

**CAMBRIAN SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2009**



**CAMBRIAN SCHOOL DISTRICT  
OF SANTA CLARA COUNTY  
SAN JOSE, CALIFORNIA  
JUNE 30, 2009**

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Thomas Dase	Superintendent
Julie Swanson	Chief Financial Officer



# CAMBRIAN SCHOOL DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2009

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### **FINANCIAL SECTION**

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds - Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	12
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	14
Fiduciary Fund - Statement of Net Assets	15
Notes to Financial Statements	16

### **REQUIRED SUPPLEMENTARY INFORMATION**

General Fund - Budgetary Comparison Schedule	36
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### **SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards	37
Local Education Agency Organization Structure	38
Schedule of Average Daily Attendance	39
Schedule of Instructional Time	40
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	41
Schedule of Financial Trends and Analysis	42
Schedule of Charter Schools	43
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	45
Note to Supplementary Information	46

### **INDEPENDENT AUDITOR'S REPORTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	50
Report on State Compliance	52

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary Schedule of Auditor's Results	54
Financial Statement Findings	55
Federal Awards Findings and Questioned Costs	56
State Awards Findings and Questioned Costs	57
Summary Schedule of Prior Audit Findings	58



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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Cambrian School District  
San Jose, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambrian School District (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-09*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambrian School District, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report December 9, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 3 through 8 and budgetary comparison on page 36, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, the Combining Statements – Non-Major Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinck, Trinc, Day & Co. LLP

Palo Alto, California  
December 9, 2009

# CAMBRIAN SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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This section of Cambrian School District's 2008-2009 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### The Financial Statements

The financial statements presented herein include all of the activities of the Cambrian School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements* are provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Cambrian School District.

# CAMBRIAN SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### FINANCIAL HIGHLIGHTS OF THE PAST YEAR

#### REPORTING THE DISTRICT AS A WHOLE

##### The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

**Governmental activities** - Most of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

#### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

##### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps *determine* whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

# CAMBRIAN SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### THE DISTRICT AS TRUSTEE

#### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, the associated student body activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### THE DISTRICT AS A WHOLE

#### Net Assets

The District's net assets were \$39,532,276 for the fiscal year ended June 30, 2009. Of this amount, \$11,900,520 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2008/2009	2007/2008
Current and other assets	\$ 28,166,967	\$ 27,533,692
Capital assets	34,058,019	34,894,366
<b>Total Assets</b>	<b>62,224,986</b>	<b>62,428,058</b>
Current liabilities	2,424,449	2,187,534
Long-term debt	20,268,261	20,443,442
<b>Total Liabilities</b>	<b>22,692,710</b>	<b>22,630,976</b>
Net Assets		
Invested in capital assets, Net of related debt	24,332,915	26,187,992
Restricted	3,298,841	3,031,154
Unrestricted	11,900,520	10,577,936
<b>Total Net Assets</b>	<b>\$ 39,532,276</b>	<b>\$ 39,797,082</b>

The \$11,900,520 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations for all District funds combined. Unrestricted net assets for the government-wide statements include designated amounts in the general and other funds that are excluded from the undesignated balance and available reserves.

# CAMBRIAN SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

### Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2008/2009	2007/2008
Revenues		
Program revenues:		
Charges for services	\$ 445,334	\$ 428,738
Operating grants and contributions	2,649,642	2,586,757
General Revenues		
Federal and State aid	8,516,721	8,983,060
Property taxes	13,575,196	13,197,478
Other general revenues	3,877,829	3,348,544
<b>Total Revenues</b>	<b>29,064,722</b>	<b>28,544,577</b>
Expenses		
Instruction related	21,563,483	20,948,055
Student support services	2,076,862	1,934,783
Administration	2,077,432	1,986,259
Maintenance and operations	2,684,317	2,726,546
Other	927,434	952,013
<b>Total Expenses</b>	<b>29,329,528</b>	<b>28,547,656</b>
<b>Change in Net Assets</b>	<b>\$ (264,806)</b>	<b>\$ (3,079)</b>

### Governmental Activities

As reported in the Statement of Activities in the audited financial statements, the cost of all of our governmental activities this year was \$29,329,528. The amount that our taxpayers ultimately financed for these activities through local taxes, state, federal and other revenues was \$26,234,552.

## CAMBRIAN SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

In Table 3, we have presented the net cost of each of the District's largest functions. Net cost of services shows the financial burden that was primarily placed on the District's taxpayers by each of these functions.

**Table 3**

	Net Cost of Services	
	2008/2009	2007/2008
Instruction and instruction related	\$ 19,496,282	\$ 19,052,423
Pupil services	1,080,320	851,940
General administration	2,070,019	1,950,163
Maintenance and operations	2,660,497	2,725,622
Other	927,434	952,013
<b>Totals</b>	<b>\$ 26,234,552</b>	<b>\$ 25,532,161</b>

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$26.4 million which is an increase of approximately \$.4 million from last year. This increase is a result of multiple items including the recognition of \$1.1 million of one-time Federal Stimulus, State Fiscal Stabilization Funds, as well as decreased State funding due to the State economic crisis. Overall expenditures in the General Fund showed an increase in instructional programs expenditures and a decrease in non-instructional expenses. Additionally, the District began work on the construction of a new science room at Price Middle School.

In the General Fund the 2008-2009 revenues were higher than the adopted budget. The reason for this is in part due to higher ADA than originally budgeted. Additionally, the District received and recognized Federal Stimulus Funds not included in the original budget. Total expenditures were in line with the original budget.

The 2008-2009 actual increase to the general fund balance was approximately \$2.8 million greater than the final budget. Revenues increased by approximately \$1.5 million due to various differences. Expenditures decreased by approximately \$1.3 million primarily due to unexpended categorical program and site discretionary funding which will be carried over to the 2009-2010 fiscal year.

### CAPITAL ASSET & DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2009, the District had \$34.1 million in a broad range of capital assets and construction in progress, net of accumulated depreciation of \$9.8 million. This amount represents a net decrease (including additions, deductions and depreciation) of \$.8 million or 2% over last year.

During the spring of 2009 the District commenced building a new science room at Price Middle School. This project is being funded by the building fund and will be put into use beginning in the 2009-2010 school year.

## **CAMBRIAN SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009**

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#### **Long-Term Obligations**

At the end of this year, the District had \$20,568,261 in outstanding bonds. Lease revenue bond obligations consisted of \$115,000 for leased daycare relocatable buildings.

Other obligations include compensated absences payable. We present more detailed information regarding our long-term liabilities in the notes to the financial statements.

#### **SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2008-2009 ARE NOTED BELOW:**

The District is in the process of building a new science room at Price Middle School that will be ready for use during the 2009-10 school year.

#### ***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

In considering the District Budget for the 2009-2010 year, the District board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Revenue limit income based on no increase in average daily attendance and 0.96% decrease in net COLA/deficit.
2. Interest earnings will decrease due to a decrease in the market interest rate.
3. Developer fee collections are based on the restively low 2004-2005 actual revenues rather than on subsequent year actual.
4. No increase in federal income.
5. Most State categorical program revenues have been reduced by 19.84 % from the 2007-08 award amounts and are now accounted for in the unrestricted general fund.

Expenditures are based on existing programs and staffing and continuation of the K-3 class size reduction program.

#### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer, Business Services, at Cambrian School District, 4115 Jacksol Drive, San Jose, California, 95124, or e-mail at [swansonj@cambrian.k12.ca.us](mailto:swansonj@cambrian.k12.ca.us).



**CAMBRIAN SCHOOL DISTRICT****STATEMENT OF NET ASSETS****JUNE 30, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 25,009,829
Receivables	2,933,893
Prepaid expenses	6,664
Deferred charges	203,939
Stores inventories	12,642
Capital assets not depreciated	778,838
Capital assets, net of accumulated depreciation	33,279,181
<b>Total Assets</b>	<b>62,224,986</b>
<b>LIABILITIES</b>	
Accounts payable	1,240,704
Interest payable	337,598
Deferred revenue	356,745
Current portion of long-term obligations	489,402
Noncurrent portion of long-term obligations	20,268,261
<b>Total Liabilities</b>	<b>22,692,710</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	24,332,915
Restricted for:	
Debt service	411,788
Capital outlay	81,669
Special revenue	715,693
Legally restricted	2,089,691
Unrestricted	11,900,520
<b>Total Net Assets</b>	<b>\$ 39,532,276</b>

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

# CAMBRIAN SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Instruction	\$ 19,125,059	\$ -	\$ 2,018,911	\$ (17,106,148)
Instruction-related activities:				
Supervision of instruction	579,891	-	31,290	(548,601)
Instructional library, media, and technology	165,701	-	10,573	(155,128)
School site administration	1,692,832	-	6,427	(1,686,405)
Pupil services:				
Home-to-school transportation	513,245	21,148	29,115	(462,982)
Food services	824,380	424,186	315,729	(84,465)
All other pupil services	739,237	-	206,364	(532,873)
General administration:				
Data processing	119,151	-	-	(119,151)
All other general administration	1,958,281	-	7,413	(1,950,868)
Plant services	2,684,317	-	23,820	(2,660,497)
Interest on long-term obligations	927,434	-	-	(927,434)
<b>Total Governmental-Type Activities</b>	<b>\$ 29,329,528</b>	<b>\$ 445,334</b>	<b>\$ 2,649,642</b>	<b>(26,234,552)</b>
General revenues and subventions:				
Property taxes, levied for general purposes				11,736,632
Property taxes, levied for debt service				1,034,218
Taxes levied for other specific purposes				804,346
Federal and state aid not restricted to specific purposes				8,516,721
Interest and investment earnings				737,864
Miscellaneous				3,139,965
<b>Subtotal, General Revenues</b>				<b>25,969,746</b>
<b>Change in Net Assets</b>				<b>(264,806)</b>
Net Assets - Beginning				39,797,082
Net Assets - Ending				<b>\$ 39,532,276</b>

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

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# CAMBRIAN SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2009

	General Fund	Building Fund	Special Reserve Capital Outlay Fund
<b>ASSETS</b>			
Deposits and investments	\$ 6,137,003	\$ 11,119,278	\$ 6,191,491
Receivables	2,574,363	68,603	181,648
Prepaid expenditures	6,664	-	-
Stores inventories	-	-	-
<b>Total Assets</b>	<b>\$ 8,718,030</b>	<b>\$ 11,187,881</b>	<b>\$ 6,373,139</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 804,031	\$ 229,724	\$ 82,361
Deferred revenue	356,745	-	-
<b>Total Liabilities</b>	<b>1,160,776</b>	<b>229,724</b>	<b>82,361</b>
<b>Fund Balances:</b>			
Reserved for:			
Grant reservation	1,865,046	-	-
Other reservations	8,064	-	-
Unreserved:			
Designated	1,265,000	-	-
Undesignated, reported in:			
General fund	4,419,144	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	10,958,157	6,290,778
<b>Total Fund Balance</b>	<b>7,557,254</b>	<b>10,958,157</b>	<b>6,290,778</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,718,030</b>	<b>\$ 11,187,881</b>	<b>\$ 6,373,139</b>

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

Non Major Governmental Funds	Total Governmental Funds
\$ 1,562,057	\$ 25,009,829
109,279	2,933,893
-	6,664
12,642	12,642
<u>\$ 1,683,978</u>	<u>\$ 27,963,028</u>
\$ 124,588	\$ 1,240,704
-	356,745
<u>124,588</u>	<u>1,597,449</u>
-	1,865,046
12,642	20,706
-	1,265,000
-	4,419,144
715,693	715,693
749,386	749,386
81,669	17,330,604
<u>1,559,390</u>	<u>26,365,579</u>
<u>\$ 1,683,978</u>	<u>\$ 27,963,028</u>

# CAMBRIAN SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

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### *CAMBRIAN SCHOOL DISTRICT GOVERNMENTAL FUNDS*

#### *BALANCE SHEET TO STATEMENT OF NET ASSETS FOR THE YEAR ENDED JUNE 30, 2009*

#### **Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:**

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 26,365,579</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	<b>\$ 43,816,803</b>	
Accumulated depreciation is	<b>(9,758,784)</b>	<b>34,058,019</b>
Bond issuance costs are expensed in governmental funds but are capitalized as prepaid expenses and amortized over the life of the debt in the government-wide statements.		<b>203,939</b>
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		<b>(337,598)</b>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Long-term liabilities at year end consist of:		
General obligation bonds	<b>20,568,261</b>	
Compensated absences (vacations)	<b>74,402</b>	
Lease revenue bonds	<b>115,000</b>	<b>(20,757,663)</b>
<b>Total Net Assets - Governmental Activities</b>		<b><u>\$ 39,532,276</u></b>

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

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# CAMBRIAN SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Building Fund	Special Reserve Capital Fund
<b>REVENUES</b>			
Revenue limit sources	\$ 16,951,184	\$ -	\$ -
Federal sources	1,983,646	-	-
Other state sources	4,820,209	-	-
Other local sources	2,705,145	390,861	311,820
<b>Total Revenues</b>	<b>26,460,184</b>	<b>390,861</b>	<b>311,820</b>
<b>EXPENDITURES</b>			
Current			
Instruction	17,845,658	-	-
Instruction-related activities:			
Supervision of instruction	539,822	-	-
Instructional library, media and technology	154,252	-	-
School site administration	1,575,862	-	-
Pupil Services:			
Home-to-school transportation	477,781	-	-
Food services	-	-	-
All other pupil services	688,158	-	-
General administration:			
Data processing	110,918	-	-
All other general administration	1,847,303	-	-
Plant services	2,569,055	-	-
Facility acquisition and construction	46,318	789,773	135,565
Debt service			
Principal	35,000	-	-
Interest and other	7,260	-	-
<b>Total Expenditures</b>	<b>25,897,387</b>	<b>789,773</b>	<b>135,565</b>
<b>Excess (Deficiency) of</b>			
<b>Revenues Over Expenditures</b>	<b>562,797</b>	<b>(398,912)</b>	<b>176,255</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	770,000	-	-
Transfers out	(20,000)	(760,000)	-
<b>Net Financing Sources (Uses)</b>	<b>750,000</b>	<b>(760,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,312,797</b>	<b>(1,158,912)</b>	<b>176,255</b>
<b>Fund Balance - Beginning</b>	<b>6,244,457</b>	<b>12,117,069</b>	<b>6,114,523</b>
<b>Fund Balance - Ending</b>	<b>\$ 7,557,254</b>	<b>\$ 10,958,157</b>	<b>\$ 6,290,778</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 16,951,184
266,809	2,250,455
67,490	4,887,699
1,567,558	4,975,384
<u>1,901,857</u>	<u>29,064,722</u>
-	17,845,658
-	539,822
-	154,252
-	1,575,862
-	477,781
767,417	767,417
-	688,158
-	110,918
-	1,847,303
41,187	2,610,242
2,818	974,474
345,000	380,000
674,611	681,871
<u>1,831,033</u>	<u>28,653,758</u>
<u>70,824</u>	<u>410,964</u>
20,000	790,000
<u>(10,000)</u>	<u>(790,000)</u>
10,000	-
80,824	410,964
1,478,566	25,954,615
<u>\$ 1,559,390</u>	<u>\$ 26,365,579</u>

## CAMBRIAN SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

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Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:

Total Net Change in Fund Balances - Governmental Funds \$ 410,964

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are capitalized in the statement of net assets and depreciated over their estimated useful lives in the statement of activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (1,736,746)	
Capital outlays	<u>900,399</u>	(836,347)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned was less than the amounts used by \$26,140.

26,140

Bond issuance costs are an expenditure in the governmental funds, but are recorded as a prepaid expense and amortized to operations in the statement of activities.

(10,733)

Repayment of lease revenue bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

35,000

Repayment of general obligation bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

345,000

Accretion of interest expense on the capital appreciation bonds is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.

(239,819)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of interest accrued but not yet due.

4,989

Change in Net Assets of Governmental Activities

\$ (264,806)

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

# CAMBRIAN SCHOOL DISTRICT

## FIDUCIARY FUND STATEMENT OF NET ASSETS JUNE 30, 2009

	Agency Fund
<b>ASSETS</b>	
Deposits and investments	<u>\$ 128,551</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 128,551</u>

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

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Reporting Entity**

The Cambrian School District was organized in 1865 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades kindergarten through eighth as mandated by the State and/or Federal agencies. The District operates four elementary and one middle schools.

A reporting entity is comprised of the primary government only. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Cambrian School District, this includes general operations, food service, and student related activities of the District.

#### **Charter School**

The District has approved Charters for Farnham Charter School, Fammatre Charter, Sartorette Charter School, and Ida Price Charter School. All of these Charter Schools are operated by the District, and their financial activities are presented in the General Fund.

#### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

#### **Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

#### **Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

**Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

**Special Reserve Fund for Other than Capital Outlay** The Special Reserve for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (*Education Code* Section 42840).

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Other Non-Major Governmental Funds

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

**Cafeteria Fund** The Cafeteria Fund is used to account separately for federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

**Special Reserve Fund** The Special Reserve Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

**Retiree Benefits Fund** The Retiree Benefits Fund is used for accumulating general fund moneys for retiree benefits purposes.

**Capital Project Funds** The Capital Project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626. Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*Education Code* Sections 15125-15262).

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District only has agency funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for Associated Student Body activities (ASB).

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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### **Basis of Accounting - Measurement Focus**

#### **Government-Wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach is similar to that used by most private sector companies, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### **Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

#### **Governmental Funds**

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the differences between the government-wide statements and the statements for the governmental fund financial statements.

#### **Fiduciary Funds**

Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

## **CAMBRIAN SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

#### **Deferred Revenue**

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

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

#### **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Unused donated commodities are reported as part of stores inventory. Principal and interest on general long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

#### **Cash and Cash Equivalents**

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.

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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### **Investments**

Investments held at June 30, 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and state investment pools are determined by the program sponsor.

### **Restricted Assets**

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

### **Prepaid Expenditures**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures over the benefiting period.

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average basis.

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds, but are capitalized and amortized to operations in the government-wide statements. General capital assets are long-lived assets of the District as a whole. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The historical costs of land are not considered significant and have been omitted from the capital assets detail.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements 15 to 40 years. The District capitalizes assets with value exceeding \$50,000.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net assets.



# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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### **Compensated Absences**

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Debt service on bonds, capital leases, and other long-term loans is recognized as an expenditure in the governmental fund financial statements when paid. Long-term obligations are not reflected as liabilities in governmental funds. They are disclosed in the footnotes as components of long-term debt.

### **Deferred Issuance Costs, Premiums and Discounts**

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

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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### **Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for revolving cash accounts, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund equity designations have been established for economic uncertainties and other purposes. Designations of fund balance are reflected as a component of unrestricted net assets in the Statement of Net Assets.

### **Net Assets**

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

### **Estimates**

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

### **Budgetary Data**

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

### **Property Tax**

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

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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### New Accounting Pronouncements

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

In April 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of State and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. GASB Statement No. 56 is effective immediately.

### NOTE 2 – DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Governmental activities	\$25,009,829
Fiduciary funds	128,551
Total Deposits and Investments	<u>\$25,138,380</u>

Deposits and investments as of June 30, 2009, consist of the following:

Cash on hand and in banks	\$ 1,616,253
Cash in revolving	1,550
Investments	23,520,577
Total Deposits and Investments	<u>\$25,138,380</u>

## **CAMBRIAN SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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#### **Policies and Practices**

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

#### **Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the amortized cost provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

#### **Investment in the State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District monitors the interest rate risk inherent in its portfolio by measuring the modified duration of its portfolio. The District has no specific limitations with respect to this metric.

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity In Years
U.S. Agencies	\$ 1,761,733	\$ 1,759,748	3.6
Money Market Mutual Funds	488,020	488,020	-
Foreign Bonds	43,324	43,557	2.29
Corporate Notes	1,695,658	1,697,450	1.33
County Treasury Pool	14,548,738	14,604,751	0.82
State Investment Pool	4,983,104	5,057,851	0.5
Total	<u>\$ 23,520,577</u>	<u>\$ 23,651,377</u>	

### Credit Risk

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

Investment Type	Fair Value	S & P Rating as of Year End					
		AAA	AA+	A+	A	A-	Unrated
U.S. Agencies	\$ 1,759,748	\$ 1,759,748	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Funds	488,020	-	-	-	-	-	488,020
Foreign Bonds	43,557	-	-	-	-	-	43,577
Corporate Notes	1,697,450	-	100,973	374,007	1,170,373	52,097	-
County Treasury Pool	14,604,751	-	-	-	-	-	14,604,751
State Investment Pool	5,057,851	-	-	-	-	-	5,057,851
Total	<u>\$ 23,651,377</u>	<u>\$ 1,759,748</u>	<u>\$ 100,973</u>	<u>\$ 374,007</u>	<u>\$ 1,170,373</u>	<u>\$ 52,097</u>	<u>\$ 20,194,199</u>

## CAMBRIAN SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

#### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2009, none of the District's bank balance of \$1,616,429 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

#### Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investments that are uninsured and are not registered in the name of the District are the investments in the Santa Clara County Pool, the investment in the State investment pool (LAIF) and the District's investment in money market mutual funds of AG Edwards.

#### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the District's total investments.

#### NOTE 3 - RECEIVABLES

	General	Building	Special Reserve Capital	Nonmajor Funds	Total
Federal Government					
Categorical aid	\$ 585,872	\$ -	\$ -	\$ 43,540	\$ 629,412
State Government					
Apportionment	46,538	-	-	-	46,538
Categorical aid	995,820	-	-	1,235	997,055
Lottery	192,359	-	-	-	192,359
Local Government					
Interest	27,858	68,603	24,652	2,913	124,026
Other Local Sources	725,916	-	156,996	61,591	944,503
Total	<u>\$ 2,574,363</u>	<u>\$ 68,603</u>	<u>\$ 181,648</u>	<u>\$ 109,279</u>	<u>\$ 2,933,893</u>

**CAMBRIAN SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009****NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital Assets not being depreciated:				
Construction in Progress	\$ -	\$ 778,838	\$ -	\$ 778,838
Capital Assets being depreciated:				
Buildings and Improvements	42,916,404	121,561	-	43,037,965
Total Capital Assets	42,916,404	900,399	-	43,816,803
Less Accumulated Depreciation:				
Buildings and Improvements	8,022,038	1,736,746	-	9,758,784
Governmental Activities Capital Assets, Net	<u>\$ 34,894,366</u>	<u>\$ (836,347)</u>	<u>\$ -</u>	<u>\$ 34,058,019</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 1,279,401
Supervision of instruction	40,069
Instructional library, media, and technology	11,449
School site administration	116,970
Pupil transportation	35,464
Food services	56,963
All other pupil services	51,079
All other general administration	137,118
Data processing	8,233
Total Depreciation Expense All Activities	<u>\$ 1,736,746</u>



# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### NOTE 5 – INTERFUND TRANSACTIONS

#### Operating Transfers

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfer In	Transfer Out			
	General	Building	Non-Major Governmental	Total
General	\$ -	\$ 760,000	\$ 10,000	\$ 770,000
Non-Major Governmental	20,000	-	-	20,000
	<u>\$ 20,000</u>	<u>\$ 760,000</u>	<u>\$ 10,000</u>	<u>\$ 790,000</u>

The Building Fund transferred to the General Fund to support variety of maintenance projects.	\$ 760,000
The General Fund transferred to the Cafeteria Fund for contributions	20,000
The Special Reserve - Other Than Capital Outlay Fund transferred to the General Fund for contribution.	10,000
	<u>\$ 790,000</u>

### NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2009, consisted of the following:

	General	Building	Special Reserve Capital	Non-Major Governmental	Total
Vendor payables	\$ 542,234	\$ 229,724	\$ -	\$ 104,162	\$ 876,120
State apportionment	53,834	-	-	561	54,395
Salaries and benefits	207,963	-	-	19,865	227,828
Lessor Deposits	-	-	82,361	-	82,361
Total	<u>\$ 804,031</u>	<u>\$ 229,724</u>	<u>\$ 82,361</u>	<u>\$ 124,588</u>	<u>\$ 1,240,704</u>

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2009, consists of the following:

	General
Federal financial assistance	\$ 258,868
State categorical aid	25,573
Other local	72,304
Total	<u>\$ 356,745</u>

### NOTE 8 – LONG-TERM OBLIGATIONS

#### Long-Term Obligations Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2008	Accretion	Deductions	Balance June 30, 2009	Due in One Year
General obligation bonds	\$20,673,442	\$ 239,819	\$ 345,000	\$ 20,568,261	\$ 380,000
Accumulated vacation - net	100,542	-	26,140	74,402	74,402
Lease revenue bond	150,000	-	35,000	115,000	35,000
	<u>\$20,923,984</u>	<u>\$ 239,819</u>	<u>\$ 406,140</u>	<u>\$ 20,757,663</u>	<u>\$ 489,402</u>

#### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Issued/ Accreted	Redeemed	Bonds Outstanding June 30, 2009
7/1/2003	7/1/2028	2.0%-4.0%	\$ 15,524,912	\$ 14,585,804	\$ 14,946	\$ 345,000	\$ 14,255,750
4/1/2005	7/1/2035	2.7%-5.5%	5,450,033	6,087,638	224,873	-	6,312,511
				<u>\$20,673,442</u>	<u>\$ 239,819</u>	<u>\$ 345,000</u>	<u>\$ 20,568,261</u>

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### Debt Service Requirements to Maturity

The general obligation bonds mature through 2036 as follows:

Fiscal Year	Principal	Maturity	Total
2010	\$ 380,000	\$ 667,936	\$ 1,047,936
2011	410,000	656,537	1,066,537
2012	455,000	644,086	1,099,086
2013	500,000	630,111	1,130,111
2014	550,000	614,411	1,164,411
2015-2019	3,685,000	2,694,257	6,379,257
2020-2024	5,585,000	1,804,753	7,389,753
2025-2029	5,438,910	3,141,390	8,580,300
2030-2034	2,224,421	7,715,578	9,939,999
2035-2036	321,613	1,573,388	1,895,001
Total	19,549,944	\$ 20,142,447	\$ 39,692,391
Accretion to date:	1,018,317		
	<u>\$ 20,568,261</u>		

### Lease Revenue Bonds

During 1997, the District entered into a long-term lease agreement with the City of San Jose (the "City") for the use of portable classroom facilities. The City issued lease revenue bonds in the total amount of \$9,805,000, the proceeds of which have been used to purchase portable school buildings and other items. The District's allocation of the bond proceeds at par is \$445,000. The District pays back the City in the form of annual payments equal to their proportional share of the annual debt service on the bonds. The payments are due annually in principal amounts ranging from \$20,000 to \$40,000 plus interest at approximately 4.6 percent per annum. The final payment is due June 30, 2012. A schedule of the future payments due under this obligation is as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2010	\$ 35,000	\$ 5,598	\$ 40,598
2011	40,000	3,900	43,900
2012	40,000	1,950	41,950
Total	<u>\$ 115,000</u>	<u>\$ 11,448</u>	<u>\$ 126,448</u>

### Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to \$74,402.

# CAMBRIAN SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

### NOTE 9 – FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Capital Fund	Non-Major Governmental Funds	Total
<b>Reserved</b>					
Revolving cash	\$ 1,400	\$ -	\$ -	\$ -	\$ 1,400
Stores inventory	-	-	-	12,642	12,642
Prepaid expenditures	6,664	-	-	-	6,664
Restricted programs	1,865,046	-	-	-	1,865,046
Total Reserved	1,873,110	-	-	12,642	1,885,752
<b>Unreserved</b>					
Designated					
Economic uncertainties	1,265,000	-	-	-	1,265,000
Total Designated	1,265,000	-	-	-	1,265,000
Undesignated	4,419,144	10,958,157	6,290,778	1,546,748	23,214,827
Total Unreserved	5,684,144	10,958,157	6,290,778	1,546,748	24,479,827
Total	\$ 7,557,254	\$ 10,958,157	\$ 6,290,778	\$ 1,559,390	\$ 26,365,579

### NOTE 10 - RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2009, the District contracted with the Alliance of Schools for Cooperative Insurance Programs for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

## **CAMBRIAN SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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#### **Workers' Compensation**

For fiscal year 2009, the District participated in the Alliance of Schools for Cooperative Insurance Programs, an insurance purchasing pool. The intent of the Alliance of Schools for Cooperative Insurance Programs is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Alliance of Schools for Cooperative Insurance Programs. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Alliance of Schools for Cooperative Insurance Programs. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Alliance of Schools for Cooperative Insurance Programs. Participation in the Alliance of Schools for Cooperative Insurance Programs is limited to districts that can meet the Alliance of Schools for Cooperative Insurance Programs selection criteria.

#### **NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

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

##### **CalSTRS**

##### **Plan Description**

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

##### **Funding Policy**

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2009, 2008, and 2007, were \$1,112,538, \$1,087,747, and \$1,002,779, respectively, and equal 100 percent of the required contributions for each year.

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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### **CalPERS**

#### **Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

#### **Funding Policy**

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2009, 2008, and 2007, were \$231,995, \$229,182, and \$198,810, respectively, and equal 100 percent of the required contributions for each year.

#### **Tax Deferred Annuity/Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan.

#### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amounts of \$609,131, \$595,557, and \$ 549,036 (4.517 percent of annual payroll) for the fiscal years ending June 30, 2009, 2008, and 2007 respectively. 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 budget amounts reported in the General Fund Budgetary Schedule.

## **CAMBRIAN SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009**

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#### **NOTE 12 - COMMITMENTS AND CONTINGENCIES**

##### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

##### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of managements and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2009.

#### **NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES**

The District is a member of the Alliance of Schools for Cooperative Insurance Programs public entity risk pool and the Silicon Valley Transportation Joint Powers Authority. The District pays an annual premium to the entities for its health, workers' compensation, property liability coverage, and to purchase transportation services. The relationship between the District and the pool, is such that it is not a component unit of the District for financial reporting purposes.

The entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one member to the governing board of Alliance of Schools for Cooperative Insurance Programs and Silicon Valley Transportation Joint Powers Authority.

During the year ended June 30, 2009, the District made payments of \$ 806,006 and \$323,885 to the Alliance of Schools for Cooperative Insurance Programs and Silicon Valley Transportation Joint Powers Authority, respectively.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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# CAMBRIAN SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Favorable (Unfavorable)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Revenue limit sources	\$ 16,478,522	\$ 16,999,994	\$ 16,951,184	\$ (48,810)
Federal sources	577,281	1,808,780	1,983,646	174,866
Other state sources	4,098,387	2,874,128	4,211,078	1,336,950
Other local sources	2,506,819	2,627,116	2,705,145	78,029
<b>Total Revenues<sup>1</sup></b>	<b>23,661,009</b>	<b>24,310,018</b>	<b>25,851,053</b>	<b>1,541,035</b>
<b>EXPENDITURES</b>				
Current				
Instruction	16,931,128	17,903,226	17,236,527	666,699
Instruction-related activities:				
Supervision of instruction	745,826	784,619	539,822	244,797
Instructional library, media, and technology	144,944	171,986	154,252	17,734
School site administration	1,606,886	1,621,068	1,575,862	45,206
Pupil services:				
Home-to-school transportation	400,000	546,752	477,781	68,971
All other pupil services	679,206	692,223	688,158	4,065
General administration:				
Data processing	135,400	135,400	110,918	24,482
All other general administration	2,024,186	1,916,367	1,847,303	69,064
Plant services	2,585,916	2,800,438	2,569,055	231,383
Facility acquisition and construction	42,265	52,420	46,318	6,102
Debt service				
Principal	-	-	35,000	(35,000)
Interest	-	-	7,260	(7,260)
<b>Total Expenditures<sup>1</sup></b>	<b>25,295,757</b>	<b>26,624,499</b>	<b>25,288,256</b>	<b>1,336,243</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,634,748)</b>	<b>(2,314,481)</b>	<b>562,797</b>	<b>2,877,278</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,370,000	769,872	770,000	128
Transfers out	-	(20,000)	(20,000)	-
<b>Net Financing Sources (Uses)</b>	<b>1,370,000</b>	<b>749,872</b>	<b>750,000</b>	<b>128</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(264,748)</b>	<b>(1,564,609)</b>	<b>1,312,797</b>	<b>2,877,406</b>
<b>Fund Balance - Beginning</b>	<b>6,244,457</b>	<b>6,244,457</b>	<b>6,244,457</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,979,709</b>	<b>\$ 4,679,848</b>	<b>\$ 7,557,254</b>	<b>\$ 2,877,406</b>

<sup>1</sup> The Actual column does not include on behalf payments of \$609,131.

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## ***SUPPLEMENTARY INFORMATION***

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# CAMBRIAN SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the California Department of Education:			
No Child Left Behind:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 142,553
ARRA Title I, Part A, Basic Grants Low-Income and Neglected	84.389	15005	41,018
Title II, Part A, Teacher Quality	84.367	14341	86,240
Title III, Limited English Proficiency Student Program	84.365	10084	8,597
Title IV, Part A, Drug-Free Schools	84.186	14347	6,412
Title V, Part A, Innovative Education Strategies	84.298A	14354	1,796
Individuals with Disabilities Act:			
IDEA, Basic Local Assistance Entitlement, Part B	84.027	13379	345,167
IDEA, Preschool Grants, Part B	84.173	13430	21,615
IDEA, Preschool Local Entitlement, Part B	84.027A	13682	42,786
IDEA, Preschool Staff Development, Part B	84.173A	13431	159
ARRA IDEA, Basic Local Assistance Entitlement, Part B	84.391	15003	126,782
ARRA IDEA, Preschool Grants, Part B	84.392	15000	5,993
ARRA IDEA, Preschool Local Entitlement, Part B	84.391	15002	21,658
Subtotal			<u>850,776</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the California Department of Education:			
Child Nutrition Act:			
Basic School Breakfast Program	10.553	13525	42,857
Especially Needy Breakfast	10.553	13526	13,099
National School Lunch Program	10.555	13391	210,851
Fair Market Value of Commodities <sup>1</sup>	10.558	13534	16,454
Subtotal			<u>283,261</u>
Total Expenditures of Federal Awards			<u>\$ 1,134,037</u>

<sup>1</sup> Commodities are not recorded in the financial statements.

<sup>2</sup> Unspent American Recovery and Reinvestment Act - State Fiscal Stabilization Fund federal grants of \$1,132,872 have been excluded from this schedule.

See accompanying note to supplementary information.

## **CAMBRIAN SCHOOL DISTRICT**

### **LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE FOR THE YEAR ENDED JUNE 30, 2009**

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#### **ORGANIZATION**

The Cambrian School District was organized in 1865 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades kindergarten through eighth as mandated by the State and/or Federal agencies. The District operates four elementary and one middle schools.

#### **GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gary D. Chronert	President	2010
Sue Pyne	Vice President	2012
Alan N. Baker	Clerk	2010
Karen Chung	Member	2010
Donald Rocha	Member	2012

#### **ADMINISTRATION**

Thomas Dase	Superintendent
Julie Swanson	Chief Financial Officer

See accompanying note to supplementary information.

# **CAMBRIAN SCHOOL DISTRICT**

## **SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2009**

	Amended Second Period Report	Annual Report
<b>ELEMENTARY</b>		
Kindergarten	117	116
First through third	305	304
Fourth through sixth	198	198
Seventh and eighth	11	10
Special education	52	53
Total Elementary	683	681
<b>CHARTER SCHOOLS - ALL CLASSROOM BASED</b>		
Kindergarten	229	229
First through third	712	710
Fourth through sixth	810	811
Seventh and eighth	630	627
Total Charter Schools- All Classroom Based	2,381	2,377
Grand Total	3,064	3,058
		<b>Hours of Attendance</b>
<b>SUMMER SCHOOL</b>		
Elementary		21,969
Charter schools		37,717
Total Hours		59,686

See accompanying note to supplementary information.

# CAMBRIAN SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2009

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	31,860	36,000	36,175	180	In compliance
Grades 1 - 3		50,400			
Grade 1	45,090	-	50,612	180	In compliance
Grade 2	45,090	-	50,612	180	In compliance
Grade 3	45,090	-	50,612	180	In compliance
Grades 4 - 6		54,000			
Grade 4	49,755	-	54,325	180	In compliance
Grade 5	49,755	-	54,325	180	In compliance
Grade 6	49,755	-	54,224	180	In compliance
Grades 7 - 8		54,000			
Grade 7	52,800	-	54,724	180	In compliance
Grade 8	52,800	-	54,724	180	In compliance

See accompanying note to supplementary information.

## **CAMBRIAN SCHOOL DISTRICT**

### **RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements as of June 30, 2009.

See accompanying note to supplementary information.

# CAMBRIAN SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

	(Budget) 2010 <sup>1</sup>	2009	2008	2007
<b>GENERAL FUND</b>				
Revenues	\$ 23,225,220	\$ 26,460,184	\$ 25,763,702	\$ 24,494,434
Transfers in	780,000	770,000	350,000	60,000
Total Revenues and Other Sources	24,005,220	27,230,184	26,113,702	24,554,434
Expenditures	25,802,043	25,897,387	25,212,546	22,660,930
Other uses and transfers out	-	20,000	1,000,000	1,515
Total Expenditures and Other Uses	25,802,043	25,917,387	26,212,546	22,662,445
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ (1,796,823)</u>	<u>\$ 1,312,797</u>	<u>\$ (98,844)</u>	<u>\$ 1,891,989</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 5,760,431</u>	<u>\$ 7,557,254</u>	<u>\$ 6,244,457</u>	<u>\$ 6,343,301</u>
<b>AVAILABLE RESERVES<sup>2</sup></b>	<u>\$ 5,760,431</u>	<u>\$ 5,684,144</u>	<u>\$ 4,734,249</u>	<u>\$ 6,320,555</u>
<b>AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO<sup>3</sup></b>	<u>22.33%</u>	<u>22.45%</u>	<u>18.48%</u>	<u>12.57%</u>
<b>LONG-TERM OBLIGATIONS</b>	<u>\$ 20,757,700</u>	<u>\$ 20,757,663</u>	<u>\$ 20,923,984</u>	<u>\$ 20,998,207</u>
<b>AVERAGE DAILY ATTENDANCE AT P-2</b>	<u>3,073</u>	<u>3,064</u>	<u>2,964</u>	<u>2,940</u>

The General Fund balance has increased by \$1,213,953 over the past two years. The fiscal year 2009-10 budget projects a decrease of \$1,796,823. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred two operating surpluses and one operating deficit in the previous three years. The District anticipates incurring an operating deficit during the 2009-10 fiscal year. Total long-term obligations have decreased by \$240,544 over the past two years due to principal payment of general obligation bonds.

Average daily attendance has increased by 124 over the past two years. An increase of 9 ADA is anticipated during fiscal year 2009-10.

<sup>1</sup> Budget 2010 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund and the Special Reserve Fund - Other Than Capital Outlay.

<sup>3</sup> On-behalf payments of \$609,131, \$595,557, and \$549,036, have been excluded from the calculation of the available reserves percentage for the fiscal years ending June 30, 2009, 2008, and 2007, respectively.



# CAMBRIAN SCHOOL DISTRICT

## SCHEDULE OF CHARTER SCHOOLS FOR THE YEAR ENDED JUNE 30, 2009

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Farnham Charter School	Yes
Sartorette Charter School	Yes
Ida Price Charter School	Yes
Fammatre Charter School	Yes

See accompanying note to supplementary information.

# CAMBRIAN SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2009

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Non-Capital Fund
<b>ASSETS</b>			
Deposits and investments	\$ 71,939	\$ 43,823	\$ 640,047
Receivables	65,057	117	2,565
Stores inventories	12,642	-	-
<b>Total Assets</b>	<b>\$ 149,638</b>	<b>\$ 43,940</b>	<b>\$ 642,612</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 124,588	\$ -	\$ -
<b>Total Liabilities</b>	<b>124,588</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Reserved for:			
Other reservations	12,642	-	-
Unreserved:			
Undesignated, reported in:			
Special revenue funds	12,408	43,940	642,612
Debt service funds	-	-	-
Capital projects funds	-	-	-
<b>Total Fund Balance</b>	<b>25,050</b>	<b>43,940</b>	<b>642,612</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 149,638</b>	<b>\$ 43,940</b>	<b>\$ 642,612</b>

See accompanying note to supplementary information.

<b>Retiree Benefits Special Reserve Fund</b>	<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 16,667	\$ 41,407	\$ 748,174	\$ 1,562,057
66	40,262	1,212	109,279
-	-	-	12,642
<u>\$ 16,733</u>	<u>\$ 81,669</u>	<u>\$ 749,386</u>	<u>\$ 1,683,978</u>
\$ -	\$ -	\$ -	\$ 124,588
-	-	-	124,588
-	-	-	12,642
16,733	-	-	715,693
-	-	749,386	749,386
-	81,669	-	81,669
<u>16,733</u>	<u>81,669</u>	<u>749,386</u>	<u>1,559,390</u>
<u>\$ 16,733</u>	<u>\$ 81,669</u>	<u>\$ 749,386</u>	<u>\$ 1,683,978</u>

# CAMBRIAN SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2009

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Non-Capital Fund
<b>REVENUES</b>			
Federal sources	\$ 266,809	\$ -	\$ -
Other State sources	35,367	22,895	-
Other local sources	437,740	925	16,222
<b>Total Revenues</b>	<b>739,916</b>	<b>23,820</b>	<b>16,222</b>
<b>EXPENDITURES</b>			
Current			
Pupil Services:			
Food services	767,417	-	-
Plant services	-	41,187	-
Facility acquisition and construction	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<b>767,417</b>	<b>41,187</b>	<b>-</b>
<b>Excess (Deficiency) of</b>			
<b>Revenues Over Expenditures</b>	<b>(27,501)</b>	<b>(17,367)</b>	<b>16,222</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	20,000	-	-
Transfers out	-	-	(10,000)
<b>Net Financing Sources (Uses)</b>	<b>20,000</b>	<b>-</b>	<b>(10,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,501)</b>	<b>(17,367)</b>	<b>6,222</b>
<b>Fund Balance - Beginning</b>	<b>32,551</b>	<b>61,307</b>	<b>636,390</b>
<b>Fund Balance - Ending</b>	<b>\$ 25,050</b>	<b>\$ 43,940</b>	<b>\$ 642,612</b>

See accompanying note to supplementary information.

Retiree Benefit Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 266,809
-	-	9,228	67,490
417	84,487	1,027,767	1,567,558
417	84,487	1,036,995	1,901,857
-	-	-	767,417
-	-	-	41,187
-	2,818	-	2,818
-	-	345,000	345,000
-	-	674,611	674,611
-	2,818	1,019,611	1,831,033
417	81,669	17,384	70,824
-	-	-	20,000
-	-	-	(10,000)
-	-	-	10,000
417	81,669	17,384	80,824
16,316	-	732,002	1,478,566
\$ 16,733	\$ 81,669	\$ 749,386	\$ 1,559,390

# **CAMBRIAN SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009**

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### **NOTE 1 - PURPOSE OF SCHEDULES**

#### **Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

#### **Schedule of Average Daily Attendance (ADA)**

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

#### **Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report, to the audited financial statements.

#### **Schedule of Financial Trends and Analysis**

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

#### **Schedule of Charter Schools**

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

#### **Combining Non-major Governmental Funds – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

The Combining Non-major Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

## CAMBRIAN SCHOOL DISTRICT

### NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

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#### Assessed Property Valuation and Ten Largest Property Tax Payers

As of June 30, 2009, the secured assessed valuation within the District's boundaries is \$4,323,482,930 and the unsecured assessed valuation is \$107,647,105

The ten highest net values are as follows:

Hercules Holding II LLC	\$ 160,282,136
WTA Campbell Tech Park LLC	72,198,807
Camden Park LLC	23,436,145
Bascom Sub LLC	22,385,322
Home Depot U.S.A. Inc.	17,996,203
RMP Properties LLC	16,854,480
Dayton Hudson Corporation	15,979,971
Castello, Joseph G., Trustee & Et.al.	13,836,423
Salvatore LLC	13,570,079
Grand Prix Campbell SJ LLC	12,715,093
Total	<u>\$ 369,254,659</u>

The information was extracted from the July 2009 County Assessor Master File for secured, nonresidential parcels within the Cambrian School District.

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***INDEPENDENT AUDITOR'S REPORTS***

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

Board of Trustees  
Cambrian School District  
San Jose, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambrian School District as of and for the year ended June 30, 2009, which collectively comprise Cambrian School District's basic financial statements and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

### Compliance and Other Matters

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

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

Vavrinek, Tiine, Day & Co. LLP

Palo Alto, California  
December 9, 2009



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Cambrian School District  
San Jose, California

**Compliance**

We have audited the compliance of Cambrian School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Cambrian School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Cambrian School District's management. Our responsibility is to express an opinion on Cambrian School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Cambrian School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cambrian School District's compliance with those requirements.

In our opinion, Cambrian School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Cambrian School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Cambrian School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Cambrian School District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

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

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

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California

December 9, 2009



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Cambrian School District  
San Jose, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambrian School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-09*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Cambrian School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Cambrian School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Independent study	23	N/A
Continuation education	10	N/A
Adult education	9	N/A <sup>1</sup>
Regional occupational centers and programs	6	N/A <sup>1</sup>
Instructional Time:		
School districts	6	Yes
County offices of education	3	N/A
Community day schools	9	N/A
Morgan-Hart Class Size Reduction	7	N/A <sup>1</sup>
Instructional Materials:		
General requirements	12	1 <sup>2</sup>
K-8 only	1	N/A <sup>1</sup>
9-12 only	1	N/A <sup>1</sup>
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes

	Procedures in Audit Guide	Procedures Performed
Early retirement incentive	4	N/A
Gann limit calculation	1	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	N/A <sup>1</sup>
Class Size Reduction Program (including in Charter Schools):		Yes
General requirements	7	Yes
Option one classes	3	N/A
Option two classes	4	N/A
District or charter schools with only one school serving K-3	4	N/A
After School Education and Safety Program		N/A
General requirements	4	N/A
After school	4	N/A
Before school	5	N/A
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	N/A
Non classroom-based instruction/independent study	15	N/A
Determination of funding for non classroom-based instruction	3	N/A
Annual instruction minutes classroom based	3	Yes

<sup>1</sup> This program is not required to be audited per flexibility provisions in SBX3 4.

<sup>2</sup> The number of procedures to be performed was reduced per flexibility provisions in SBX3 4. Section 19828.3 procedures (b), (c), and (e) were not performed.

Based on our audit, we found that for the items tested, the Cambrian School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Cambrian School District had not complied with the laws and regulation. Our audit does not provide a legal determination on Cambrian School District's compliance with the State laws and regulations referred to above.

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

*Vavrinck, Trine, Day & Co. LLP*

Palo Alto, California  
December 9, 2009

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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# CAMBRIAN SCHOOL DISTRICT

## SUMMARY SCHEDULE OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2009

### FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiency identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.027A, 84.391, 84.392	<u>Special Education Center</u>
<u>84.010, 84.389</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

### STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>



**CAMBRIAN SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None Reported

**CAMBRIAN SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None Reported

**CAMBRIAN SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None Reported

## **CAMBRIAN SCHOOL DISTRICT**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009**

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

#### ***Financial Statement Findings***

None reported.

#### ***Federal Award Findings***

None reported.

#### ***State Award Findings***

None reported.