u>(340,447)</u>	<u>(3,662,253)</u>
Fund Balance, July 1	<u>15,065,608</u>	<u>9,317,086</u>	<u>4,252,993</u>	<u>8,434,354</u>	<u>37,070,041</u>
Fund Balance, June 30	<u>\$ 13,835,177</u>	<u>\$ 10,128,614</u>	<u>\$ 1,350,090</u>	<u>\$ 8,093,907</u>	<u>\$ 33,407,788</u>

The accompanying notes are an integral part of this statement.

SIERRA SANDS UNIFIED 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

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

Net Change in Fund Balances - Total Governmental Funds	\$ (3,662,253)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded capital asset decreases in the current fiscal year.

3,802,633

Depreciation expense for the fiscal year being reported,

(2,693,908)

The adoption of GASB No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, increases pension expense for the current fiscal year.

Pension Expense

(1,117,961)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long term debt and related items.

State of California Contract

312,941

General Obligation Bonds

667,752

Lease Revenue Bonds

140,000

Certificates of Participation

2,115,000

Employment Benefit Obligations

(1,127,173)

Change in Net Position of Governmental Activities

\$ (1,562,969)

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

	Agency Fund
	Student Body
	Fund
ASSETS:	
Cash on Hand and in Banks	\$ 486,159
Total Assets	<u>\$ 486,159</u>
LIABILITIES:	
Due to Student Groups	\$ 486,159
Total Liabilities	<u>486,159</u>
NET POSITION:	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Sierra Sands Unified School District (the District) is governed by the Board of Trustees, which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America. The Board of Trustees consists of five elected officials and has the decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The Blended Component Unit consists of Public Property Financing Corporation of California (the "Corporation"). The District has financial and operational relationships which meet the reporting entity definition criteria for inclusion of certain activities of the Corporation as a component unit of the District. Accordingly, certain financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation:

- **Manifestations of Oversight**

The District's Superintendent and Assistant Superintendent – Business Services, function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the major lessee of all facilities owned by the Corporation and hold title to all assets acquired by the Corporation.

- **Accountability for Fiscal Matters**

The subject financing arrangement of the Corporation must have the consent of the District.

Any deficits incurred by the Corporation for the subject transactions will be reflected in the lease payments of the District. Any surpluses of the Corporation for the subject transactions revert to the District at the end of the lease period.

It is anticipated that the District's lease payments will be the major revenue source of the Corporation for the subject transactions.

The District has assumed a "moral obligation" and potentially a legal obligation, for any debt incurred by the Corporation.

- **Scope of Public Service**

The Corporation was created for the sole purpose of financially assisting school districts.

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California on April 6, 1932. The Corporation was formed to provide financing assistance to the District for the construction and acquisition of major capital facilities. Upon completion of the subject transactions the District intends to occupy the Corporation's facilities under a lease-purchase agreement effective through the year 2035. At the end of the lease term, title of the Corporation's property will pass to the District for no additional consideration.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

• Financial Presentation

The subject transactions and the Corporation's financial activity are presented in the financial statements as the Blended Component Unit Capital Projects Fund and the Blended Component Unit Debt Service Fund. Certificates of Participation issued by the Corporation are included in the Long-Term Debt. Fixed Assets acquired or constructed by the Corporation are included in the Fixed Assets.

B. Inyo-Kern Schools Financing Authority (the Authority)

The Authority was formed by a joint exercise powers agreement dated December 3, 1990, between the Sierra Sands Unified School Authority (Sierra Sands) and the Lone Pine Unified School District (Lone Pine). The purpose of the Authority is to provide assistance for the educational purposes of Sierra Sands and Lone Pine. The Authority is a public entity separate and distinct from each of its participant districts.

The Authority is administered by a Board of Directors consisting of all the persons who act as the members of the Board of Education of Sierra Sands, together with one member of the Board of Education of Lone Pine as may be designated by such Board. The Board of Directors has decision-making authority, the power to designate management, the ability to influence operations and primary accountability for fiscal matters. While the Authority is a separate entity, it has a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Authority as a Component Unit of Sierra Sands Unified School Authority and the Lone Pine Unified School District.

Sierra Sands and Lone Pine have reorganized by the transfer of certain land from the territory of Sierra Sands to the territory of Lone Pine. In consideration of the mutual undertaking of the reorganization, Lone Pine conveyed to the Authority fee title to certain land together with buildings, facilities and improvements situated thereon, which are currently not used or needed for classroom buildings. Such real property is leased by the Authority to Lone Pine pursuant to the Lease Agreement dated December 3, 1990. The Lease Agreement became effective for the fiscal year ended June 30, 1992.

The value of the real property conveyed to the Authority from the Lone Pine Unified School District was not determinable at June 30, 2015. The value of the real property was not determinable, as governmental property in Inyo County is not assessed.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements consist of the statement of net position and the statement of activities, which display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, grants and agreements, and other nonexchange transactions. Internal service fund activity is eliminated to avoid doubling revenues and expenses.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are expenses of the District related to the administration and support of the District's programs, such as personnel and accounting and are allocated to programs. Program revenues include a) charges paid by 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 and state revenue limit, are presented as general revenues.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements:

Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of governmental fund reporting is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. All other funds are aggregated and reported by fund type.

The District reports the following major governmental funds:

1. General Fund 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.
2. Special Reserve Fund for Capital Outlay Projects is used to account for revenues accumulated and expended for capital expenditures including building, sites, improvements and equipment.
3. Blended Component Unit is used to account for the acquisition and construction of District facilities financed through the issuance of Certificates of Participation.

The District reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue funds:

1. Child Development Fund is used to account for revenues received and expenditures made to operate the District's childcare and development programs.
2. Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria.
3. Adult Education Fund is used to account for revenues received and expenditures made to operate the District's adult education programs.

Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs. The District maintains the following non-major debt service funds:

1. Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the principal and interest payments of the General Obligation Bonds.
2. Blended Component Unit Debt Service Fund is used to account for bond interest and redemption of bond principal of the District's Certificates of Participation (component unit).

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the following non-major capital projects funds:

1. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
2. Building Fund is used to account for the activity (proceeds and capital acquisitions) for the District's 2006 General Obligation Bonds.
3. County School Facilities Fund is used to account for Proposition 1A funds received from the Office of Public Schools Construction. These funds will be used for school growth construction under the State match program.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The District reports the following fund types:

Agency Funds are used to account for assets held by the District as an agent for each school's student body funds.

D. Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and 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 (giving) equal value in exchange, include property taxes, grants, and state revenue limits. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and revenue limits is recognized in the fiscal year for which all eligibility requirements have been satisfied. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that these standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has the option of following subsequent private sector guidance, but has elected not to follow subsequent private-sector guidance.

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 considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, retiree health benefits, 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 liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District's policy to first apply grant resources to such programs and then general revenues.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law the District's Governing Board must adopt a final budget no later than July 1. Agency funds are not required to be budgeted. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. For those funds for which annual budgets are adopted, appropriations are budgeted and controlled on a functional basis and amended as necessary during the year. These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. Annual appropriations lapse at the end of the budget year.

F. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All deposits of the District are made in board-designated official depositories. In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Local Agency Investment Fund. The County pools these funds with those of other districts in the County and invests the cash. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. These pooled funds are carried at cost, which approximates market value. Income from pooled moneys is allocated to participating districts based on the district's respective share of total pooled cash and investments and is deposited quarterly into participating funds. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds" and represent transactions of lending/borrowing arrangements outstanding at the end of the fiscal year. These interfund receivables and payables are eliminated in the government-wide financial statements.

H. Accounts Receivable and Unearned (Deferred) Revenue

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables. As of June 30, 2015, management determined no allowance for doubtful accounts was necessary.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

I. Stores Inventories

Inventories are recorded at cost using the weighted average method. Inventories consist of expendable supplies held for consumption and are recorded as expenditures when the individual inventory items are purchased. The inventories reported on the fund balance sheet are offset by a fund balance reserve, which indicates that these amounts do not constitute a resource available for appropriation.

J. Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The District defines capital assets as assets with an individual cost of \$5,000, and an estimated useful life of more than 2 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Site Improvements	20 - 30 years
Building and Improvements	25 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	10 years

K. Accrued Liabilities and Long-Term Debt Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types report the face amount of debt issued as an other financing source. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued and any related premiums are reported as other financing sources. Discounts on issuance are reported as other financing uses. Issuance costs are reported as a reduction of proceeds.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Debt Obligations (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of capital leases, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources.

L. Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

M. Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, or laws or regulations of other governments or b) imposed by law through state statute. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Fund Balance

In the governmental fund financial statements, fund balance is composed of the following classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance. The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Nonspendable Revolving Cash. The portion of fund balance reflecting the value of the revolving cash account.

Nonspendable Stores Inventories. The portion of fund balance reflecting the value of stores inventories.

Nonspendable Prepaid Items. The portion of fund balance reflecting the value of prepaid items.

Restricted Fund Balance. The portion of fund balance representing resources which should be reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

Committed Fund Balance. The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Assigned Fund Balance. The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued, and may be modified or removed by a process less formal than is required for committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

Unassigned Fund Balance. The portion of fund balance not classified as nonspendable, restricted, committed, or assigned.

Reserve for Economic Uncertainties. The position of unassigned fund balance set aside pursuant to a minimum fund balance policy. This amount includes the reserve recommended by the Criteria and Standards for fiscal solvency, as well as additional reserve established pursuant to local policy.

Unassigned/Unappropriated. In the general fund, residual fund balance in excess of amount reported in the nonspendable, restricted, committed or assigned fund balance classifications and net of Reserve for Economic Uncertainties.

Spending Order Policy. When an expenditure is incurred for purposes 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, as needed, unless for the governing board has provided otherwise in its commitment or assignment actions.

O. Revenue / Property Tax

The District's revenue is received from a combination of local property taxes, state apportionments, and other local sources. The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy.

Beginning fiscal year 2013-14 the Local Control Funding Formula (LCFF) replaced the Revenue Limit Calculation. The LCFF creates base, supplemental, and concentration grants instead of most previously existing K-12 funding streams, eliminating funding based on Revenue limit and most Categorical programs. The LCFF provides additional funding for targeted disadvantaged students, English language learners, and Foster youth.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses, as appropriate, during the reporting period. Actual results could differ from those estimates.

Q. 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.

R. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 11 (Adult Education Fund), Fund 14 (Deferred Maintenance Fund), 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.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consisted of the following at June 30, 2015:

	Governmental Funds
Cash on Hand and in Banks	\$ 1,835,185
Pooled Investments - Kern County Treasury	31,939,729
Cash with Fiscal Agent	1,882,585
Total	<u>\$ 35,657,499</u>

All cash and time deposits are entirely insured or collateralized. The California Government Code requires state banks to secure District deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the District's deposits. The District may waive collateral requirements for deposits that

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The surplus funds of the District may be invested in any of the approved investments contained in the California Government code Sections 53600 et seq., limited further by the investment policy adopted by the District.

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

The following table identifies the investment types that are authorized by the District in accordance with 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 trustees 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 Maturity	Maximum Percentage of Portfolio *	Minimum Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	*
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	*
Negotiable Certificates of Deposit	5 years	30% (combined with placement service CDs)	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% (inclusive of placement service CDs)	None
Placement Service Certificates of Deposit	5 years	30% (combined with negotiable CDs)	None
Repurchase Agreements Reverse Repurchase Agreements and Securities	1 year	None	None
Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" Rating
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"A" Rating
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" Rating

* "A-1" if the issuer has issued long-term debt, it must be rated "A" without regard to modifiers

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Kern County Investment Pools.

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 or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local government 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in Kern Investment Pool

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external investment pool. Interest is deposited into participating funds, except for the payroll-clearing fund, which is credited to the General Fund. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest 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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market rate fluctuation is provided by the following table that shows the distribution of the District's investments by maturity date.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Investments at June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Adjustment*</u>	<u>Carrying Amount</u>
Cash on Hand and in Banks	\$ 1,835,185	\$ -	\$ 1,835,185
Kern County Investment Pool	31,818,358	121,371	31,939,729
Cash with Fiscal Agent	1,882,585	-	1,882,585
Total	<u>\$ 35,536,128</u>	<u>\$ 121,371</u>	<u>\$ 35,657,499</u>

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>		
	<u>12 months or less</u>	<u>13 to 36 months</u>	<u>37 to 60 months</u>
Cash on Hand and in Banks	\$ 1,835,185	\$ -	\$ -
Kern County Investment Pool	18,691,129	9,010,198	4,238,402
Cash with Fiscal Agent	1,882,585	-	-
Total	<u>\$ 22,408,899</u>	<u>\$ 9,010,198</u>	<u>\$ 4,238,402</u>

* Due to the immaterial nature of the fair value adjustment, the Kern County Investment Pool balances are reflected at carrying amount in the financial statements.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by, where applicable, the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit rating as of June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings AAA</u>
Cash on Hand and in Banks	\$ 1,835,185	N/A	\$ 1,835,185	-
Kern County Investment Pool	31,939,729	N/A	31,939,729	-
Cash with Fiscal Agent	1,882,585	N/A	1,882,585	-
Total	<u>\$ 35,657,499</u>		<u>\$ 35,657,499</u>	

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<u>Fund</u>	<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	Certificated Salaries	\$ 19,531
	Classified Salaries	\$ 31,650
	Capital Outlay	\$ 175,306
	Transfers Out	\$ 1,492,663
	Other Uses	\$ 16,922
Cafeteria Fund:	Classified Salaries	\$ 14,801
	Direct Support/Indirect Costs	\$ 14,452
Child Development Fund:	Capital Outlay	\$ 48,836
Bond Interest and Redemption:	Principal	\$ 667,752
	Interest and Fiscal Charges	\$ 695,034
Blended Component Unit:	Principal	\$ 2,255,000
	Interest and Fiscal Charges	\$ 1,213,258
Blended Component Unit:	Transfers Out	\$ 2,921,194
Capital Facilities Fund:	Services and Other Operating Expenditures	\$ 137,809
Capital Outlay Projects:	Books and Supplies	\$ 147
	Services and Other Operating Expenditures	\$ 622,011
	Capital Outlay	\$ 2,883,981
	Principal	\$ 291,941
	Interest and Fiscal Charges	\$ 80,902
	Transfers Out	\$ 1,903,500
County Schools Facilities Fund:	Capital Outlay	\$ 54,011

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2015, consist of the following:

	<u>Governmental Funds</u>				
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Blended Component Unit</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Federal Government:					
Federal Financial Assistance Programs	\$ 704,228	\$ 725,704	\$ -	\$ 2,705	\$ 1,432,637
Total Federal	704,228	725,704	-	2,705	1,432,637
State Government:					
State Financial Assistance Programs	1,123,962	-	-	72,872	1,196,834
State Apportionment Revenue Limit	-	-	-	-	-
Total State	1,123,962	-	-	72,872	1,196,834
Local Receivables:					
Local Sources	89,640	-	-	66,554	156,194
Interest Receivable	14,426	-	3,031	7,109	24,566
Total Local	104,066	-	3,031	73,663	180,760
Total Accounts Receivable	\$ 1,932,256	\$ 725,704	\$ 3,031	\$ 149,240	\$ 2,810,231

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – INTERFUND TRANSACTIONS

Interfund activity is reported as loans, services provided, reimbursements, or transfers. 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/expenses. Reimbursements are 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 among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due From / Due To Other Funds: – Individual fund interfund receivable and payable balances at June 30, 2015, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,071,158	\$ 2,338,793
Building Fund	-	465,724
Capital Facilities Fund	-	50,000
Capital Outlay Projects	1,372,660	-
Cafeteria Fund	617	53,422
Child Development Fund	2	972
Blended Component Unit	-	535,526
Total	<u>\$ 3,444,437</u>	<u>\$ 3,444,437</u>

Interfund Transfers – Consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2014/2015 fiscal year:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 362,994	\$ 2,856,231
Cafeteria Fund	617	-
Capital Outlay Projects	4,758,902	1,903,500
Blended Component Unit	2,558,412	-
Blended Component Unit	-	2,921,194
Total	<u>\$ 7,680,925</u>	<u>\$ 7,680,925</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2015, are shown below:

	Balance July 01, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Non-depreciable Capital Assets					
Land	\$ 174,529	\$ -	\$ -	\$ -	\$ 174,529
Work in Progress	25,934,346	-	-	(4,537,515)	21,396,831
Total Non-depreciable Capital Assets	26,108,875	-	-	(4,537,515)	21,571,360
Depreciable Capital Assets					
Buildings and Improvements	72,300,983	3,519,932	-	4,537,515	80,358,430
Machinery and Equipment	6,158,956	282,701	(15,000)	-	6,426,657
Total Depreciable Capital Assets	78,459,939	3,802,633	(15,000)	4,537,515	86,785,087
Less: Accumulated Depreciation:					
Buildings and Improvements	(20,638,531)	(2,311,361)	-	-	(22,949,892)
Machinery and Equipment	(4,122,473)	(382,547)	15,000	-	(4,490,020)
Total Accumulated Depreciation	(24,761,004)	(2,693,908)	15,000	-	(27,439,912)
Net Depreciable Capital Assets	53,698,935	1,108,725	-	-	59,345,175
Total Capital Assets, Net	\$ 79,807,810	\$ 1,108,725	\$ -	\$ -	\$ 80,916,535

Depreciation expense was charged to governmental activities as follows for the year ended June 30, 2015:

Instruction	\$ 1,897,175
Transportation	796,733
Total Depreciation Expenses	<u>\$ 2,693,908</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

State of California Career Tech Education

In February 2010, the Sierra Sands Unified School District entered into an agreement with the State of California Department of General Services for the construction of the Career Tech Education Building. The contract is for a ten year period payable annually with an interest rate of 4.161%. Future obligations payable under the contract are as follows:

State of California Career Tech

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 304,089	\$ 68,754	\$ 372,843
2017	316,742	56,101	372,843
2018	329,922	42,921	372,843
2019	343,650	29,193	372,843
2020	357,949	14,894	372,843
Totals	<u>\$ 1,652,352</u>	<u>\$ 211,863</u>	<u>\$ 1,864,215</u>

State of California CDE

In June 2011, the Sierra Sands Unified School District entered into an agreement with the State of California Department of Education for replacement and/or expansion of facilities. The contract is for a ten year period payable annually with no interest. Future obligations payable under the contract are as follows:

State of California CDE

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,000	\$ -	\$ 21,000
2017	21,000	-	21,000
2018	21,000	-	21,000
2019	21,000	-	21,000
2020	21,000	-	21,000
Totals	<u>\$ 105,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>

The combined agreements with the State of California are as follows:

Total State of California

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 325,089	\$ 68,754	\$ 393,843
2017	337,742	56,101	393,843
2018	350,922	42,921	393,843
2019	364,650	29,193	393,843
2020	378,949	14,894	393,843
Totals	<u>\$ 1,757,352</u>	<u>\$ 211,863</u>	<u>\$ 1,969,215</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Certificates of Participation 2010 Series A

In July of 2010, the Sierra Sands Unified School District entered into an agreement with the Inyo-Kern Schools Financing Authority and U.S. Bank National Association, to finance the modernization, equipping, furnishing and/or improving of certain capital facilities of the District in relation to the 2010 Series A (Direct Subsidy Qualified School Construction Bonds) Certificates of Participation. The agreement is for a ten year period payable annually (commencing June 2017) with an interest rate of 6.75%, effectively immediately. Future obligations payable under the contract are as follows:

Certificates of Participation 2010 Series A

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 955,125	\$ 955,125
2017	1,100,000	955,125	2,055,125
2018	1,100,000	880,875	1,980,875
2019	1,100,000	806,625	1,906,625
2020	1,100,000	732,375	1,832,375
2021-2025	5,500,000	2,548,125	8,048,125
2026-2028	4,250,000	286,875	4,536,875
Totals	<u>\$ 14,150,000</u>	<u>\$ 7,165,125</u>	<u>\$ 21,315,125</u>

General Obligation Bonds – Election 2006

On August 25, 2006, the District sold \$19,467,868 of general obligation bonds with interest rates ranging from 3.75% to 4.92% for the purpose of financing new construction and additions to and modernization of school facilities for the District. At June 30, 2015, the principal balance of the General Obligation Bonds – Election 2006 was \$16,432,868. The principal and interest repayment of the general obligation bonds are as follows:

General Obligation Bonds Election 2006

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 720,000	\$ 528,761	\$ 1,248,761
2017	800,000	494,361	1,294,361
2018	895,000	456,461	1,351,461
2019	985,000	418,861	1,403,861
2020	1,080,000	377,021	1,457,021
2021-2025	7,200,000	963,939	8,163,939
2026-2030	3,686,330	6,468,672	10,155,002
2031-2035	1,066,538	2,398,461	3,464,999
Totals	<u>\$ 16,432,868</u>	<u>\$ 12,106,537</u>	<u>\$ 28,539,405</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

General Obligation Bonds – Series 2008

On December 10, 2008, the District sold \$5,401,532 of "Series 2008" general obligation bonds with interest rates ranging from 3.86% to 6.76% for the purpose of upgrading, renovating and modernizing classrooms and facilities for the District. At June 30, 2015, the principal balance of the General Obligation Bonds – Series 2008 was \$5,344,382. The principal and interest repayment of the general obligation bonds are as follows:

General Obligation Bonds 2008 Series

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 33,681	\$ 149,944	\$ 183,625
2017	41,967	171,659	213,626
2018	46,242	192,383	238,625
2019	52,236	221,389	273,625
2020	57,759	255,866	313,625
2021-2025	589,071	1,658,501	2,247,572
2026-2030	2,360,606	1,210,080	3,570,686
2031-2035	2,162,820	8,367,521	10,530,341
Totals	<u>\$ 5,344,382</u>	<u>\$ 12,227,343</u>	<u>\$ 17,571,725</u>

The combined future principal and interest repayment of the general obligation bonds are as follows:

Total General Obligation Bonds

2016	\$ 753,681	\$ 678,705	\$ 1,432,386
2017	841,967	666,020	1,507,987
2018	941,242	648,844	1,590,086
2019	1,037,236	640,250	1,677,486
2020	1,137,759	632,887	1,770,646
2021-2025	7,789,071	2,622,440	10,411,511
2026-2030	6,046,936	7,678,752	13,725,688
2031-2035	3,229,358	10,765,982	13,995,340
Totals	<u>\$ 21,777,250</u>	<u>\$ 24,333,880</u>	<u>\$ 46,111,130</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

The following summarizes the General Obligation Bond activity during the year:

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
General Obligation Bonds Election 2006	\$ 17,072,868	\$ -	\$ (640,000)	\$ 16,432,868
General Obligation Bonds Series 2008	5,372,134	-	(27,752)	5,344,382
Total Long-Term Obligations	<u>\$ 22,445,002</u>	<u>\$ -</u>	<u>\$ (667,752)</u>	<u>\$ 21,777,250</u>

Lease Revenue Bonds Inyo-Kern Schools Financing Authority

On March 1, 2007, the Inyo-Kern Schools financing Authority ("Authority") component unit of the Sierra Sands Unified School District sold \$4,500,000 of Lease Revenue Bonds. These bonds were issued to reimburse the acquisition and construction of school facilities and improvements to be owned and operated by Sierra Sands Unified School District.

The outstanding Lease Revenue Bonds of Inyo-Kern Schools Financing Authority at June 30, 2015, is:

Date of Issue	Interest Rate	Maturity Date	Outstanding July 1, 2014	Redeemed in Current Year	Outstanding June 30, 2015
03/01/07	4.00 to 4.2%	05/01/32	\$ 3,675,000	\$ 140,000	\$ 3,535,000

The annual requirements to amortize these Lease Revenue Bonds payable outstanding at June 30, 2015, are as follows:

Lease Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2016	\$ 150,000	\$ 146,783	\$ 296,783
2017	155,000	140,783	295,783
2018	160,000	134,583	294,583
2019	165,000	128,183	293,183
2020	175,000	121,583	296,583
2021-2025	975,000	496,922	1,471,922
2026-2030	1,200,000	274,845	1,474,845
2031-2035	555,000	35,700	590,700
Totals	<u>\$ 3,535,000</u>	<u>\$ 1,479,382</u>	<u>\$ 5,014,382</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – LONG-TERM DEBT SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2015, is shown below:

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Debt Obligations:					
State of California Contract	\$ 2,070,293	\$ -	\$ (312,941)	\$ 1,757,352	\$ 325,089
General Obligation Bonds	22,445,002	-	(667,752)	21,777,250	753,681
Lease Revenue Bonds	3,675,000	-	(140,000)	3,535,000	150,000
Certificates of Participation	16,265,000	-	(2,115,000)	14,150,000	-
Total Debt Obligations	44,455,295	-	(3,235,693)	41,219,602	1,228,770
Employment Benefit Obligations:					
Compensated Absences	89,855	5,183	-	95,038	-
Retiree Health Benefits	5,718,336	2,451,907	(1,329,920)	6,840,323	1,329,920
Net Pension Liability	37,275,000	-	(7,547,000)	29,728,000	-
Total Employment Benefit Obligations	43,083,191	2,457,090	(8,876,920)	36,663,361	1,329,920
Total Long-Term Obligations	\$ 87,538,486	\$ 2,457,090	\$ (12,112,613)	\$ 77,882,963	\$ 2,558,690

NOTE 9 – LEASES

A. Capital Lease Obligations

The District has not entered into any capital leases where title passes to the District upon the expiration of the lease period.

B. Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. Rent expense for the fiscal year ended June 30, 2015 was \$58,418. None of these agreements contain purchase options. All of these agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Amount
2016	\$ 53,327
2017	50,923
2018	14,646
2019	7,653
Totals	\$ 126,549

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

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 and 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 will also affect the District's government-wide net position.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Net position as of July 1, 2014, has been restated for: (1) the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and (2) the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the prior fiscal year. As a result, deferring and amortizing bond issuance costs are no longer allowed. The effect on the prior fiscal year is as follows:

	Governmental Activities
Prior Period Adjustment	
Beginning net position as previously reported at June 30, 2014	\$ 66,258,824
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	37,275,000
Deferred outflows - Sierra Sands Unified School District	(2,158,953)
District's contributions made during fiscal year 2014	(355,544)
Restatement of deferred cost of issuance for implementation of GASB Statement No. 65	34,760,503
Total prior period adjustment	<u>34,760,503</u>
Net position as restated, July 1, 2014	<u><u>\$ 31,498,321</u></u>

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

1. GENERAL INFORMATION ABOUT THE PENSION PLANS

A. Plan Description

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 Jan. 1, 2013	On or After Jan. 1, 2013	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date				
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

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Benefits Provided (Continued)

	CalSTRS		CalPERS	
Monthly benefits, as a % of eligible contributions	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 amount 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	\$ 3,354,055	\$ 597,878
Contributions – State On Behalf Payments	(1,362,980)	-
Total Pension Expense	\$ 1,991,075	\$ 597,878

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 \$	22,981,000
CalPERS	6,747,000
Total Net Pension Liability \$	<u>29,728,000</u>

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.

For the year ended June 30, 2015, the District recognized pension expense of \$2,558,953. 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	\$ 1,470,992	\$ -
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	-	<u>7,977,000</u>
Total	<u>\$ 1,470,992</u>	<u>\$ 7,977,000</u>

\$1,470,922 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 expenses as follows:

Year Ended June 30	
2016	\$ 1,994,250
2017	1,994,250
2018	1,994,250
2019	1,994,250
2020	-
Thereafter	-
Total	<u>\$ 7,977,000</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO PENSIONS (Continued)

A. Actuarial Assumptions

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

	<u>CalSTRS</u>		<u>CalPERS</u>
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%
Investment Rate of Return	7.6%	(2)	7.5%
Mortality	.013% - 0.435%	(3)	0.00125% - 0.45905%

(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 7.6% for CalSTRS and 7.5% 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 expenses. The investment return assumption used in the accounting valuations is net of administrative expense. 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.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

B. Discount Rate (Continued)

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

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Real Return (Years 1-10) (1)</u>	<u>Real Return (Years 11+) (2)</u>
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 table 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:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.60%	6.50%
Net Pension Liability	\$35,821,000	\$11,836,000
Current Discount Rate	7.60%	7.50%
Net Pension Liability	\$22,981,000	\$6,747,000
1% Increase	8.60%	8.50%
Net Pension Liability	\$12,274,000	\$2,495,000

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.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Joint Powers Agreements

The District is a member of the Self-Insured Schools of Kern. Although these insurance programs have been reviewed for adequate protection, it is understood that a contingent liability could exist whenever a district is self-insured. The District also participates in joint powers agreements for legal services and education services for special education students that are coordinated by the Kern County Superintendent of Schools. Each joint

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Joint Powers Agreements (Continued)

powers agreement is governed by a board of representatives of the member districts independently accountable for its operations and fiscal matters. The relationship between the District and the JPA's is such that they are not considered component units of the District for financial reporting purposes.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

In addition to the pension benefits described in Note 11, the District provides post retirement benefits including medical, prescription drug, behavior health, dental and vision benefits. These coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC).

Eligibility for District-paid Benefits

All District employees and Board Members may retire with the District-paid benefits after attaining age 55 with at least 10 years of service. Part-time Classified employees are required to have completed at least 17,440 hours of service (as defined by PERS) in order to complete their 10 year service requirement. District employees with at least 30 years of service may retire with District-paid benefits at any age. District-paid benefits end at age 65.

B. Funding Policy

An actuary will determine the District's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

Governmental Accounting Standards do not require pre-funding of OPEB benefits. The District's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The District has elected not to establish an irrevocable trust at this time.

C. Annual OPEB Cost and Net OPEB Obligation/(Asset)

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 changes in the District's New OPEB Obligation/(Assets):

Item	FYE 06/30/15
Annual Required Contributions	\$ 2,451,907
Contributions Made	(1,329,920)
Increase (Decrease) in New OPEB Obligation/(Asset)	1,121,987
Net OPEB Obligation/(Asset) - Beginning of Year	5,718,336
New OPEB Obligation/(Asset) - End of Year	<u>\$ 6,840,323</u>

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal year ended June 30, 2015, and the preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2015	\$ 2,451,907	\$ 1,329,920	54.24%	\$ 6,840,323
6/30/2014	\$ 2,581,721	\$ 1,330,242	51.53%	\$ 5,718,336
6/30/2013	\$ 2,581,721	\$ 1,249,493	48.40%	\$ 4,466,857

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

D. Actuarial Methods of Assumptions

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

The plan's most recent actuarial valuation was performed as of July 1, 2014. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), an annual medical cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 4 years, and an annual dental/vision trend rate of 4 percent per year for all future years. These assumptions reflect an implicit 3.0 percent general inflation assumption. This District's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years.

NOTE 14 – JOINT VENTURES (JOINT POWERS AGREEMENT)

The Sierra Sands Unified School District participates in three joint ventures under joint powers agreements (JPAs): Self Insured Schools of California I (SISC I), Self Insured Schools of California II (SISC II), and Self Insured Schools of California III (SISC III). The relationship between the Sierra Sands Unified School District and the JPA's is such that none of the JPA's is a component unit of Sierra Sands Unified School District for financial reporting purposes.

Plan Description

Effective October 1, 1994, the Sierra Sands Unified School District adopted the SISC Defined Benefit Plan as an alternative to Social Security. The District pays the full cost of the plan and the benefits are designated to be paid out at age 65, however, benefits can be received upon termination or retirement. All benefits are 100% vested beginning on date of participation. All employees who are not participating in any other retirement plan are immediately eligible for participation. Employees who are members of, or retired from, the Public Employees' Retirement System (PERS) or the State Teachers' Retirement System (STRS) are generally not eligible for participation.

Funding Policy

The District contributes 3.1% of the eligible member's annual payroll. The contribution is intended to provide an annual normal retirement benefit equal to 1.5% of the eligible member's final average pay for covered service up to 30 years. The two classes of members for the SISC Defined Benefit Plan are classic and new. Classic members (those that started prior to January 1, 2013) do not contribute to the SISC Defined Benefit Plan. New members (those that started on or after January 1, 2013) are required to pay a portion of the contribution (1.5% of the 3.1%).

The Sierra Sands Unified School District's contribution to the SISC Defined Benefit Plan for the fiscal year ended June 30, 2015, was \$15,364.

Self Insured Schools of California I, II, and III:

SISC I, II, and III arranged for and provide worker's compensation (SISC I), property and liability (SISC II), and health (SISC III) insurance coverage for their member districts. Approximately 250 districts in central and southern California participate in one or more of the SISC's. Each SISC is governed by an Executive Committee consisting of nine to thirteen members elected by the individual SISC governing boards. Each participant district provides one member for each governing board. Each board controls the operations of its related SISC, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the boards. Each member district pays premiums commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC I, SISC II, and/or SISC III.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – JOINT VENTURES (JOINT POWERS AGREEMENT) (Continued)

Condensed Financial Information

Condensed financial information for SISC I, SISC II for the year ended June 30, 2014, (latest information available) and SISC III for the year ended September 30, 2014, (latest information available) is as follows:

	SISC I	SISC II	SISC III
Total Assets	\$ 79,547,982	\$ 50,023,438	\$ 304,614,232
Total Liabilities	(60,576,535)	(27,364,193)	(159,022,820)
Retained Earnings / (Deficit)	\$ 18,971,447	\$ 22,659,245	\$ 145,591,412
Total Revenues	\$ 17,138,771	\$ 17,220,101	\$ 1,519,341,871
Total Expenditures	(21,723,408)	(15,762,248)	(1,541,013,235)
Net Increase (Decrease) in			
Fund Balance	\$ (4,584,637)	\$ 1,457,853	\$ (21,671,364)

NOTE 15 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions.

Violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. 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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 16 – MINIMUM FUND BALANCE POLICY

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. This District's Minimum Fund Balance Policy require a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than five percent (5%) of General Fund expenditure and other financing uses.

REQUIRED SUPPLEMENTARY INFORMATION

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
LCFF Sources:				
State Apportionments	\$ 24,288,431	\$ 25,175,671	\$ 22,346,398	\$ (2,829,273)
Education Protection Account Funds	4,603,847	5,610,229	6,750,933	1,140,704
Local Sources	5,109,552	3,342,398	5,072,986	1,730,588
Federal Revenue	5,164,522	5,606,425	4,997,375	(609,050)
Other State Revenue	5,080,501	5,201,205	5,275,359	74,154
Other Local Revenue	427,535	1,970,205	2,986,183	1,015,978
Total Revenues	<u>44,674,388</u>	<u>46,906,133</u>	<u>47,429,234</u>	<u>523,101</u>
Expenditures:				
Certificated Salaries	19,082,458	19,373,748	19,393,279	19,531
Classified Salaries	6,558,276	6,900,288	6,931,938	31,650
Employee Benefits	12,334,042	12,086,580	12,040,039	(46,541)
Books and Supplies	2,050,397	2,494,599	2,334,562	(160,037)
Services and Other Operating Expenditures	4,716,880	4,927,219	4,744,028	(183,191)
Other Outgoing	673,777	671,599	-	(671,599)
Direct Support/Indirect Costs	(97,941)	(97,941)	(110,145)	(12,204)
Capital Outlay	558,753	640,499	815,805	175,306
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>45,876,642</u>	<u>46,996,591</u>	<u>46,149,506</u>	<u>(847,085)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,202,254)</u>	<u>(90,458)</u>	<u>1,279,728</u>	<u>1,370,186</u>
Other Financing Sources (Uses):				
Transfers In	373,605	282,494	362,994	80,500
Transfers Out	(571,234)	(1,363,568)	(2,856,231)	(1,492,663)
Other Uses	-	-	(16,922)	(16,922)
Total Other Financing Sources (Uses)	<u>(197,629)</u>	<u>(1,081,074)</u>	<u>(2,510,159)</u>	<u>(1,429,085)</u>
Net Change in Fund Balance	(1,399,883)	(1,171,532)	(1,230,431)	(58,899)
Fund Balance, July 1	15,065,608	15,065,608	15,065,608	-
Fund Balance, June 30	<u>\$ 13,665,725</u>	<u>\$ 13,894,076</u>	<u>\$ 13,835,177</u>	<u>\$ (58,899)</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ -	\$ 20,811,951	\$ 20,811,951	0.00%	\$ 25,420,565	81.87%
7/1/2012	\$ -	\$ 20,476,546	\$ 20,476,546	0.00%	\$ 24,957,781	82.04%
7/1/2010	\$ -	\$ 18,683,803	\$ 18,683,803	0.00%	\$ 24,495,435	76.27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the District 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, as presented shows where the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS PENSION PLAN
LAST TEN FISCAL YEARS⁽¹⁾

	June 30, 2015		June 30, 2014	
District's proportion of the net pension liability		0.039%		0.039%
District's proportionate share of the net pension liability	\$	22,981,000	\$	28,094,000
District's covered-employee payroll	\$	18,698,688	\$	18,408,539
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		123%		153%
CalSTRS fiduciary net position as a percentage of the total pension liability		77%		67%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2006 through 2013 is not available in a comparable format.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALSTRS PENSION PLAN
LAST TEN FISCAL YEARS⁽¹⁾

	June 30, 2015	June 30, 2014
Contractually required contributions	\$ 1,445,075	\$ 1,482,127
Contributions in relation to the contractually required contributions	(1,445,075)	(1,482,127)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,698,688	\$ 18,408,539
Contributions as a percentage of covered-employee payroll	8%	8%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2006 through 2013 is not available in a comparable format.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN
LAST TEN FISCAL YEARS⁽¹⁾

		June 30, 2015		June 30, 2014
District's proportion of the net pension liability		0.000594%		0.000594%
District's proportionate share of the net pension liability	\$	6,747,000	\$	9,181,000
District's covered-employee payroll	\$	6,721,877	\$	6,549,242
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		100%		140%
CalSTRS fiduciary net position as a percentage of the total pension liability		83%		76%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2006 through 2013 is not available in a comparable format.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN
LAST TEN FISCAL YEARS⁽¹⁾

	June 30, 2015	June 30, 2014
Contractually required contributions	\$ 713,878	\$ 1,145,420
Contributions in relation to the contractually required contributions	(713,878)	(1,145,420)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,721,877	\$ 6,549,242
Contributions as a percentage of covered-employee payroll	11%	17%

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2006 through 2013 is not available in a comparable format.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CALSTRS AND CALPERS PENSION PLANS
JUNE 30, 2015

Actuarially Determined Contribution Rates

Actuarial determined contribution rates for the CalSTRS and CalPERS pension plans are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
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	3.00%	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

CalSTRS Factors that Affect Trends

CalSTRS, through its consulting actuary, performs an experience study at least every four years to determine appropriate demographic and economic assumptions. The most recent experience study for 2006-2010 was completed as of June 30, 2010. The most recent actuarial valuation was completed as of June 30, 2013, and adopted by the Teachers' Retirement Board April 3, 2014. Further details of the Experience Study can be found at CalSTRS' website at <http://www.calstrs.com/actuarial-financial-and-investor-information>.

CalPERS Factors that Affect Trends

For CalPERS, 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 at <https://www.calpers.ca.gov/page/employers/actuarial-services>.

COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS

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

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2015

	General Fund	Other than Capital Outlay	Postemployment Benefits	Deferred Maintenance	Adult Education Fund	Total General Fund
ASSETS:						
Cash in County Treasury	\$ 8,756,408	\$ 4,387,484	\$ 2,455,252	\$ 1,046,162	\$ 276,882	\$ 16,922,188
Cash on Hand and in Banks	67,810	-	-	-	-	67,810
Cash in Revolving Fund	40,000	-	-	-	-	40,000
Accounts Receivable	1,926,816	-	3,588	1,424	428	1,932,256
Due from Other Funds	105,434	1,500,000	-	465,724	-	2,071,158
Prepays	9,518	-	-	-	-	9,518
Stores Inventories	59,689	-	-	-	-	59,689
Total Assets	<u>\$ 10,965,675</u>	<u>\$ 5,887,484</u>	<u>\$ 2,458,840</u>	<u>\$ 1,513,310</u>	<u>\$ 277,310</u>	<u>\$ 21,102,619</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable	\$ 4,780,601	\$ -	\$ -	\$ -	\$ 2,033	\$ 4,782,634
Due to Other Funds	2,337,751	-	-	-	1,042	2,338,793
Total Liabilities	<u>7,118,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,075</u>	<u>7,121,427</u>
Deferred Inflows of Resources:						
Unearned Revenue	146,015	-	-	-	-	146,015
Total Deferred Inflows	<u>146,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,015</u>
Fund Balance:						
Nonspendable Fund Balances:						
Revolving Cash	40,000	-	-	-	-	40,000
Stores Inventories	59,689	-	-	-	-	59,689
Prepays	9,518	-	-	-	-	9,518
Restricted	975,448	-	-	-	-	975,448
Committed	163,507	5,887,484	2,458,840	1,513,310	274,235	10,317,376
Unassigned:						
Reserve for Economic Uncertainty	2,433,146	-	-	-	-	2,433,146
Other Unassigned	-	-	-	-	-	-
Total Fund Balance	<u>3,701,308</u>	<u>5,887,484</u>	<u>2,458,840</u>	<u>1,513,310</u>	<u>274,235</u>	<u>13,835,177</u>
Total Liabilities and Fund Balances	<u>\$ 10,965,675</u>	<u>\$ 5,887,484</u>	<u>\$ 2,458,840</u>	<u>\$ 1,513,310</u>	<u>\$ 277,310</u>	<u>\$ 21,102,619</u>

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Other than Capital Outlay	Postemployment Benefits	Deferred Maintenance	Adult Education Fund	Total General Fund
Revenues:						
LCFF Sources:						
State Apportionments	\$ 22,346,398	\$ -	\$ -	\$ -	\$ -	\$ 22,346,398
Education Protection Account Funds	6,750,933	-	-	-	-	6,750,933
Local Sources	4,607,262	-	-	465,724	-	5,072,986
Federal Revenue	4,997,375	-	-	-	-	4,997,375
Other State Revenue	5,275,359	-	-	-	-	5,275,359
Other Local Revenue	2,964,287	-	11,956	4,700	5,240	2,986,183
Total Revenues	46,941,614	-	11,956	470,424	5,240	47,429,234
Expenditures:						
Instruction	27,299,064	-	-	-	87,722	27,386,786
Instruction - Related Services	5,078,779	-	-	-	36,381	5,115,160
Pupli Services	4,547,931	-	-	-	-	4,547,931
Ancillary Services	256,440	-	-	-	-	256,440
Community Services	6,057	-	-	-	-	6,057
Enterprise	22,114	-	-	-	-	22,114
General Administration	2,488,559	-	-	-	-	2,488,559
Plant Services	6,309,485	-	-	1,340	15,634	6,326,459
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	46,008,429	-	-	1,340	139,737	46,149,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	933,185	-	11,956	469,084	(134,497)	1,279,728
Other Financing Sources (Uses):						
Transfers In	299,165	63,829	-	-	-	362,994
Transfers Out	(2,637,566)	-	(218,665)	-	-	(2,856,231)
Other Uses	(16,922)	-	-	-	-	(16,922)
Total Other Financing Sources (Uses)	(2,355,323)	63,829	(218,665)	-	-	(2,510,159)
Net Change in Fund Balance	(1,422,138)	63,829	(206,709)	469,084	(134,497)	(1,230,431)
Fund Balance, July 1	5,123,446	5,823,655	2,665,549	1,044,226	406,732	15,065,608
Fund Balance, June 30	\$ 3,701,308	\$ 5,887,484	\$ 2,458,840	\$ 1,513,310	\$ 274,235	\$ 13,835,177

SIERRA SANDS UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash in County Treasury	\$ 609,957	\$ 1,158,097	\$ 5,089,480	\$ 6,857,534
Cash on Hand and in Banks	15,000	1,712,375	-	1,727,375
Accounts Receivable	77,430	-	71,810	149,240
Due from Other Funds	619	-	-	619
Stores Inventories	21,262	-	-	21,262
Total Assets	<u>\$ 724,268</u>	<u>\$ 2,870,472</u>	<u>\$ 5,161,290</u>	<u>\$ 8,756,030</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 89,919	\$ -	\$ 2,086	\$ 92,005
Due to Other Funds	54,394	-	515,724	570,118
Total Liabilities	<u>144,313</u>	<u>-</u>	<u>517,810</u>	<u>662,123</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	21,262	-	-	21,262
Restricted Fund Balance	397,411	-	4,329,007	4,726,418
Committed Fund Balance	161,282	2,870,472	314,473	3,346,227
Total Fund Balance	<u>579,955</u>	<u>2,870,472</u>	<u>4,643,480</u>	<u>8,093,907</u>
Total Liabilities and Fund Balances	<u>\$ 724,268</u>	<u>\$ 2,870,472</u>	<u>\$ 5,161,290</u>	<u>\$ 8,756,030</u>

See independent auditors' report.

SIERRA SANDS UNIFIED 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 Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Federal Revenue	\$ 1,301,224	\$ -	\$ -	\$ 1,301,224
Other State Revenue	526,218	27,480	-	553,698
Other Local Revenue	519,145	1,412,423	141,081	2,072,649
Total Revenues	<u>2,346,587</u>	<u>1,439,903</u>	<u>141,081</u>	<u>3,927,571</u>
Expenditures:				
Instruction	329,071	-	-	329,071
Instruction - Related Services	40,143	-	-	40,143
Pupil Services	1,948,246	-	-	1,948,246
General Administration	110,145	-	5,205	115,350
Plant Services	53,405	-	186,615	240,020
Debt Service:				
Principal	21,000	2,922,752	-	2,943,752
Interest	-	1,908,292	-	1,908,292
Total Expenditures	<u>2,502,010</u>	<u>4,831,044</u>	<u>191,820</u>	<u>7,524,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(155,423)</u>	<u>(3,391,141)</u>	<u>(50,739)</u>	<u>(3,597,303)</u>
Other Financing Sources (Uses):				
Transfers In	617	2,558,412	-	2,559,029
Other Sources	-	697,827	-	697,827
Total Other Financing Sources (Uses)	<u>617</u>	<u>3,256,239</u>	<u>-</u>	<u>3,256,856</u>
Net Change in Fund Balance	(154,806)	(134,902)	(50,739)	(340,447)
Fund Balance, July 1	734,761	3,005,374	4,694,219	8,434,354
Fund Balance, June 30	<u>\$ 579,955</u>	<u>\$ 2,870,472</u>	<u>\$ 4,643,480</u>	<u>\$ 8,093,907</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Cafeteria Fund	Child Development Fund	Total Nonmajor Special Revenue Funds
ASSETS:			
Cash in County Treasury	\$ 410,370	\$ 199,587	\$ 609,957
Cash on Hand and in Banks	15,000	-	15,000
Accounts Receivable	4,496	72,934	77,430
Due from Other Funds	617	2	619
Stores Inventories	21,262	-	21,262
Total Assets	<u>\$ 451,745</u>	<u>\$ 272,523</u>	<u>\$ 724,268</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 6,256	\$ 83,663	\$ 89,919
Due to Other Funds	53,422	972	54,394
Total Liabilities	<u>59,678</u>	<u>84,635</u>	<u>144,313</u>
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	21,262	-	21,262
Restricted Fund Balance	370,805	26,606	397,411
Committed Fund Balance	-	161,282	161,282
Total Fund Balance	<u>392,067</u>	<u>187,888</u>	<u>579,955</u>
Total Liabilities and Fund Balances	<u>\$ 451,745</u>	<u>\$ 272,523</u>	<u>\$ 724,268</u>

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

	Cafeteria Fund	Child Development Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Federal Revenue	\$ 1,272,358	\$ 28,866	\$ 1,301,224
Other State Revenue	106,461	419,757	526,218
Other Local Revenue	492,201	26,944	519,145
Total Revenues	<u>1,871,020</u>	<u>475,567</u>	<u>2,346,587</u>
Expenditures:			
Instruction	-	329,071	329,071
Instruction - Related Services	-	40,143	40,143
Pupil Services	1,948,246	-	1,948,246
General Administration	104,452	5,693	110,145
Plant Services	569	52,836	53,405
Debt Service:			
Principal	-	21,000	21,000
Total Expenditures	<u>2,053,267</u>	<u>448,743</u>	<u>2,502,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(182,247)</u>	<u>26,824</u>	<u>(155,423)</u>
Other Financing Sources (Uses):			
Transfers In	617	-	617
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>617</u>	<u>-</u>	<u>617</u>
Net Change in Fund Balance	(181,630)	26,824	(154,806)
Fund Balance, July 1	<u>573,697</u>	<u>161,064</u>	<u>734,761</u>
Fund Balance, June 30	<u>\$ 392,067</u>	<u>\$ 187,888</u>	<u>\$ 579,955</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
CAFETERIA FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal Revenue	\$ 1,449,350	\$ 1,272,358	\$ (176,992)
Other State Revenue	108,425	106,461	(1,964)
Other Local Revenue	510,400	492,201	(18,199)
Total Revenues	<u>2,068,175</u>	<u>1,871,020</u>	<u>(197,155)</u>
Expenditures:			
Classified Salaries	631,796	646,597	14,801
Employee Benefits	387,373	368,289	(19,084)
Books and Supplies	963,100	917,429	(45,671)
Services and Other Operating Expenditures	22,195	16,500	(5,695)
Direct Support/Indirect Costs	90,000	104,452	14,452
Capital Outlay	10,000	-	(10,000)
Total Expenditures	<u>2,104,464</u>	<u>2,053,267</u>	<u>(51,197)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,289)</u>	<u>(182,247)</u>	<u>(145,958)</u>
Other Financing Sources (Uses):			
Transfers In	-	617	617
Total Other Financing Sources (Uses)	<u>-</u>	<u>617</u>	<u>617</u>
Net Change in Fund Balance	(36,289)	(181,630)	(145,341)
Fund Balance, July 1	573,697	573,697	-
Fund Balance, June 30	<u>\$ 537,408</u>	<u>\$ 392,067</u>	<u>\$ (145,341)</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
CHILD DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal Revenue	\$ 28,322	\$ 28,866	\$ 544
Other State Revenue	411,798	419,757	7,959
Other Local Revenue	12,000	26,944	14,944
Total Revenues	<u>452,120</u>	<u>475,567</u>	<u>23,447</u>
Expenditures:			
Certificated Salaries	5,924	5,924	-
Classified Salaries	-	-	-
Employee Benefits	1,523	1,454	(69)
Books and Supplies	42,817	24,036	(18,781)
Services and Other Operating Expenditures	372,915	341,800	(31,115)
Capital Outlay	-	48,836	48,836
Direct Support/Indirect Costs	7,941	5,693	(2,248)
Debt Service:			
Principal	21,000	21,000	-
Total Expenditures	<u>452,120</u>	<u>448,743</u>	<u>(3,377)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>26,824</u>	<u>26,824</u>
Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	26,824	26,824
Fund Balance, July 1	161,064	161,064	-
Fund Balance, June 30	<u>\$ 161,064</u>	<u>\$ 187,888</u>	<u>\$ 26,824</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2015

	Bond Interest and Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds
ASSETS:			
Cash in County Treasury	\$ 1,158,097	\$ -	\$ 1,158,097
Cash on Hand and in Banks	-	1,712,375	1,712,375
Total Assets	<u>\$ 1,158,097</u>	<u>\$ 1,712,375</u>	<u>\$ 2,870,472</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	-	-	-
Fund Balance:			
Committed Fund Balance	1,158,097	1,712,375	2,870,472
Total Fund Balance	<u>1,158,097</u>	<u>1,712,375</u>	<u>2,870,472</u>
Total Liabilities and Fund Balances	<u>\$ 1,158,097</u>	<u>\$ 1,712,375</u>	<u>\$ 2,870,472</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Bond Interest and Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds
Revenues:			
Federal Revenue	\$ -	\$ -	\$ -
Other State Revenue	27,480	-	27,480
Other Local Revenue	1,411,923	500	1,412,423
Total Revenues	<u>1,439,403</u>	<u>500</u>	<u>1,439,903</u>
Expenditures:			
Debt Service:			
Principal	667,752	2,255,000	2,922,752
Interest	695,034	1,213,258	1,908,292
Total Expenditures	<u>1,362,786</u>	<u>3,468,258</u>	<u>4,831,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,617</u>	<u>(3,467,758)</u>	<u>(3,391,141)</u>
Other Financing Sources (Uses):			
Transfers In	-	2,558,412	2,558,412
Other Sources	-	697,827	697,827
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,256,239</u>	<u>3,256,239</u>
Net Change in Fund Balance	76,617	(211,519)	(134,902)
Fund Balance, July 1	1,081,480	1,923,894	3,005,374
Fund Balance, June 30	<u>\$ 1,158,097</u>	<u>\$ 1,712,375</u>	<u>\$ 2,870,472</u>

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUNDS
BOND INTEREST AND REDEMPTION
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Other State Revenue	\$ -	\$ 27,480	\$ 27,480
Other Local Revenue	-	1,411,923	1,411,923
Total Revenues	-	1,439,403	1,439,403
Expenditures:			
Debt Service:			
Principal	-	667,752	667,752
Interest	-	695,034	695,034
Total Expenditures	-	1,362,786	1,362,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	76,617	76,617
Other Financing Sources (Uses):	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	76,617	76,617
Fund Balance, July 1	1,081,480	1,081,480	-
Fund Balance, June 30	\$ 1,081,480	\$ 1,158,097	\$ 76,617

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUNDS
BLENDED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal Revenue	\$ -	\$ -	\$ -
Other Local Revenue	-	500	500
Total Revenues	-	500	500
Expenditures:			
Debt Service:			
Principal	-	2,255,000	2,255,000
Interest	-	1,213,258	1,213,258
Total Expenditures	-	3,468,258	3,468,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,467,758)	(3,467,758)
Other Financing Sources (Uses):			
Transfers In	-	2,558,412	2,558,412
Other Sources	-	697,827	697,827
Total Other Financing Sources (Uses)	-	3,256,239	3,256,239
Net Change in Fund Balance	-	(211,519)	(211,519)
Fund Balance, July 1	1,923,894	1,923,894	-
Fund Balance, June 30	\$ 1,923,894	\$ 1,712,375	\$ (211,519)

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT**BUDGETARY COMPARISON SCHEDULE****DEBT SERVICE FUNDS****BLENDED COMPONENT UNIT****FOR THE YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Over (Under)
Revenues:			
Other Local Revenue	\$ -	\$ 18,291	\$ 18,291
Total Revenues	-	18,291	18,291
Expenditures:	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	18,291	18,291
Other Financing Sources (Uses):			
Transfers Out	-	(2,921,194)	(2,921,194)
Total Other Financing Sources (Uses)	-	(2,921,194)	(2,921,194)
Net Change in Fund Balance	-	(2,902,903)	(2,902,903)
Fund Balance, July 1	4,252,993	4,252,993	-
Fund Balance, June 30	\$ 4,252,993	\$ 1,350,090	\$ (2,902,903)

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds
ASSETS:				
Cash in County Treasury	\$ 566,349	\$ 20,120	\$ 4,503,011	\$ 5,089,480
Accounts Receivable	249	65,426	6,135	71,810
Due from Other Funds	-	-	-	-
Total Assets	<u><u>\$ 566,598</u></u>	<u><u>\$ 85,546</u></u>	<u><u>\$ 4,509,146</u></u>	<u><u>\$ 5,161,290</u></u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ -	\$ 1,776	\$ 310	\$ 2,086
Due to Other Funds	465,724	50,000	-	515,724
Total Liabilities	<u><u>465,724</u></u>	<u><u>51,776</u></u>	<u><u>310</u></u>	<u><u>517,810</u></u>
Fund Balance:				
Restricted Fund Balance	-	-	4,329,007	4,329,007
Committed Fund Balance	100,874	33,770	179,829	314,473
Total Fund Balance	<u><u>100,874</u></u>	<u><u>33,770</u></u>	<u><u>4,508,836</u></u>	<u><u>4,643,480</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 566,598</u></u>	<u><u>\$ 85,546</u></u>	<u><u>\$ 4,509,146</u></u>	<u><u>\$ 5,161,290</u></u>

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

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
Other State Revenue	-	-	-	-
Other Local Revenue	564	120,115	20,402	141,081
Total Revenues	564	120,115	20,402	141,081
Expenditures:				
General Administration	-	5,205	-	5,205
Plant Services	-	132,604	54,011	186,615
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	137,809	54,011	191,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	564	(17,694)	(33,609)	(50,739)
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	564	(17,694)	(33,609)	(50,739)
Fund Balance, July 1	100,310	51,464	4,542,445	4,694,219
Fund Balance, June 30	\$ 100,874	\$ 33,770	\$ 4,508,836	\$ 4,643,480

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
	\$	\$	\$
Other Local Revenue	-	564	564
Total Revenues	-	564	564
Expenditures:			
Books and Supplies	-	-	-
Services and Other Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	564	564
Other Financing Sources (Uses):	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	564	564
Fund Balance, July 1	100,310	100,310	-
Fund Balance, June 30	\$ 100,310	\$ 100,874	\$ 564

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS
CAPITAL FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Other Local Revenue	\$ -	\$ 120,115	\$ 120,115
Total Revenues	-	120,115	120,115
Expenditures:			
Services and Other Operating Expenditures	-	137,809	137,809
Total Expenditures	-	137,809	137,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(17,694)	(17,694)
Other Financing Sources (Uses):	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	(17,694)	(17,694)
Fund Balance, July 1	51,464	51,464	-
Fund Balance, June 30	\$ 51,464	\$ 33,770	\$ (17,694)

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS
CAPITAL OUTLAY PROJECTS
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal Revenue	\$ -	\$ 1,802,412	\$ 1,802,412
Other Local Revenue	-	32,696	32,696
Total Revenues	-	1,835,108	1,835,108
Expenditures:			
Books and Supplies	-	147	147
Services and Other Operating Expenditures	-	622,011	622,011
Capital Outlay	-	2,883,981	2,883,981
Debt Service:			
Principal	-	291,941	291,941
Interest	-	80,902	80,902
Total Expenditures	-	3,878,982	3,878,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,043,874)	(2,043,874)
Other Financing Sources (Uses):			
Transfers In	1,081,074	4,758,902	3,677,828
Transfers Out	-	(1,903,500)	(1,903,500)
Total Other Financing Sources (Uses)	1,081,074	2,855,402	1,774,328
Net Change in Fund Balance	1,081,074	811,528	(269,546)
Fund Balance, July 1	9,317,086	9,317,086	-
Fund Balance, June 30	\$ 10,398,160	\$ 10,128,614	\$ (269,546)

See independent auditors' report.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS
COUNTY SCHOOL FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Over (Under)
Revenues:			
Other State Revenue	\$ -	\$ -	\$ -
Other Local Revenue	-	20,402	20,402
Total Revenues	-	20,402	20,402
Expenditures:			
Classified Salaries	-	-	-
Employee Benefits	-	-	-
Services and Other Operating Expenditures	-	-	-
Capital Outlay	-	54,011	54,011
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	54,011	54,011
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(33,609)	(33,609)
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	(33,609)	(33,609)
Fund Balance, July 1	4,542,445	4,542,445	-
Fund Balance, June 30	\$ 4,542,445	\$ 4,508,836	\$ (33,609)

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

SIERRA SANDS UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2015

The Sierra Sands Unified School District was established on July 1, 1974. The District has not made any changes during the year in the school district's boundaries. During the 2014/2015 school year the District operated seven elementary schools, two middle schools, two high schools, and three preschools.

The members of the Board of Trustees of the Sierra Sands Unified School District holding office during the audit period and their respective expiration dates of terms of office were as follows:

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Bill Farris	President	November 2016
Michael Scott	Vice President/Clerk	December 2016
Amy Castillo-Covert	Member	December 2018
Tim Johnson	Member	December 2018
Kurt Rockwell	Member	December 2018

ADMINISTRATION

Ernie Bell
Superintendent

Dave Ostash
Assistant Superintendent, Human Resources

Shirley Kennedy
Assistant Superintendent, Curriculum and Instruction

Christina Giraldo
Assistant Superintendent, Business Services

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	1,503.80	N/A	1,504.20	N/A
Extended Year Special Education	1.57	N/A	1.57	N/A
Nonpublic, Nonsectarian Schools	-	-	-	-
Extended Year - Nonpublic	-	-	-	-
TK/K-3 Totals	<u>1,505.37</u>	<u>-</u>	<u>1,505.77</u>	<u>-</u>
Grades 4-6:				
Regular ADA	1,091.41	N/A	1,094.02	N/A
Extended Year Special Education	1.50	N/A	1.50	N/A
Nonpublic, Nonsectarian Schools	-	-	-	-
Extended Year - Nonpublic	-	-	-	-
Grades 4-6 Totals	<u>1,092.91</u>	<u>-</u>	<u>1,095.52</u>	<u>-</u>
Grades 7 and 8:				
Regular ADA	672.34	N/A	671.31	N/A
Extended Year Special Education	0.88	N/A	0.88	N/A
Nonpublic, Nonsectarian Schools	-	-	-	-
Extended Year - Nonpublic	-	-	-	-
Grades 7 and 8 Totals	<u>673.22</u>	<u>-</u>	<u>672.19</u>	<u>-</u>
Grades 9-12:				
Regular ADA	1,392.24	N/A	1,385.04	N/A
Extended Year Special Education	0.95	N/A	0.95	N/A
Nonpublic, Nonsectarian Schools	-	-	-	-
Extended Year - Nonpublic	-	-	-	-
Grades 9-12 Totals	<u>1,393.19</u>	<u>-</u>	<u>1,385.99</u>	<u>-</u>
ADA Totals	<u>4,664.69</u>	<u>-</u>	<u>4,659.47</u>	<u>-</u>

GENERAL

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

Average daily attendance is based on the Second Period Report for the period ending April 15 and the Annual Report for the period ending June 30.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 2

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	35,000	58,350	180	Complied
Grade 1	50,400	49,000	53,160	180	Complied
Grade 2	50,400	49,000	53,160	180	Complied
Grade 3	50,400	49,000	53,160	180	Complied
Grade 4	54,000	52,500	55,650	180	Complied
Grade 5	54,000	52,500	55,650	180	Complied
Grade 6	54,000	52,500	64,992	180	Complied
Grade 7	54,000	52,500	64,992	180	Complied
Grade 8	54,000	52,500	64,992	180	Complied
Grade 9	64,800	63,000	65,422	180	Complied
Grade 10	64,800	63,000	65,422	180	Complied
Grade 11	64,800	63,000	65,422	180	Complied
Grade 12	64,800	63,000	65,422	180	Complied

GENERAL

The District must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

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 46201 through 46206.

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

TABLE 3

GENERAL FUND (1)	Budget 2016	2015	2014	2013
Revenues and Other Financial Sources	\$ 50,389,562	\$ 47,240,779	\$ 42,904,504	\$ 43,372,246
Expenditures	49,569,458	46,008,429	45,112,815	42,977,123
Other Uses and Transfers Out	11,875	2,654,488	734,285	880,790
Total Outgo	49,581,333	48,662,917	45,847,100	43,857,913
Change in Fund Balance (Deficit)	808,229	(1,422,138)	(2,942,596)	(485,667)
Ending Fund Balance	\$ 4,509,537	\$ 3,701,308	\$ 5,123,446	\$ 8,066,042
Available Reserves (2)	\$ 2,479,067	\$ 2,433,146	\$ 2,292,355	2,192,158
Available Reserves as a Percentage of Total Outgo	5.00%	5.00%	5.00%	5.00%
State Recommended Available Reserve Percentage	3.00%	3.00%	3.00%	3.00%
Available Reserves Over (Under) State Recommended Reserve Percentage	2.00%	2.00%	2.00%	2.00%
Total Long-Term Debt	\$ 75,324,273	\$ 77,882,963	\$ 87,894,030	\$ 50,578,963
Average Daily Attendance at P-2	4,663	4,665	4,677	4,736

GENERAL

This schedule discloses the District's financial trends by displaying past years data 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.

(1) The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, Postemployment Benefits Fund, Deferred Maintenance Fund, and the Adult Education Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

(2) Available reserves consist of all unassigned fund balance within the General Fund.

General Fund

Available reserves have increased by \$240,988 during the past three years and are anticipated to increase by \$45,921 through June 30, 2016.

Long-Term Debt

General Obligation Bonds represent 27.84% of the total outstanding long term debt obligations of the District. The 2014 and 2015 long term debt increased \$37,275,000 and \$29,728,000, respectively, from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Attendance

Average Daily Attendance (ADA) has decreased by 71 students or 2% during the past three years.

See the independent auditors' report and accompanying notes to supplementary information.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

TABLE 4

<u>FEDERAL PROGRAM NAME</u>	<u>Federal Catalog (CFDA) Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Forest Reserve	10.665	N/A	\$ 1,603
U.S. Department of Agriculture Passed			
Through California Department of Education:			
*National School Lunch	10.555	5310	1,272,358
Department of Agriculture			<u>1,273,961</u>
U.S. Department of Defense Passed			
Through California Department of Education:			
Community Economic Adjustment	12.600	5811	1,802,412
* Promoting K-12 Achievement at Military-Connected Schools	12.556	5858	636,319
Department of Defense			<u>2,438,731</u>
U.S. Department of Education			
EASA Impact Aid: Maintenance of Operations	84.041	N/A	1,739,633
U.S. Department of Education Passed Through			
the California Department of Education:			
* NCLB Title I	84.010	3010	973,560
* NCLB Title I Prog. Improvement LEA Corrective Action	84.010	3185	150,000
Sub-total			<u>1,123,560</u>
NCLB Title II - Improving Teacher Quality	84.367	4035	47,427
NCLB Title III - Immigrant Education Program	84.365	4201	4,906
NCLB Title III - Limited English Proficient Program	84.365	4203	24,329
Sub-total			<u>29,235</u>
Vocational Education: Carl Perkins	84.048A	3550	49,407
* IDEA Part B - Pre Kindergarten Staff	84.027A	3345	1,000
* IDEA Part B - Special Education, Local Assistance	84.027A	3310	864,344
* IDEA Part B - Special Education, Local Assistance	84.027A	3311	13,527
* IDEA Part B - Pre-School Local Entitlement	84.027A	3320	34,998
* IDEA Part B - Mental Health Services	84.027A	3327	53,771
Sub-total			<u>967,640</u>
* IDEA Part B - Federal Preschool Grants	84.173	3315	28,009
* IDEA Part C - Early Intervention - Early Start	84.181	3385	25,481
Child Development - Federal General Preschool Family Care	93.596	5025	28,866
Elementary School Counseling Program	84.215E	5846	193,253
Department of Education			<u>4,232,511</u>
U.S. Department of Health Services Passed			
Through California Department Health Services:			
Medi-Cal Billing Option	93.778	5640	257,101
Department of Health Services			<u>257,101</u>
Total Federal Awards			<u>\$ 8,202,304</u>

* Tested as a major program under OMB Circular A-133.

See the independent auditors' report and accompanying notes to supplementary information.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

TABLE 4

GENERAL

The accompanying schedule of expenditures of federal awards on the prior page includes the federal grant activity of Sierra Sands Unified 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 or basic financial statements.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 5
Page 1 of 2

	GENERAL FUND	SPECIAL RESERVE FUND FOR OTHER THAN CAPITAL OUTLAY	SPECIAL RESERVE FUND FOR POST EMPLOYMENT BENEFITS	DEFERRED MAINTENANCE FUND	CAFETERIA FUND	CHILD DEVELOPMENT FUND	ADULT EDUCATION FUND
June 30, 2015 Annual Financial and Budget Report Fund Balances	\$ 3,701,308	\$ 5,887,484	\$ 2,458,840	\$ 1,513,310	\$ 392,067	\$ 175,268	\$ 274,235
Adjustments and Reclassifications Increasing (Decreasing) the Fund Balance:							
Cash in County Treasury - (Overstated) Understated	-	-	-	-	-	-	-
Cash with Fiscal Agent - (Overstated) Understated	-	-	-	-	-	-	-
Accounts Receivable - (Overstated) Understated	-	-	-	-	-	12,620	-
Due from Other Funds - (Overstated) Understated	-	-	-	-	-	-	-
Inventory - (Overstated) Understated	-	-	-	-	-	-	-
Prepaid Expenses - (Overstated) Understated	-	-	-	-	-	-	-
Accounts Payable - Overstated (Understated)	-	-	-	-	-	-	-
Due to Other Funds - Overstated (Understated)	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	-	-	-	-	-	12,620	-
June 30, 2015 Audited Financial Statements Fund Balances	\$ 3,701,308	\$ 5,887,484	\$ 2,458,840	\$ 1,513,310	\$ 392,067	\$ 187,888	\$ 274,235

SIERRA SANDS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 5
Page 2 of 2

	BOND INTEREST AND REDEMPTION FUND	BLENDED COMPONENT UNIT	BLENDED COMPONENT UNIT	BUILDING FUND	CAPITAL FACILITIES FUND	SPECIAL RESERVE FOR CAPITAL OUTLAY PROJECTS	COUNTY SCHOOL FACILITIES FUND
June 30, 2015 Annual Financial and Budget Report Fund Balances	\$ 1,158,097	\$ -	\$ -	\$ 1,813,249	\$ 33,770	\$ 10,128,614	\$ 4,508,836
Adjustments and Reclassifications							
Increasing (Decreasing) the Fund Balance:							
Cash in County Treasury - (Overstated) Understated	-	-	-	-	-	-	-
Cash with Fiscal Agent - (Overstated) Understated	-	1,712,375	1,882,585	(1,712,375)	-	-	-
Accounts Receivable - (Overstated) Understated	-	-	3,031	-	-	-	-
Inventory - (Overstated) Understated	-	-	-	-	-	-	-
Prepaid Expenses - (Overstated) Understated	-	-	-	-	-	-	-
Accounts Payable - Overstated (Understated)	-	-	-	-	-	-	-
Due to Other Funds - Overstated (Understated)	-	-	(535,526)	-	-	-	-
Net Adjustments and Reclassifications	-	1,712,375	1,350,090	(1,712,375)	-	-	-
June 30, 2015 Audited Financial Statements Fund Balances	\$ 1,158,097	\$ 1,712,375	\$ 1,350,090	\$ 100,874	\$ 33,770	\$ 10,128,614	\$ 4,508,836

See independent auditors' report and accompanying notes to supplementary information.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 6

No charter schools are chartered by Sierra Sands Unified School District.

<u>Charter Schools</u>	<u>Included in Audit ?</u>
None	N/A

SIERRA SANDS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs. Average daily attendance is based on the Second Period Report for the period ending April 15, and the Annual Report for the period ending June 30.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Educational Code Section 46201 through 46206.

C. Schedule of Financial Trends and Analysis

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

D. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. To comply with OMB Circular A-133 this schedule was prepared for the District.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities of the general long-term debt account group as reported on the Annual Financial and Budget Report to the audited financial statements.

F. Schedule of Charter Schools

This schedule provides information as to any charter schools chartered by the District and whether these charter schools are included in the District's audit report.

NOTE 2 – KERN COUNTY CONSORTIUM PARTICIPATION

Sierra Sands Unified School District is a member of a Kern County Consortium comprised of numerous member schools. The activity of the Consortium is to receive, disburse, and account for two of the District's programs: 1) Drug Free Schools and 2) Tobacco Use Prevention Education. All funds are received directly by the Kern County Superintendent of Schools Office and are pooled together and accounted for and expended on behalf of its member districts.

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Sierra Sands Unified School District
Ridgecrest, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Sands Unified School District (the District), as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
December 11, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Sierra Sands Unified School District
Ridgecrest, California

Report on Compliance for Each Major Federal Program

We have audited Sierra Sands Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 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 District's compliance.

Opinion on Each Major Federal Programs

In our opinion, the 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.

Report on Internal Control Over Compliance

Management of the 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 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 District's internal control over compliance.

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

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

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

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
December 11, 2015



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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Sierra Sands Unified School District
Ridgecrest, California

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2014-2015 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 Responsibilities

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 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 Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Missassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
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	Yes

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, & 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	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.

Opinion on State Compliance

In our opinion, Sierra Sands Unified 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 instances 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 2015-1.

Sierra Sands Unified School District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 District'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 District's compliance. Accordingly, this communication is not suitable for any other purpose.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
December 11, 2015

FINDINGS AND RECOMMENDATIONS

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
 Significant Deficiencies identified not
 considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No
 Significant Deficiencies identified not
 considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance for
 major programs: Unmodified

Any audit findings disclosed that are required to be reported
 in Accordance with Circular A-133, Section 510(a) Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027A and 84.173	IDEA Part B
84.181	IDEA Part C
10.555	National School Lunch
12.556	Promoting K-12 Student Achievement at Military – Connected Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee Qualified as Low-Risk Auditee? Yes X No

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 auditors' report issued on compliance for
 state awards: Unmodified

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS

There were no Financial Statement Findings or Questioned Costs.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

Number: 2015-1

Finding Code: 10000 and 40000

Criteria: In accordance to California Education Code section 51747(b), a written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. Furthermore, California Education Code section 51747 (2) The objectives and methods of study for the pupil's work, and the methods utilized to evaluate that work. According to California Education Code section 51747(3) the specific resources, including materials and personnel, that will be made available to the pupil. Lastly, California Education Code section 51747(8)(A) states each written agreement shall be signed, before the commencement of independent study, by the pupil, the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years of age, the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil.

Condition: The Independent Study packet did not contain a measure of academic accomplishment and sample work was not attached for the independent study period of March 26, 2015 to April 2, 2015.

The Independent Study contract for one student was signed on April 3, 2015; however, the student's study began on March 23, 2015 and ended on April 2, 2015.

The Continuation High School was unable to find the Independent study packet and contract agreement for one of four students selected for testwork for the independent study period of February 23, 2015 to March 26, 2015. Also, the same school, failed to include procedures, measure of academic accomplishment and sample of work for another student for the independent study period of March 9, 2015 to April 3, 2015.

Effect: The potential for the loss of funds received by the District associated with the failure to comply with state guidelines.

Cause: Burroughs High School overlooked and did not comply with the above State Compliance requirement by failing to get the contract signed prior to beginning work.

Las Flores Elementary School overlooked and did not comply with the above State Compliance requirement by failing to get the contract signed prior to beginning work.

Mesquite Continuation High School overlooked and did not comply with the above State Compliance requirement by failing to get the contract signed prior to beginning work

Questioned Costs:

	Number	Amount
Population	4664.69	\$30,330,417
Sample Size	2.11	\$13,719
Finding	.17	\$1,105

Recommendation: We recommend that all independent study contracts are signed prior to the commencement of the student's study. We recommend that all independent study contracts are supported by the students' work and the work must be evaluated and graded for the student to receive attendance credit.

District Response: Contracts will be reviewed and new procedures will be initiated to make sure contracts are being signed prior to the start of the contract. Contracts will be reviewed and new procedures will be initiated to make sure the contracts are supported by the student's work and the work evaluated and graded for the student to receive attendance credit.

SIERRA SANDS UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

Number: 2014-1

Finding Code: 10000 and 40000

Condition: The District's school sites are taking daily attendance. However, after a review of the attendance documents there are discrepancies in the number of students served and the totals arising from the supporting attendance records.

Recommendation: School site personnel need to reconcile the attendance and enrollment documented on the daily log sheets to the amounts reported on the Annual Attendance to assure that the information being reported is accurate and agrees to the supporting documents and records. Also, we recommend the District amend their Annual State Attendance Report.

Current Status: Implemented.