

CARDIFF SCHOOL DISTRICT
1888 Montgomery Avenue, Cardiff-by-the-Sea, California

**REGULAR MEETING OF THE GOVERNING BOARD
AGENDA**

**THURSDAY, JANUARY 18, 2018 • 5:00 PM • PUBLIC MEETING
CARDIFF SCHOOL AUDITORIUM
1888 MONTGOMERY AVENUE • CARDIFF-BY-THE-SEA, CA 92007**

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the board meeting are available for inspection at the Cardiff School District, 1888 Montgomery Avenue, Cardiff.

In compliance with the American with Disabilities Act, if you need special assistance, disability-related modifications, including auxiliary aids or services, in order to participate in the public meeting of the district's governing board, please contact the office of the District Superintendent by sending a written request to the District Office at 1888 Montgomery Avenue, Cardiff-by-the-Sea, California, or by faxing the request to (760) 942-5831. Notification by letter or fax 72 hours prior to the meeting will enable the district to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the district shall also make available this agenda and all other public records associated with this meeting in appropriate alternative formats for persons with a disability.

- I. ORGANIZATIONAL ITEMS *Exhibit*
- A. Call to order
 - B. Pledge of allegiance
 - C. Roll call
 - Ms. Siena Randall, President
 - Mr. David Ross, Clerk
 - Ms. Nancy Orr, Member
 - Mr. Dave Clark, Member
 - Mr. Mark Whitehouse, Member
 - Ms. Jill Vinson, Superintendent
 - D. Approval of agenda for January 18, 2018
All items are action unless labeled information
 - E. Approve minutes from regular/organizational meeting of **A**
December 14, 2017
- II. HEARING SESSION
- A. Public Comments *(The purpose of the Board meeting is to conduct the School Board's business in public. The Board welcomes and encourages public comments however Board members may not respond to comments during the public comment portion of the agenda. Any member of the public who wishes to address the Board on an item on the agenda or on another topic which lies within the governing board's jurisdiction may do so, but must present a written request. Please hand your form to the secretary before the meeting. Presentations are limited to 3 minutes per person per topic. The total amount of time to be allowed on any item is twenty minutes, unless the time limit is waived by a majority vote of the Board. The Board may 1) acknowledge receipt of the information; 2) refer to staff for further study; or 3) refer the matter to a future agenda).*
 - B. Cardiff Elementary Teachers Association
 - C. ELAC/DELAC
 - D. School Site Council
 - E. Cardiff SEA
 - F. School Reports
 - G. Reports on Workshops/Conference
 - H. Superintendent's Report

III. CONSENT CALENDAR

Items listed in the Consent Calendar are considered to be routine and are acted on by the Board in one motion unless members of the Board request specific items to be discussed or pulled. It is understood that the Superintendent recommends approval on all Consent Items. Each item of the Consent agenda approved by the Board shall be deemed to have been considered in full and adopted as recommended.

- A. Approval of Current Business Items:
 - 1. Purchase Orders
 - 2. Commercial Warrants #14-339439 to #14-349821 \$162,491 **B**
 - 3. Payroll Warrants, December, 2017, \$652,468
- B. Enrollment Report as of 01/10/18
- C. Approve Memorandum of Understanding with Point Loma Nazarene University through August 31, 2023 **C**
- D. Removal of items from Consent Calendar
- E. Approval of Consent Calendar

IV. GENERAL FUNCTIONS

- A. Digital Citizenship Presentation **(Information)**
- B. Approve Out-of-State Travel For 4 District Employees to Attend the February 13, 2018 National Conference on Digital Convergence and Related Activities

V. BUSINESS AND FINANCE

- A. Review and Accept Annual Audit Report Ending June 30, 2017 **D**
- B. Budget Update **(Information)**
- C. Review Budget Assumptions for 2018-19 **E**

VI. FACILITIES

- A. Bond Implementation Update **(Information)**
- B. Review Measure GG Facilities Expense Report **(Information)** **F**

VII. PERSONNEL

- A. Consider Request from Employee #208-128 for a 40% Leave of Absence for the 2018-19, 2019-20, and 2020-21 School Years **G**
- B. Approval of Renewal of Superintendent Contract

VIII. FUTURE AGENDA ITEMS

IX. ANNOUNCEMENT: ADJOURNING TO CLOSED SESSION

- A. Conference with the District's labor negotiator, Jill Vinson, regarding negotiations with the Cardiff Elementary Teachers Association and Unrepresented Employees – Government Code Section 54957.6

X. REPORT FROM CLOSED SESSION (If applicable)

XI. ADJOURNMENT OF MEETING

CARDIFF SCHOOL DISTRICT
1888 Montgomery Avenue
Cardiff-by-the-Sea, California 92007

MINUTES

REGULAR/ORGANIZATIONAL MINUTES OF DECEMBER 14, 2017

The regular/organizational meeting of the Governing Board of the Cardiff School District was held on Thursday, December 14, 2017 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. President Whitehouse called the meeting to order at 5:00 p.m. Trustees and visitors were led in the pledge of allegiance.

Members present: Clark, Orr, Randall, Ross, Whitehouse

Members absent: None

Administrators
present: Vinson, Parker, Scheftner

Visitors: Greta Ott, SEA
Trish d'Entremont, CETA
Maria Casas
Boone Hellmann
Stuart Blumer
Donna Blumer
Kathy Schneiderman
Gary Schneiderman
Rhea Stewart

Siena Randall was elected President of the Board for 2018.

MOTION: Orr
SECOND: Clark
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

Ms. Randall presided over the remainder of the meeting.

David Ross was elected Clerk of the Governing Board for 2018.

MOTION: Randall
SECOND: Orr
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

The following appointments were made:

1. The Superintendent was appointed secretary to the Board of Trustees.
2. David Ross was appointed representative to the Trustee Review Committee of the North Coastal Consortium for Special Education.
3. Nancy Orr was appointed to the City of Encinitas School District Liaison Committee.

The regular meetings of the Governing Board for 2017 were scheduled for 5:00 p.m. at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California on the following dates:

Thursday, January 18, 2018
Thursday, February 8, 2018
Thursday, March 8, 2018
Thursday, April 19, 2018
Thursday, May 10, 2018
Thursday, June 7, 2018
Monday, June 11, 2018
Thursday, July 12, 2018*
Thursday, August 9, 2018
Thursday, September 13, 2018
Thursday, October 11, 2018
Thursday, November 8, 2018
Thursday, December 13, 2018

*9:00 a.m. start time

MOTION: Clark
SECOND: Orr
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

The Facilities Bond Implementation Update was moved to the front of the agenda. The agenda for December 14, 2017 was then approved as presented.

MOTION: Orr
SECOND: Clark
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

The minutes from the regular meeting of November 9, 2017 were approved as written.

MOTION: Orr
SECOND: Whitehouse
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

Randy Peterson, Bond Program Manager, presented a conceptual design update to the Cardiff School site. Another Board Workshop is planned for Thursday, February 1st from 5:30-7:00 p.m. in the Cardiff School auditorium for a presentation and audience discussion regarding potential developments to the schematic design. Community members are encouraged to attend.

Trustees heard comments from Daniel Littrell regarding Measure GG.

Hearing Session

- Janelle Scheftner reported the November 30th ELAC/DELAC meeting was well attended. The LCAP goals were shared.
- The CAASPP scores were presented to the School Site Council on December 5th.
- Greta Ott reported the Gala date is set for March 24, 2018 and will be held at the La Costa Resort. Jodi and Mike Vleck of Beta Wealth Group have generously contributed \$10,000 as the Title Sponsor. Family Movie Night is on December 8th at Ada Harris. SEA is at \$70,080 toward the annual fundraising goal.
- Principal Scheftner reported there was a 98% parent turnout for parent conferences. The Holiday Parade was great. The fourth graders have started the Spanish Club. Fifth grade is working hard with Notables and sixth graders are getting ready for the Toy Fair.
- Principal Parker reported Cardiff School also had a 98% parent participation during parent conferences. Third grade participated in the Holiday Parade for the first time. Kindergarten will be going full day after the winter break.
- Trustees reported on their attendance to the annual California School Boards Association Workshop that was held in San Diego.
- Superintendent Vinson thanked Trustee Mark Whitehouse for his four years of leadership as President. She informed the Board that information regarding the next board workshop will be sent out the following day. Ms. Vinson acknowledged the collaboration among neighboring districts, especially during the recent fires. The ICOC Committee had their meeting last Thursday. A contract with the auditors has been signed to conduct the audit. They will begin that in February.

The consent calendar was approved as presented.

MOTION: Orr
SECOND: Whitehouse
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

The budget changes through October 31, 2017 were approved.

MOTION: Orr
SECOND: Clark
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

The first interim budget state report for the period ending October 31, 2017 was approved.

MOTION: Ross
SECOND: Whitehouse
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

Trustees heard comments from Maria Casas regarding her request.

The request from employee 344266 for an extended medical leave of absence through February of 2019 was deferred to closed session for discussion.

Future agenda items:

1. Audit
2. Facilities

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 5:55 p.m. The meeting was reconvened at 7:00 p.m. President Randall reported that the request from employee 344266 for an extended medical leave of absence through February of 2019 was denied.

MOTION: Orr
SECOND: Randall
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT:

There being no other business to come before the Board, the meeting was adjourned at 7:05p.m.

Respectfully submitted,

David Ross, Clerk

Jill Vinson, Superintendent

DECEMBER 2017 PO LISTING

PO	Date	Supplier	Fund	Resource	Goal	Function	Object	Site	Description	Inv Amount
INSTRUCTIONAL SUPPLIES										
1998	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	1110	1000	4300000	111	Instructional Supplies	30.00
	12/8/17	KELLY PAPER	0100	0000000	1110	1000	4300000	111	Instructional Supplies	1066.73
	12/13/17	SHEILA FRANK	0100	0000000	1110	1000	4300000	111	Instructional Supplies	86.74
	12/14/17	SAN DIEGO OCCUPATIONAL THERAPY	0100	6500000	5770	3120	4300000	000	Sped Instructional Supplies	2226.52
2000	12/14/17	SOUTHWEST SCHOOL &	0100	0000000	1110	1000	4300000	222	Instructional Supplies	90.17
1994	12/19/17	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	111	Instructional Supplies	31.69
1984	12/19/17	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	222	Instructional Supplies	10.56
2003	12/19/17	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	111	Instructional Supplies	150.85
1992	12/19/17	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	222	Instructional Supplies	10.56
1999	12/19/17	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	111	Instructional Supplies	76.02
2004	12/19/17	SYNCB/AMAZON	0100	0000068	1110	1000	4300005	222	Instructional Supplies	275.73
2005	12/19/17	SYNCB/AMAZON	0100	0000000	0000	2420	4300008	111	Library Supplies	447.99
2009	12/20/17	EXPLORE LEARNING	0100	0000000	1110	1000	4300000	111	Instructional Supplies	875.00
	12/20/17	MISSION FEDERAL CREDIT UNION	0100	0000000	1110	1000	4300000	222	Instructional Supplies	93.52
	12/20/17	MISSION FEDERAL CREDIT UNION	0100	0000000	1110	1000	4300006	222	Instructional Supplies	42.81
2007	12/21/17	K&R NETWORK SOLUTIONS	0100	0000000	0000	2420	4300005	111	Technology Supplies	418.00
2007	12/21/17	K&R NETWORK SOLUTIONS	0100	0000000	0000	2420	4300005	222	Technology Supplies	637.00
										\$ 6,569.89
NON-INSTRUCTIONAL SUPPLIES										
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	8150000	0000	8110	4300000	000	Maintenance Supplies	1278.39
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7200	4300000	000	Office Supplies	28.04
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	3140	4300000	222	Health Supplies	39.62
1672	12/8/17	HOME DEPOT CREDIT SERVICES	0100	8150000	0000	8110	4300000	000	Maintenance Supplies	548.97
	12/8/17	SHELL	0100	8150000	0000	8110	4300000	000	Automotive Supplies	169.36
1670	12/8/17	SITEONE LANDSCAPE SUPPLY LLC	0100	8150000	0000	8110	4300000	000	Landscape Supplies	1368.44
1995	12/13/17	ONE BEAT CPR LEARNING CENTER	0100	0000000	0000	3140	4300000	222	Health Supplies	333.45
	12/14/17	COURTNEY JASPER, CUSTODIAN	0100	0000000	0000	7100	4300000	000	Revolving Cash	86.89
1997	12/14/17	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	54.81
	12/19/17	SYNCB/AMAZON	0100	0000000	0000	7200	4300000	000	Office Supplies	35.40
	12/20/17	CONSOLIDATED ELECTRICAL	0100	0000000	0000	8200	4300000	000	Maintenance Supplies	263.30
	12/20/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7200	4300000	000	Office Supplies	93.17
	12/20/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7100	4300000	000	Office Supplies	363.23
	12/21/17	SHERWIN WILLIAMS	0100	8150000	0000	8110	4300000	000	Maintenance Supplies	105.49
	12/22/17	BARBARA MILLER	0100	0000000	0000	7200	4300000	000	Meeting Supplies	238.87
										\$ 5,007.43
4000 (SUPPLIES) TOTALS: BALANCE: 240,602 ACCUMULATED BALANCE: 186,616 REMAINING BALANCE: 53,986										
UTILITIES										
1797	12/8/17	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	111	Services for November	469.74
1797	12/8/17	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	222	Services for November	469.74
1825	12/13/17	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for November	172.42
1825	12/13/17	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	111	Services for November	5425.88
1825	12/13/17	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for November	68.79
1825	12/13/17	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for November	3073.36
1796	12/13/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for November	1985.46
	12/13/17	AT&T	0100	0000000	0000	7200	5900001	000	Services for November	405.03
1825	12/14/17	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for November	120.62
1796	12/14/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for November	67.81
1796	12/14/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	000	Services for November	45.56
1796	12/14/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for November	5391.43
1796	12/14/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for November	494.58
1796	12/20/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for November	774.84
1796	12/20/17	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for November	848.06
										\$ 19,813.32
SERVICES										
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7200	5200000	000	Conference - CSNO	399.00
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7100	5200000	000	Conference - ACSA	805.40
1791	12/1/17	MISSION LINEN & UNIFORM	0100	0000000	0000	8200	5600000	111	Services for November	86.24
1791	12/1/17	MISSION LINEN & UNIFORM	0100	0000000	0000	8200	5600000	222	Services for November	86.76
1791	12/1/17	MISSION LINEN & UNIFORM	0100	0000000	0000	8200	5600000	000	Services for November	60.77
1987	12/1/17	RED TRUCK FIRE & SAFETY CO.	0100	8150000	0000	8110	5600000	000	Maintenance Services	6244.00
	12/1/17	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	2420	5800000	000	Instructional Services	34.99
	12/1/17	NAOKO HIRAI	0100	0000085	1110	1000	5800000	111	Music Boosters	320.00
	12/1/17	SAN DIEGO COUNTY VECTOR CONTROL PROGRAM	0100	0000000	0000	8200	5800000	000	Maintenance Services	21.21
1879	12/1/17	SAN DIEGO OCCUPATIONAL THERAPY	0100	6500000	5770	1190	5800000	000	Services for November	1400.00
	12/7/17	LEAH ALAGNA	0100	0000000	1110	1000	5200000	000	Mileage Reimbursement	101.12
1705	12/7/17	TOSHIBA FINANCIAL SERVICES	0100	0000000	1110	1000	5600000	111	Lease Payment December	201.50
1705	12/7/17	TOSHIBA FINANCIAL SERVICES	0100	0000000	1110	1000	5600000	222	Lease Payment December	201.49
	12/7/17	DEBRA O'NEILL	0100	0000085	1110	1000	5800000	111	Music Boosters	1587.50
	12/7/17	TOSHIBA BUSINESS SOLUTIONS	0100	0000000	0000	7200	5800000	000	Maintenance Services	1957.09
1809	12/8/17	READY REFRESH BY NESTLE	0100	0000000	0000	8200	5500003	111	Services for November	35.55
1809	12/8/17	READY REFRESH BY NESTLE	0100	0000000	0000	8200	5500003	000	Services for November	35.55
1809	12/8/17	READY REFRESH BY NESTLE	0100	0000000	0000	8200	5500003	222	Services for November	86.16
	12/8/17	EVAN WALSH	0100	0000085	1110	1000	5800000	111	Music Boosters	620.00
	12/8/17	CALVARY CHAPEL	0100	0000000	0000	0000	8650000	000	Deposit Refund	744.00
1880	12/11/17	AUTISM OUTREACH SOUTHERN CALIFORNIA	0100	6500000	5770	3120	5800000	000	Services for October	8272.93
1706	12/13/17	TOSHIBA FINANCIAL SERVICES	0100	0000000	0000	7200	5600000	000	Lease Payment December	201.50
	12/13/17	HARRIS SCHOOL SOLUTIONS	0100	0000000	0000	7200	5800000	000	Merchant Fees for November	123.75

[illegible]

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into and executed as of **January 2, 2018** by and between **Point Loma Nazarene University** ("PLNU"), referred to here as the University, and **Cardiff School District**, referred to here as the District with respect to the following matters:

- A. The Parties to this MOU desire to set forth their respective responsibilities concerning the delivery of post-baccalaureate programs offered by PLNU which may include the following: Intern Credential the Level I Preliminary and the Level II Professional Clear Credentials for Special Education (Mild-Moderate and Moderate Severe Education Specialist Credentials), the Preliminary and Clear Administrative Services credential, the Pupil Personnel Services Credential, and the Master of Arts in Education with concentrations in Teaching and Learning, Educational Leadership, Counseling, the Master of Arts in Special Education degree, and Early Student Teaching Field Experience/Clinical Practice. The selected programs in any given academic year will be referred to as the PLNU Partnership Programs.

NOW THEREFORE, the parties agree as follows:

- B. Program Description

The *PLNU Partnership Programs* will be operated in accordance with the following:

1. Under the terms and conditions in this agreement, PLNU will provide California Commission on Teacher Credentialing (CCTC) approved programs. This may include the Preliminary Credentials in Multiple Subject, Single Subject, and Education Specialist both Mild-Moderate and Moderate Severe for teachers teaching with Intern Credentials and Professional Clear Credentials for the Education Specialist (Mild-Moderate and Moderate Severe). Additional CCTC approved programs may include the Preliminary and Professional Credentials in Administrative Services and the Pupil Personnel Services Credential, Early Student Teaching Field Experience/Clinical Practice.
2. Under the terms and conditions of this agreement, PLNU will also provide Master of Arts in Education courses of study with concentrations in Teaching and Learning and Special Education that incorporate and augment the California Teacher Induction standards to the graduate-M.A. level. **District** teachers will be provided the instruction and support to present CTIP evidence of proficiency aligned with induction standards to meet specific PLNU course requirements.

3. **The District** will validate the completion of California Teacher Induction requirements at a proficient level for candidates seeking graduate course credit for meeting formative assessment and induction standards.

C. Tuition

Each participating teacher will be responsible for paying his/her own assessed tuition rate to PLNU according to a specified schedule.

D. Termination

This MOU may be terminated by either party with a written notice from the party initiating the termination. The termination notice may only apply to future PLNU semester or quad, for which this MOU applies, and the MOU cannot be terminated for the semester or quad currently being taught at the time notice of termination is given. In such cases, PLNU and **District** teachers enrolled in the PLNU Partnership Program will establish a new agreement between PLNU and the respective candidates. In the event that the Program is terminated for any reason, PLNU will extend every effort to ensure candidates will be able to complete the program at the mutually agreed upon rate. Any tuition discount associated with this Partnership Program ends with the termination of this agreement. New candidates will not be permitted to enroll or receive the discount rate.

E. General Liability Insurance

The DISTRICT does not furnish workers' compensation insurance for PLNU students participating in this program. COLLEGE/UNIVERSITY, at its discretion, may maintain at its sole expense workers' compensation and employers liability for students who are participating in this program.

The University shall provide and maintain commercial general liability insurance acceptable to the District in the minimum amount of \$1,000,000 per occurrence for bodily injury, personal injury, and property damage, with an aggregate limit twice the occurrence limit. The University shall furnish to the District, upon request, proof of the above coverage in the form of certificates of insurance.

The District shall provide and maintain: commercial general liability insurance acceptable to the District in the minimum amount of \$1,000,000 per occurrence for bodily injury, personal injury, and property damage, with an aggregate limit twice the occurrence limit. The District shall furnish to the University, upon request, proof of the above coverage in the form of certificates of insurance.

F. Indemnification

The University shall hold harmless, defend, and indemnify the District and its officers, employees, and agents from any and all losses, demands, claims, damages (including costs and attorney fees), or causes of action arising from any negligent or willful act of the University, its officers, employees, or agents

incurred in the performance of this Agreement. Student teachers are required to carry professional liability insurance as a requirement of this program.

The District shall hold harmless, defend, and indemnify the University and its officers, employees, and agents from any and all losses, demands, claims, damages (including costs and attorney fees), or causes of action arising from any negligent or willful act of the District, its officers, employees, or agents incurred in the performance of this Agreement

G. Term

The term of this MOU shall be for a term beginning **January 2, 2018**. Each party shall be bound from the date signed by both parties until **August 31, 2023** (end of the PLNU academic year then in progress). The MOU will be reviewed and extended for the next academic year by mutual agreement if there are no substantive changes that would require action by either entity governing bodies.

H. Miscellaneous.

Entire Agreement

This MOU constitutes the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the PLNU credential and advanced degree programs identified in this agreement. The MOU supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

Amendment The provisions of the MOU may be modified only by mutual agreement of the parties. No modification shall be binding unless it is in writing and signed by the party against whom enforcement of the modification is sought.

Waiver Any of the terms or conditions of this MOU may be waived at any time by the party entitled to the benefit of the term or condition, but no such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or any other term or condition of this MOU.

Assignment Neither party may assign any rights or benefits or delegate any duties under this MOU without the written consent of the other party or parties. Any purported assignment without written consent shall be void.

Parties in Interest Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this MOU on any person other than the parties to it and their respective successors and assigns, nor is anything in this MOU intended to relieve or discharge the obligation or liability of any third persons to any party of this MOU.

Memorandum of Understanding – PLNU and Cardiff School District

Severability If any provision of this MOU is held by a court or arbitrator of competent jurisdiction to be invalid or unenforceable, the remainder of the MOU shall continue in full force and effect and shall in no way be impaired or invalidated.

Governing Law The rights and obligations of the parties and the interpretation and performance of this MOU shall be governed by the laws of California, excluding any statute which directs the application of the laws of another jurisdiction.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first set forth above.

For Point Loma Nazarene University:

Name: Kerry D. Fulcher, Ph.D.

Title: Provost and Chief Academic Officer
Address: Point Loma Nazarene University
3900 Lomaland Dr.
San Diego, CA 92106

Authorized Signature Date _____

PLNU Contact:

Name: Deborah E. Erickson, Ed.D.
Title: Dean, School of Education
Address: Point Loma Nazarene University
4007 Camino Del Rio South, Suite 400
San Diego, CA 92108

District Contact:

Name: _____

Title: _____ Date _____

Authorized Signature: _____

Cardiff School District
Cardiff by the Sea, California 92007

January 18, 2018

ITEM: **REVIEW AND ACCEPTANCE OF ANNUAL AUDIT REPORT**

BACKGROUND

Education Code Sections 41020 and 41020.3 specify that districts shall provide for an annual audit of all school funds and shall review the audit at one of its regularly scheduled public meetings. On or before January 31st, school district governing boards are required to review their annual audit report at a public meeting and discuss any audit findings as well as the district's specific corrective action plan.

CURRENT CONSIDERATIONS

The audit report for the school year ending June 30, 2017 has been completed. Copies have been provided to the governing board as an attachment. A hard copy is available for public inspection at the school district office located at 1888 Montgomery Avenue. A representative from Wilkinson, Hadley, King & Co., LLP will be presenting the audit.

FINANCIAL IMPLICATIONS

There are no financial implications.

RECOMMENDATION

It is respectfully recommended that the Board review and accept the audit report for the fiscal year ending June 30, 2017.

**CARDIFF SCHOOL DISTRICT
COUNTY OF SAN DIEGO
CARDIFF-BY-THE-SEA, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2017

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

Introductory Section

Cardiff School District
Audit Report
For The Year Ended June 30, 2017

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Cardiff School District
Audit Report
For The Year Ended June 30, 2017

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Financial Section

Independent Auditor's Report

To the Board of Trustees
Cardiff School District
Cardiff-by-the-Sea, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cardiff School District ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cardiff School District as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cardiff School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017 on our consideration of Cardiff School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cardiff School District's internal control over financial reporting and compliance.

El Cajon, California
December 7, 2017

CARDIFF SCHOOL DISTRICT
Management Discussion and Analysis
June 30, 2017
(Unaudited)

The Management Discussion and Analysis Section of the audit report is management's overall review of the district's financial activities for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- Total net position is **(\$1,817,577)**. This is a decrease of \$762,714 which is due to current year depreciation, bond repayment and the new regulation of Net Pension Liability. (See Table 1)
- The District student enrollment decreased by 26 students from October 2015 to October 2016. (See Table 2)
- Property tax revenue increased by 6% over the previous year as a result of increases in the assessed value of properties within the district. (See Table 3)

		TABLE 1 NET ASSETS		
GOVERNMENTAL ACTIVITIES		<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>Change</u>
Capital Assets		12,858,020	12,582,017	
Other Assets		4,420,769	18,788,663	
	TOTAL ASSETS	17,278,789	31,370,680	
Deferred Outflows		1,097,473	1,657,684	
Current Liabilities		108,387	125,417	
Long Term Liabilities		18,862,424	33,780,118	
	TOTAL LIABILITIES	18,970,811	33,905,535	
Deferred Inflows		460,314	940,406	
TOTAL NET POSITION		(1,054,863)	(1,817,577)	(762,714)
BUSINESS TYPE ACTIVITIES				
	TOTAL ASSETS	117,340	224,855	
	TOTAL LIABILITIES	304,531	380,818	
TOTAL NET POSITION		(187,191)	(115,963)	71,228

TABLE 2

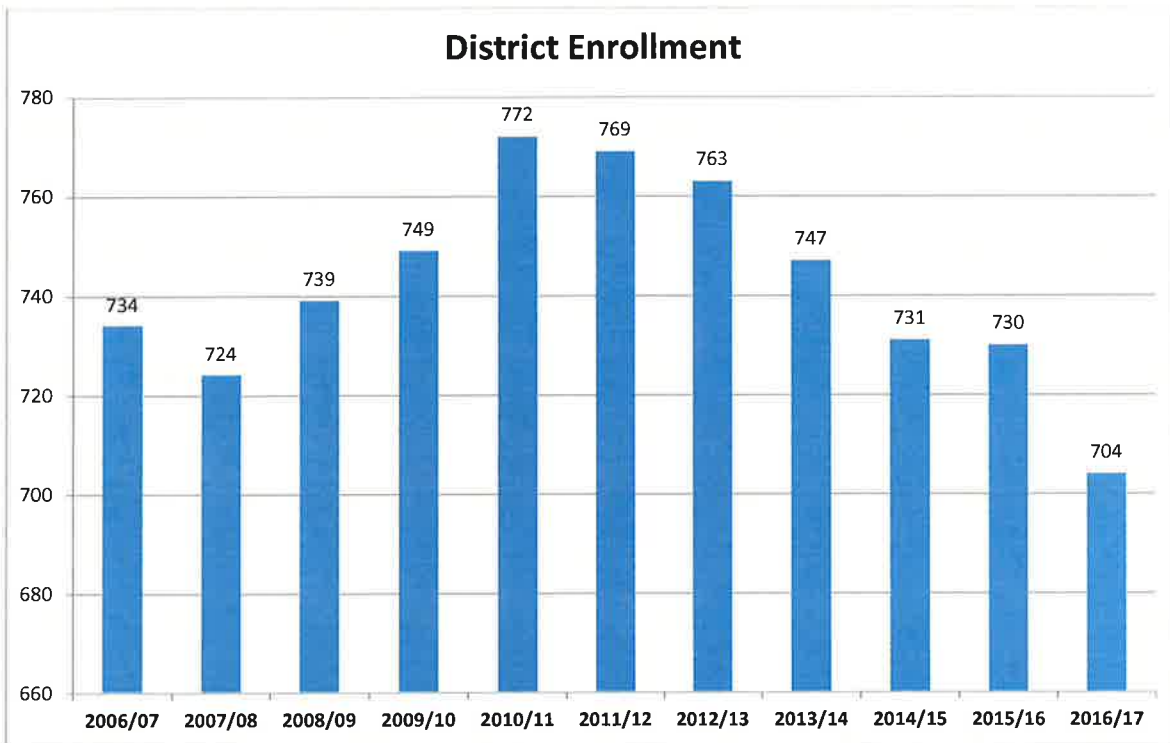
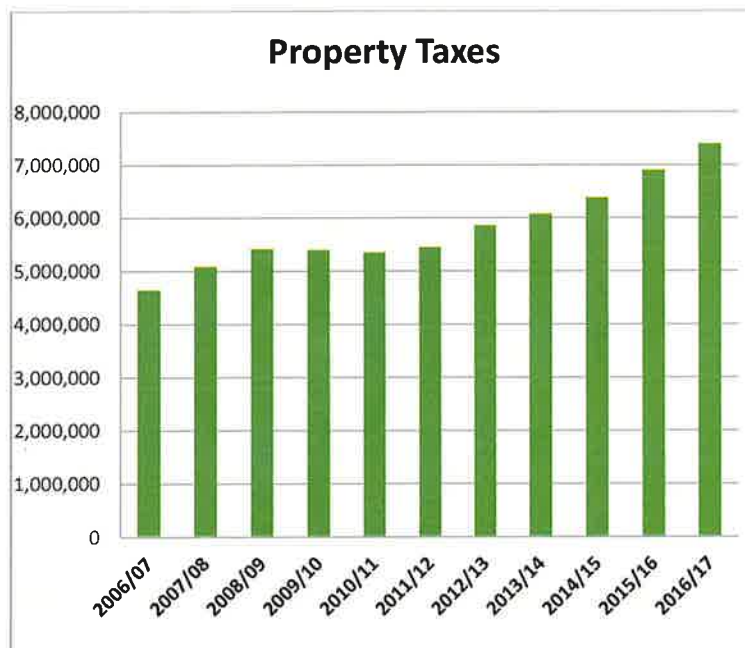


TABLE 3



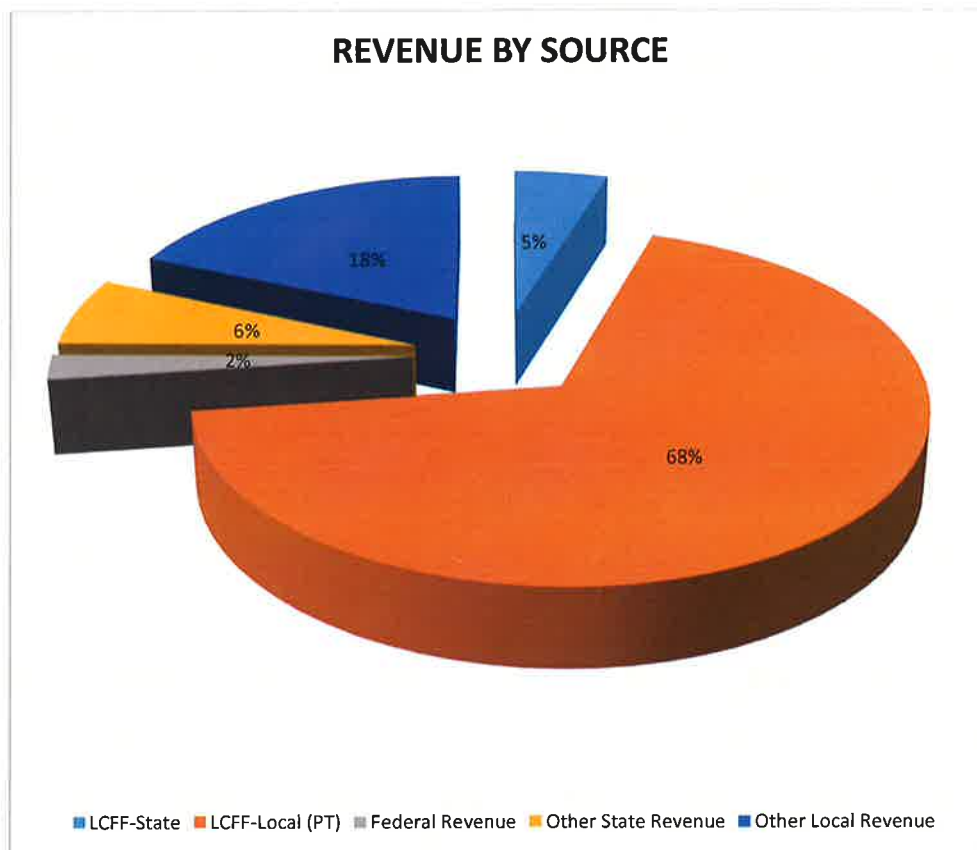
GOVERNMENTAL ACTIVITIES

REVENUES

Revenue in the governmental funds is divided into general revenue, which funds the basic ongoing instructional programs and related support services; and program revenue, which funds specific program activities that support the children enrolled in Cardiff's schools.

The largest dollar amount in revenues comes from property taxes. Other major sources are restricted program dollars.

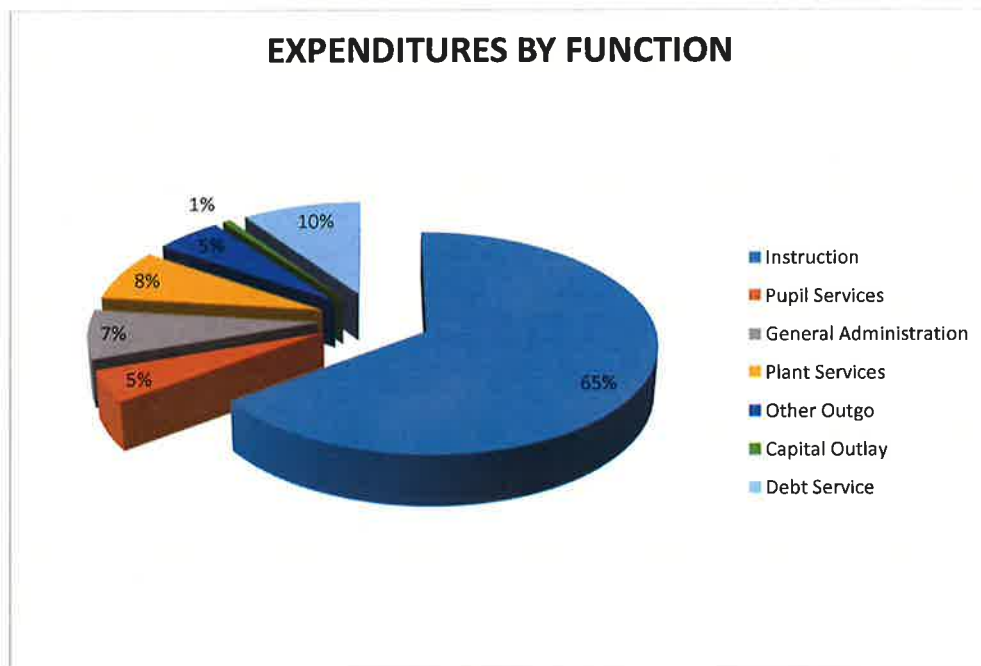
REVENUES	<u>2015/16</u>	<u>2016/17</u>
General Revenues:		
LCFF-State	527,327	524,763
LCFF-Local (PT)	6,942,884	7,390,022
Federal Revenue	245,237	248,854
Other State	1,058,106	692,100
Other Local	1,980,991	1,994,400
TOTAL	10,754,545	10,850,139



EXPENDITURES

Government wide expenditures are classified by function according to their purpose. The largest amount of funds from all sources was spent on instruction.

EXPENDITURES	<u>2015/16</u>	<u>2016/17</u>
Instruction	6,816,130	7,132,677
Pupil Services	554,233	516,566
General Administration	783,018	790,286
Plant Services	714,957	832,718
Other Outgo	237,537	580,369
Capital Outlay		71,070
Debt Service	1,063,726	1,046,644
TOTAL	10,812,923	10,970,330



BUDGETARY HIGHLIGHTS

The General Fund accounts are for the primary operations of the district. The District's initial budget is adopted by July 1. Over the course of the year, the district's budget is revised several times to reflect changes in funding and expenditures. The board approves these revisions as part of the First Interim and Second Interim reports. The following summarizes the general fund budget to actual information for the year ended June 30, 2017.

	ADOPTED BUDGET	YEAR END BUDGET	ACTUAL
REVENUES	9,217,831	9,452,951	9,555,729
EXPENDITURES	9,108,206	9,124,472	9,281,814

The increase to revenue was due mainly to prior year carryover amounts being budgeted mid-year, as well as new program dollars being allocated to the district.

The increase to expenditures is also based on prior year carryover amounts and new program dollars.

CAPITAL PROJECTS

In November 2016, the community of Cardiff passed Measure GG, a \$22 million dollar school facilities improvement bond measure. District staff have begun the implementation phase for Measure GG which necessitates engaging the services of various contractors to provide design, construction and/or other consulting services to the District.

LONG TERM DEBT

At year end, the district had \$34,105,844 in long term debt. The following is the breakdown for that amount.

GENERAL OBLIGATION BOND	23,760,316
NET PENSION LIABILITY	9,049,260
NET OPEB OBLIGATION	1,258,722
COMPENSATED ABSENCES PAYABLE	37,546
TOTAL	\$34,105,844

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Courtney Jasper, Director, Fiscal Services at Cardiff School District, 1888 Montgomery Avenue, Cardiff, CA 92007. Or you may email to Courtney.jasper@cardiffschools.com

Basic Financial Statements

CARDIFF SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 18,593,954	\$ 16,724	\$ 18,610,678
Receivables	289,852	825	290,677
Due from (to) Other Funds	(95,592)	95,592	-
Stores	449	-	449
Capital Assets:			
Land	787,808	-	787,808
Improvements	107,789	-	107,789
Buildings	16,932,625	-	16,932,625
Equipment	416,852	-	416,852
Work in Progress	71,070	-	71,070
Less Accumulated Depreciation	(5,734,127)	-	(5,734,127)
Total Assets	<u>31,370,680</u>	<u>113,141</u>	<u>31,483,821</u>
DEFERRED OUTFLOWS OF RESOURCES	1,657,684	111,714	1,769,398
LIABILITIES:			
Accounts Payable	125,417	1,153	126,570
Long-Term Liabilities:			
Due Within One Year	1,100,426	-	1,100,426
Due in More Than One Year	32,679,692	325,726	33,005,418
Total Liabilities	<u>33,905,535</u>	<u>326,879</u>	<u>34,232,414</u>
DEFERRED INFLOWS OF RESOURCES	940,406	53,939	994,345
NET POSITION:			
Net Investment in Capital Assets	7,609,915	-	7,609,915
Restricted For:			
Capital Projects	13,938,007	-	13,938,007
Debt Service	1,568,561	-	1,568,561
Educational Programs	250,259	-	250,259
Other Purposes (Expendable)	361,386	-	361,386
Other Purposes (Nonexpendable)	1,449	-	1,449
Unrestricted	(25,547,154)	(155,963)	(25,703,117)
Total Net Position	<u>\$ (1,817,577)</u>	<u>\$ (155,963)</u>	<u>\$ (1,973,540)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:						
Instruction	\$ 7,384,823	\$ -	\$ 736,348	\$ (6,648,475)	\$ -	\$ (6,648,475)
Instruction-Related Services:						
Instructional Supervision and Administration	51,820	-	-	(51,820)	-	(51,820)
Instructional Library, Media and Technology	345,580	-	-	(345,580)	-	(345,580)
School Site Administration	659,399	-	22,638	(636,761)	-	(636,761)
Pupil Services:						
Home-to-School Transportation	71,578	-	-	(71,578)	-	(71,578)
Food Services	202,028	107,874	36,934	(57,220)	-	(57,220)
All Other Pupil Services	280,694	-	64,539	(216,155)	-	(216,155)
General Administration:						
Centralized Data Processing	2,458	-	-	(2,458)	-	(2,458)
All Other General Administration	880,384	41,150	15,009	(824,225)	-	(824,225)
Plant Services	880,722	-	-	(880,722)	-	(880,722)
Interest on Long-Term Debt	474,801	-	-	(474,801)	-	(474,801)
Other Outgo	580,369	-	69,814	(510,555)	-	(510,555)
Total Governmental Activities	<u>11,814,656</u>	<u>149,024</u>	<u>945,282</u>	<u>(10,720,350)</u>	<u>-</u>	<u>(10,720,350)</u>
Business-type Activities:						
Enterprise Activities	304,891	-	-	-	(304,891)	(304,891)
Total Business-type Activities	<u>304,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(304,891)</u>	<u>(304,891)</u>
Total Primary Government	<u>\$ 12,119,547</u>	<u>\$ 149,024</u>	<u>\$ 945,282</u>	<u>\$ (10,720,350)</u>	<u>\$ (304,891)</u>	<u>\$ (11,025,241)</u>
General Revenues:						
Taxes and Subventions:						
Taxes Levied for General Purposes				7,390,023	-	7,390,023
Taxes Levied for Debt Service				1,044,241	-	1,044,241
Taxes Levied for Other Specific Purposes				(55)	-	(55)
Federal and State Aid, Not Restricted				781,236	-	781,236
Interest and Investment Earnings				90,934	547	91,481
Miscellaneous				449,452	359,971	809,423
Total General Revenues				<u>\$ 9,755,831</u>	<u>\$ 360,518</u>	<u>\$ 10,116,349</u>
Change in Net Position				(964,519)	55,627	(908,892)
Net Position Beginning - Restated (Note P)				(853,058)	(211,590)	(1,064,648)
Net Position Ending				<u>\$ (1,817,577)</u>	<u>\$ (155,963)</u>	<u>\$ (1,973,540)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Cafeteria Fund
ASSETS:		
Cash in County Treasury	\$ 2,733,863	\$ 398
Cash in Revolving Fund	1,500	-
Accounts Receivable	235,503	11,651
Due from Other Funds	173,523	112,193
Stores Inventories	-	449
Total Assets	<u>3,144,389</u>	<u>124,691</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 104,383	\$ 197
Due to Other Funds	223,220	124,045
Total Liabilities	<u>327,603</u>	<u>124,242</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	1,500	-
Stores Inventories	-	449
Restricted Fund Balances	250,260	-
Assigned Fund Balances	1,107	-
Unassigned:		
Reserve for Economic Uncertainty	371,251	-
Other Unassigned	2,192,668	-
Total Fund Balance	<u>2,816,786</u>	<u>449</u>
Total Liabilities and Fund Balances	<u>\$ 3,144,389</u>	<u>\$ 124,691</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Building Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,778,925	\$ 2,079,268	\$ 18,592,454
-	-	1,500
41,193	1,505	289,852
-	-	285,716
-	-	449
<u>13,820,118</u>	<u>2,080,773</u>	<u>19,169,971</u>
\$ -	\$ 3	\$ 104,583
9,643	24,401	381,309
<u>9,643</u>	<u>24,404</u>	<u>485,892</u>
-	-	1,500
-	-	449
13,758,930	127,533	14,136,723
51,545	1,928,836	1,981,488
-	-	371,251
-	-	2,192,668
<u>13,810,475</u>	<u>2,056,369</u>	<u>18,684,079</u>
\$ 13,820,118	\$ 2,080,773	\$ 19,169,971

CARDIFF SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances, governmental funds	\$	18,684,079
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets relating to governmental activities, at historical cost	18,316,144		
Accumulated depreciation	(5,734,127)		
Net			12,582,017

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:		(20,833)
---	--	----------

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions		1,657,684
Deferred inflows of resources relating to pensions		(940,406)

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

General obligation bonds payable	23,760,316		
Net pension liability	8,767,547		
Net OPEB obligation	1,214,709		
Compensated absences payable	37,546		
Total			(33,780,118)

Total net position, governmental activities	\$	<u>(1,817,577)</u>
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The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Cafeteria Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 386,643	\$ -
Education Protection Account Funds	138,120	-
Local Sources	7,390,022	-
Federal Revenue	213,979	34,875
Other State Revenue	684,683	1,974
Other Local Revenue	742,293	107,959
Total Revenues	<u>9,555,740</u>	<u>144,808</u>
Expenditures:		
Current:		
Instruction	6,196,848	-
Instruction - Related Services	935,829	-
Pupil Services	323,444	193,122
General Administration	764,898	-
Plant Services	786,597	-
Other Outgo	208,754	-
Capital Outlay	-	-
Debt Service:		
Principal	63,617	-
Interest	1,827	-
Total Expenditures	<u>9,281,814</u>	<u>193,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>273,926</u>	<u>(48,314)</u>
Other Financing Sources (Uses):		
Transfers In	-	40,590
Transfers Out	(40,590)	-
Proceeds From Sale of Bonds	-	-
Other Sources	-	-
Total Other Financing Sources (Uses)	<u>(40,590)</u>	<u>40,590</u>
Net Change in Fund Balance	233,336	(7,724)
Fund Balance, July 1	2,583,450	8,173
Fund Balance, June 30	<u>\$ 2,816,786</u>	<u>\$ 449</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Building Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 386,643
-	-	138,120
-	-	7,390,022
-	-	248,854
-	5,443	692,100
51,545	1,092,603	1,994,400
<u>51,545</u>	<u>1,098,046</u>	<u>10,850,139</u>
-	-	6,196,848
-	-	935,829
-	-	516,566
-	25,388	790,286
-	46,121	832,718
371,615	-	580,369
71,070	-	71,070
-	910,000	973,617
-	71,200	73,027
<u>442,685</u>	<u>1,052,709</u>	<u>10,970,330</u>
(391,140)	45,337	(120,191)
-	-	40,590
-	-	(40,590)
14,000,000	-	14,000,000
201,615	233,438	435,053
<u>14,201,615</u>	<u>233,438</u>	<u>14,435,053</u>
13,810,475	278,775	14,314,862
-	1,777,594	4,369,217
<u>\$ 13,810,475</u>	<u>\$ 2,056,369</u>	<u>\$ 18,684,079</u>

CARDIFF SCHOOL DISTRICT
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total change in fund balances, governmental funds \$ 14,314,862

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

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	71,070	
Depreciation expense:	<u>(347,073)</u>	
Net		(276,003)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

973,617

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

(14,435,053)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:

(464,653)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when the employer contributions are made. In the statement of activities, costs are measured and recognized in relation to the annual required contribution. The annual required contribution is the normal costs related to the current period plus a calculated amount necessary to systematically amortize any unfunded liability in accordance with generally accepted accounting principles. This year, the difference between the annual required contribution and amounts actually funded was:

(104,273)

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(1,023,797)

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

62,877

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(12,096)

Change in net position of governmental activities - statement of activities \$ (964,519)

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2017

	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	\$ 16,724
Accounts Receivable	825
Due from Other Funds	111,148
Total Current Assets	<u>128,697</u>
Total Assets	<u>128,697</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources-Pension Related	111,714
Total Outflows of Resources	<u>\$ 111,714</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 1,153
Due to Other Funds	15,556
Total Current Liabilities	<u>16,709</u>
Noncurrent Liabilities:	
Net Pension Liability	281,713
Other Postemployment Benefits	44,013
Total Noncurrent Liabilities	<u>325,726</u>
Total Liabilities	<u>342,435</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources-Pension Related	53,939
Total Inflows of Resources	<u>53,939</u>
NET POSITION:	
Unrestricted (Deficit)	(155,963)
Total Net Position	<u>\$ (155,963)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
Operating Revenues:	
Local Revenue	\$ 360,518
Total Revenues	<u>360,518</u>
Operating Expenses:	
Classified Personnel Salaries	218,551
Employee Benefits	60,189
Books and Supplies	24,794
Services and Other Operating Expenses	1,357
Total Expenses	<u>304,891</u>
Change in Net Position	55,627
Total Net Position - Beginning	(211,590)
Total Net Position - Ending	<u>\$ (155,963)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 249,252
Cash Payments to Employees for Services	(270,682)
Cash Payments to Other Suppliers for Goods and Services	(26,151)
Net Cash Provided (Used) by Operating Activities	<u>(47,581)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	523
Net Cash Provided (Used) for Investing Activities	<u>523</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(47,058)
Cash and Cash Equivalents at Beginning of Year	63,782
Cash and Cash Equivalents at End of Year	<u>\$ 16,724</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 55,627
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(724)
Decrease (Increase) in Due From Other Funds	(110,018)
Decrease (Increase) in Deferred Outflows of Resources	(43,642)
Increase (Decrease) in Accounts Payable	(394)
Increase (Decrease) in Net OPEB Obligation	3,778
Increase (Decrease) in Net Pension Liability	70,801
Increase (Decrease) in Deferred Inflows of Resources	(22,486)
Total Adjustments	<u>(102,685)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (47,058)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 52,376
Total Assets	52,376
LIABILITIES:	
Due to Student Groups	\$ 52,376
Total Liabilities	52,376
NET POSITION:	
Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB Statement 14, 39 and 61.

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The District reports the following major governmental funds:

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

Cafeteria Fund. This fund is used to account for the financial resources associated with the food service operations of the district.

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

The District reports the following major enterprise funds:

Enterprise Fund. This fund is used to account for the revenues and expenses associated with the District's Extended Student Services program which operates preschools and before/after school programs throughout the District.

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds. These funds account for the acquisition and/or construction of all major governmental general fixed assets.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

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

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

4. Encumbrances

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

5. Budgets and Budgetary Accounting

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

6. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

c. Expenses/Expenditures

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

7. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

i. Minimum Fund Balance

The District maintains a minimum reserve, within the general fund, an amount not less than the amount required by state law. The fund balance reserve policy establishes a goal of the difference between local property taxes and the calculated revenue limit. The District believes a reserve at this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aid districts such as this district are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

8. Deferred Inflows and Deferred Outflows of Resources

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

9. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

10. Pensions

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

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

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

11. Use of Estimates

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

12. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- | | |
|-----------------|--|
| Level 1 Inputs: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. |
| Level 2 Inputs: | Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. |
| Level 3 Inputs: | Unobservable inputs for an asset or liability. |

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

13. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2017. Those newly implemented pronouncements are as follows:

GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50 Pension Disclosures.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution - administered through trusts that meet the following criteria:

1. Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
2. OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
3. OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

GASB Statement No. 77 - Tax Abatement Disclosures

The objective of this Statement is to improve usefulness of information about tax abatement agreements entered into by governmental agencies. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
2. The gross dollar amount of taxes abated during the period
3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has not entered into any tax abatement agreements. As a result, the adoption of GASB Statement No. 77 did not result in a change to the financial statements or note disclosures.

GASB Statement No. 80 - Blending Requirements for Certain Component Units

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

GASB Statement No. 82 - Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

|This Statement clarifies that payments that are made by an employer to satisfy contribution requirements |that are identified by the pension plan terms as plan member contribution requirements should be classified |as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of |Statement 68. It also requires that an employer's expense and expenditures for those amounts be |recognized in the period for which the contribution is assessed and classified in the same manner as the |employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

|The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Enterprise Fund	\$ (155,963)	Due to recognizing the Net Liability Pension and Net OPEB Obligation

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$18,609,178 as of June 30, 2017). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$18,609,178. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

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

Cash balances on hand and in banks (\$52,376 as of June 30, 2017) and in the revolving fund (\$1,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

As of June 30, 2017, the District's bank balances (including revolving cash) of \$53,876 was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of:

	<u>Major Governmental Funds</u>				
	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Federal Government:					
Federal programs	\$ 142,259	\$ 11,258	\$ -	\$ -	\$ 153,517
State Government:					
Lottery	59,172	-	-	-	59,172
Special education	20,444	-	-	-	20,444
Other state programs	-	393	-	-	393
Local Sources:					
Interest	10,035	-	41,193	1,505	52,733
Other local sources	3,593	-	-	-	3,593
Totals	<u>\$ 235,503</u>	<u>\$ 11,651</u>	<u>\$ 41,193</u>	<u>\$ 1,505</u>	<u>\$ 289,852</u>
	<u>Enterprise Fund</u>				
Local Sources:					
Interest	\$ 125				
Other local sources	700				
Totals	<u>\$ 825</u>				

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

E. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 787,808	\$ -	\$ -	\$ 787,808
Work in progress	-	71,070	-	71,070
Total capital assets not being depreciated	787,808	71,070	-	858,878
Capital assets being depreciated:				
Buildings	16,932,625	-	-	16,932,625
Improvements	107,789	-	-	107,789
Equipment	416,852	-	-	416,852
Total capital assets being depreciated	17,457,266	-	-	17,457,266
Less accumulated depreciation for:				
Buildings	(4,939,782)	(340,055)	-	(5,279,837)
Improvements	(68,228)	(4,273)	-	(72,501)
Equipment	(379,044)	(2,745)	-	(381,789)
Total accumulated depreciation	(5,387,054)	(347,073)	-	(5,734,127)
Total capital assets being depreciated, net	12,070,212	(347,073)	-	11,723,139
Governmental activities capital assets, net	\$ 12,858,020	\$ (276,003)	\$ -	\$ 12,582,017

Depreciation was charged to functions as follows:

Instruction	\$ 344,328
General Administration	2,460
Plant Services	285
	<u>\$ 347,073</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2017, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Cafeteria Fund	General Fund	\$ 112,071	Permanent transfer
General Fund	Enterprise Fund	15,556	Direct costs
Enterprise Fund	General Fund	111,148	Reimbursement of expenses
General Fund	Cafeteria Fund	124,045	Temporary loan
General Fund	Nonmajor Govt. Funds	24,401	Direct costs
General Fund	Building Fund	9,643	Direct costs
	Total	<u>\$ 396,864</u>	

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2017, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Cafeteria Fund	\$ 40,590	Permanent transfer
	Total	\$ 40,590	

G. Short-Term Debt Activity

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

H. Accounts Payable

Accounts payable at June 30, 2017 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds	Enterprise Fund
	General Fund	Cafeteria Fund			
Vendor payable	\$ 41,775	\$ 197	\$ 3	\$ 41,975	\$ 1,153
Payroll and related benefits	62,608	-	-	62,608	-
Totals	\$ 104,383	\$ 197	\$ 3	\$ 104,583	\$ 1,153

I. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the net pension liability measurement date are recorded as deferred outflows of resources. Additionally, deferred outflows of resources pension related include differences between expected and actual experience, change in proportionate share of the total net pension liability, and the net difference between projected and actual earnings on plan investments.

A summary of the deferred outflows of resources as of June 30, 2017 is as follows:

Description	Amortization Term	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Pension related - Governmental	Varies	\$ 1,324,359	\$ 1,201,399	\$ 868,074	\$ 1,657,684
Pension related - Business Type	Varies	68,072	88,558	44,916	111,714
Total Deferred Outflows of Resources		\$ 1,392,431	\$ 1,289,957	\$ 912,990	\$ 1,769,398

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Governmental Activities Pension Related	Business Type Activities Pension Related	Total
2018	\$ 1,012,273	\$ 50,261	\$ 1,062,534
2019	276,177	24,453	300,630
2020	276,177	24,453	300,630
2021	93,057	12,547	105,604
Total	\$ 1,657,684	\$ 111,714	\$ 1,769,398

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

J. Deferred Inflows of Resources

GASB Statement No. 68 requires that certain items relating to net pension liability be recorded as deferred inflows of resources and amortized over time. For the year ended June 30, 2015 amounts recorded as deferred inflows of resources that are pension related are the differences between projected and actual earnings on plan investments. During the year ended June 30, 2016 additional deferred inflows of resources, pension related were accrued for changes in assumptions, change in proportionate share, and the net difference between projected and actual earnings.

A summary of the deferred inflows of resources as of June 30, 2017 is as follows:

Description	Amortization Term	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Pension related - Governmental	Varies	\$ 407,784	\$ 824,577	\$ 291,955	\$ 940,406
Pension related - Business Type	Varies	76,425	660	23,146	53,939
Total Deferred Inflows of Resources		<u>\$ 484,209</u>	<u>\$ 825,237</u>	<u>\$ 315,101</u>	<u>\$ 994,345</u>

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Governmental Activities Pension Related	Business Type Activities Pension Related	Total
2018	\$ 291,956	\$ 23,145	\$ 315,101
2019	291,955	23,144	315,099
2020	191,578	7,518	199,096
2021	164,917	132	165,049
Total	<u>\$ 940,406</u>	<u>\$ 53,939</u>	<u>\$ 994,345</u>

K. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 4,799,035	\$ 14,000,000	\$ 910,000	\$ 17,889,035	\$ 1,000,000
Accreted interest	4,790,735	500,651	-	5,291,386	-
Bond premium	207,719	435,053	62,877	579,895	62,880
Total GO Bonds	<u>9,797,489</u>	<u>14,935,704</u>	<u>972,877</u>	<u>23,760,316</u>	<u>1,062,880</u>
Capital leases	63,617	-	63,617	-	-
Compensated absences *	25,450	12,096	-	37,546	37,546
Net OPEB liability	1,110,436	104,273	-	1,214,709	-
Net pension liability	7,943,047	824,500	-	8,767,547	-
Total governmental activities	<u>\$ 18,940,039</u>	<u>\$ 15,876,573</u>	<u>\$ 1,036,494</u>	<u>\$ 33,780,118</u>	<u>\$ 1,100,426</u>
<u>Business-type activities:</u>					
Net pension liability	\$ 210,912	\$ 70,801	\$ -	\$ 281,713	\$ -
Net OPEB liability	40,235	3,778	-	44,013	-
Total business-type activities	<u>\$ 251,147</u>	<u>\$ 74,579</u>	<u>\$ -</u>	<u>\$ 325,726</u>	<u>\$ -</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

2. General Obligation Bonds

General obligation bonds at June 30, 2017 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2000 Election Series A	07/19/2000	4.00-6.45%	08/01/2025	\$ 10,999,035
2010 Refunding Bonds	01/14/2010	3.00-5.00%	08/01/2017	5,330,000
2016 Election Series A	02/23/2017	2.00-5.00%	08/01/2046	14,000,000
Total GO Bonds				<u>\$ 30,329,035</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2000 Election Series A	\$ 2,889,035	\$ -	\$ -	\$ 2,889,035
2000-A Accreted Interest	4,790,735	500,651	-	5,291,386
2000-A Bond Premium	102,452	-	10,245	92,207
2010 Refunding Bonds	1,910,000	-	910,000	1,000,000
2010 Bond Premium	105,267	-	52,632	52,635
2016 Election Series A	-	14,000,000	-	14,000,000
2016-A Bond Premium	-	435,053	-	435,053
Total GO Bonds	<u>\$ 9,797,489</u>	<u>\$ 14,935,704</u>	<u>\$ 972,877</u>	<u>\$ 23,760,316</u>

The annual requirements to amortize the bonds outstanding at June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	Principal	Accreted Interest	Interest	Total
2018	\$ 1,000,000	\$ -	\$ 409,758	\$ 1,409,758
2019	463,837	791,163	659,880	1,914,880
2020	525,625	859,375	548,744	1,933,744
2021	368,498	931,502	547,244	1,847,244
2022	361,056	1,003,944	547,244	1,912,244
2023-2027	1,425,019	4,824,981	2,735,969	8,985,969
2028-2032	635,000	-	2,675,344	3,310,344
2033-2037	2,010,000	-	2,358,219	4,368,219
2038-2042	4,115,000	-	1,666,631	5,781,631
2043-2047	6,985,000	-	679,070	7,664,070
Totals	<u>\$ 17,889,035</u>	<u>\$ 8,410,965</u>	<u>\$ 12,828,103</u>	<u>\$ 39,128,103</u>

2017 General Obligation Bonds

In February 2017, the District issued \$14,000,000 2016 Election, Series A, General Obligation Bonds in order to finance improvement of school facilities and equipment. The issue consisted of \$8,985,000 in current interest bonds with an interest rate of 2.00% to 5.00% with annual maturities from August 2018 through August 2043, \$420,000 in term bonds with an interest rate of 5.00% with maturity August 2030. \$4,595,000 in term bonds with an interest rate of 3.625% with which matures August 1, 2046. Principal payments on the bonds are due August 1 of each year beginning August 1, 2018 while interest is payable semi-annually on February 1 and August 1 of each year through maturity beginning February 1, 2018. Total proceeds of \$14,000,000 with additional premium of \$435,053 resulted in \$13,830,000 deposited into the Building Fund after issuance costs of \$387,950, while remaining funds of \$217,103 were deposited into the Bond Interest and Redemption Fund to be utilized for subsequent debt service on the bonds.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Amounts for accreted interest in the long-term debt schedule represent amounts accrued as of June 30, 2017. Amounts for accreted interest in the repayment schedule represents total payments of accreted interest over the life of the bonds.

3. Bond Premium

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

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

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

	2000 Series A Bonds	2010 Refunding Bonds	2016 Series A Bonds
Total Interest Payments on Bonds	\$ 8,410,965	\$ 1,035,202	\$ 12,803,103
Less Bond Premium	(266,374)	(473,692)	(435,053)
Net Interest Payments	<u>\$ 8,144,591</u>	<u>\$ 561,510</u>	<u>\$ 12,368,050</u>
Par Amount of Bonds	\$ 10,999,035	\$ 5,330,000	\$ 14,000,000
Periods	25	8	30
Effective Interest Rate	2.960%	1.310%	2.940%

4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2017 amounted to \$37,546. This amount is included as part of long-term liabilities in the government-wide financial statements.

5. Net Pension Liability

The District's governmental funds beginning net pension liability was \$7,943,047 and increased by \$824,500 during the year ended June 30, 2017. The ending net pension liability for the governmental funds at June 30, 2017 was \$8,767,547. See Note N for additional information regarding the net pension liability.

The District's enterprise fund beginning net pension liability was \$210,912 and increased by \$70,801 during the year ended June 30, 2017. The ending net pension liability for the enterprise fund at June 30, 2017 was \$281,713. See Note N for additional information regarding the net pension liability.

6. Net OPEB Liability

The District's governmental funds beginning net OPEB obligation was \$1,110,436 and increased during the year ended June 30, 2017 by \$104,273. The ending net OPEB liability for the governmental funds at June 30, 2017 was \$1,214,709. See Note O for additional information regarding the net pension liability.

The District's enterprise fund beginning net OPEB obligation was \$40,235 and increased during the year ended June 30, 2017 by \$3,778. The ending net OPEB liability for the enterprise fund at June 30, 2017 was \$44,013. See Note O for additional information regarding the net pension liability.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

L. Risk Management

The District is exposed to risk of losses due to:

- a. Torts,
- b. Theft of, damage to, or destruction of assets,
- c. Business interruption,
- d. Errors or omissions,
- e. Job related illnesses or injuries to employees,
- f. Acts of God,
- g. Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention (self-insurance), risk transfer to and from an insurer, and risk transfer to a noninsurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

The District purchases insurance through joint powers authorities. The District is not obligated to cover any losses beyond the premiums paid for the insurance costs. As a result there has not been a liability recorded for incurred but not reported claims.

M. Joint Ventures (Joint Powers Agreements)

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSRM). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

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

Financial information on the District's share of the SDCSRM JPA for the year ended June 30, 2017 was not available at the time this report was issued. The information can be obtained by contacting the JPA directly.

Combined condensed unaudited financial information of the District's share of the JPA for the year ended June 30, 2017 is as follows:

	Dental	Health & Welfare	Vision	Total FBC
Total Assets	\$ 81,510	\$ 18,993	\$ 26,221	\$ 126,724
Total Liabilities	13,148	-	23,276	36,424
Total Net Position	\$ 68,362	\$ 18,993	\$ 2,945	\$ 90,300
Total Cash Receipts	\$ 46,097	\$ 196	\$ 17,869	\$ 64,162
Total Cash Disbursements	52,116	-	10,624	62,740
Change in Net Position	\$ (6,019)	\$ 196	\$ 7,245	\$ 1,422

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2017)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2017)	12.580%	12.580%
Required State Contribution Rates (at June 30, 2017)	7.050%	7.050%

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

**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%*	1.0- 2.5%*
Required Employee Contribution Rates (at June 30, 2017)	7.000%	6.000%
Required Employer Contribution Rates (at June 30, 2017)	13.888%	13.888%

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

c. Contributions

CalSTRS

For the measurement period ended June 30, 2016 (measurement date), Section 22950 of the California Education code requires members to contribute monthly to the system 9.20% (if hired prior to January 1, 2013) or 8.56% (if hired on or after January 1, 2013) of the creditable compensation upon which members' contributions under this part are based (rates increased to 10.25% and 9.205% for fiscal year ended June 30, 2017). In addition the employer required rates established by the CalSTRS Board have been established at 10.73% of creditable compensation for the measurement period ended June 30, 2016 and 12.58% for the fiscal year ended June 30, 2017. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (measurement date), the average active employee contribution rate is 6.974% of annual pay, and the employer's contribution rate is 11.847% of annual payroll. For the fiscal year ending June 30, 2017, the average active employee contribution rate is 6.974%, and the employer's contribution rate is 13.888%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2016 (measurement date) the State contributed 8.602% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contribution reported each fiscal year are based on the contribution rate multiplied by salaries creditable to CalSTRS from the fiscal year two periods prior to the measurement period.

On Behalf Payments reported by the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2015	5.679%	\$ 203,257
2016	7.126%	276,092
2017	8.602%	357,074

d. Contributions Recognized

For the measurement period ended June 30, 2016 (fiscal year June 30, 2017), the contributions recognized for each plan were:

Governmental Activities

Business Type Activities

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	CalSTRS	CalPERS	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 440,595	\$ 151,304	\$ N/A	\$ 20,464	\$ 612,363
Contributions - State	357,074	-	N/A	-	357,074
Total Contributions	<u>\$ 797,669</u>	<u>\$ 151,304</u>	<u>\$ N/A</u>	<u>\$ 20,464</u>	<u>\$ 969,437</u>

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Governmental Activities Proportionate Share of Net Pension Liability	Business Type Activities Proportionate Share of Net Pension Liability	Total Proportionate Share of Net Pension Liability
CalSTRS	\$ 6,684,591	\$ N/A	\$ 6,684,591
CalPERS	2,082,956	281,713	2,364,669
Total Net Pension Liability	<u>\$ 8,767,547</u>	<u>\$ 281,713</u>	<u>\$ 9,049,260</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and June 30, 2017 were as follows:

	District's Proportionate Share		State's Proportionate Share		CalSTRS Total for District Employees
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities	
June 30, 2016	0.0094%	N/A	0.0050%	N/A	0.0144%
June 30, 2017	0.0083%	N/A	0.0052%	N/A	0.0135%
Change in Proportion	<u>-0.0011%</u>	<u>N/A</u>	<u>0.0002%</u>	<u>N/A</u>	<u>-0.0009%</u>

	CalPERS		Total for District Employees
	Governmental Activities	Business Type Activities	
June 30, 2016	0.0108%	0.0014%	0.0122%
June 30, 2017	0.0105%	0.0014%	0.0119%
Change in Proportion	<u>-0.0003%</u>	<u>-</u>	<u>-0.0003%</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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a. Pension Expense

For the measurement period ended June 30, 2016 (fiscal year June 30, 2017), pension expense was recognized as follows:

	Governmental Activities		Business Type Activities		
	CalSTRS	CalPERS	CalSTRS	CalPERS	Total
Change in Net Pension Liability	\$ 340,450	\$ 484,050	\$ N/A	\$ 70,801	\$ 895,301
Increases/(Decreases) Resulting From Changes In Deferred Outflows & Deferred Inflows for:					
Contributions State On Behalf Payments	357,074	-	N/A	-	357,074
Contributions Made Subsequent to Measurement Date	(104,388)	(39,809)	N/A	(5,344)	(149,541)
Difference Between Actual & Expected Experience	(311)	(9,180)	N/A	(1,324)	(10,815)
Change in Assumptions	-	(26,423)	N/A	(3,486)	(29,909)
Change in Proportionate Shares	703,422	48,637	N/A	(3,371)	748,688
Net Difference Between Projected & Actual Earnings	(758)	(371,893)	N/A	(52,603)	(425,254)
Total Pension Expense	\$ 1,295,489	\$ 85,382	\$ N/A	\$ 4,673	\$ 1,385,544

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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b. Deferred Outflows and Inflows of Resources

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Pension contributions subsequent to measurement date	\$ 544,983	\$ 191,113	\$ -	\$ -
Differences between actual & expected experience	-	107,492	(1,401)	-
Changes in assumptions	-	-	-	(79,271)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	238,216	39,516	(624,017)	(35,465)
Net difference between projected and actual experience on plan investments	1,964	534,370	-	(200,252)
Total	<u>\$ 785,163</u>	<u>\$ 872,491</u>	<u>\$ (625,418)</u>	<u>\$ (314,988)</u>
	Business Type Activities			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Pension contributions subsequent to measurement date	\$ N/A	\$ 25,808	\$ N/A	\$ -
Differences between actual & expected experience	N/A	14,292	N/A	-
Changes in assumptions	N/A	-	N/A	(10,456)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	N/A	-	N/A	(12,226)
Net difference between projected and actual experience on plan investments	N/A	71,614	-	(31,257)
Total	<u>\$ N/A</u>	<u>\$ 111,714</u>	<u>\$ N/A</u>	<u>\$ (53,939)</u>

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2018. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

CARDIFF SCHOOL DISTRICT
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Year Ended June 30	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2018	\$ 624,964	\$ 387,309	\$ (156,540)	\$ (135,416)	\$ 720,317
2019	79,981	196,196	(156,539)	(135,416)	(15,778)
2020	79,982	196,195	(156,289)	(35,289)	84,599
2021	266	92,791	(156,050)	(8,867)	(71,860)
Total	\$ 785,193	\$ 872,491	\$ (625,418)	\$ (314,988)	\$ 717,278

Year Ended June 30	Business Type Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2018	\$ N/A	\$ 50,261	\$ N/A	\$ (23,145)	\$ 27,116
2019	N/A	24,453	N/A	(23,144)	1,309
2020	N/A	24,453	N/A	(7,518)	16,935
2021	N/A	12,547	N/A	(132)	12,415
Total	\$ N/A	\$ 111,714	\$ N/A	\$ (53,939)	\$ 57,775

c. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age - Normal Cost	Entry Age - Normal Cost
Actuarial Assumptions:		
Discount Rate	7.65%	7.60%
Inflation	3.0%	2.75%
Payroll Growth	3.75%	3.00%
Projected Salary Increase	0.05%-5.6% (1)	3.20%-10.80% (1)
Investment Rate of Return	7.65% (2)	7.60% (2)
Mortality	.013%-0.435% (3)	0.00125-0.45905 (3)

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Industry standard published by the Society of Actuaries

d. Discount Rate

The discount rate used to measure the total pension liability was 7.65% for CalSTRS and 7.60% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% in 2015 to correct for an adjustment to exclude administrative expenses. There have been no other changes to discount rate for either CalPERS or CalSTRS.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS		
Asset Class	Assumed Allocation 06/30/2016	Long Term Expected Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

*20 year geometric average used for long term expected real rate of return

CARDIFF SCHOOL DISTRICT
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CalPERS

<u>Asset Class</u>	<u>Assumed Allocation 06/30/2016</u>	<u>Real Return Years 1-10(1)</u>	<u>Real Return Years 11+(2)</u>
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

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

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

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

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.60%	6.65%	6.60%	6.65%
Net Pension Liability	\$ 9,620,632	\$ 3,107,779	\$ N/A	\$ 420,319
Current Discount Rate	7.60%	7.65%	7.60%	7.65%
Net Pension Liability	\$ 6,684,591	\$ 2,082,956	\$ N/A	\$ 281,713
1% Increase	8.60%	8.65%	8.60%	8.65%
Net Pension Liability	\$ 4,246,083	\$ 1,229,585	\$ N/A	\$ 166,298

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

f. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2016 (Previously Reported)	\$ 37,377,468	\$ 27,667,131	\$ 9,710,337	\$ 3,366,196	\$ 6,344,141
Changes for the year:					
Change in Proportionate share	(2,484,201)	(1,838,827)	(645,374)	134,648	(780,022)
Service Cost	790,917	-	790,917	305,448	485,469
Interest	2,602,996	-	2,602,996	1,005,264	1,597,732
Differences between expected and actual experience	(162,788)	-	(162,788)	(62,868)	(99,920)
Contributions:					
Employer	-	456,607	(456,607)	(176,340)	(280,267)
Employee	-	398,215	(398,215)	(153,789)	(244,426)
State On Behalf Payments	-	261,202	(261,202)	(100,875)	(160,327)
Net Investment Income	-	310,356	(310,356)	(119,858)	(190,498)
Other Income	-	5,590	(5,590)	(2,159)	(3,431)
Benefit Payments, including refunds of employee contributions	(1,770,414)	(1,770,414)	-	-	-
Administrative expenses	-	(24,244)	24,244	9,363	14,881
Other Expenses	-	(2,051)	2,051	792	1,259
Net Changes	(1,023,490)	(2,203,565)	1,180,076	839,626	340,450
Balance at June 30, 2017	\$ 36,353,978	\$ 25,463,566	\$ 10,890,413	\$ 4,205,822	\$ 6,684,591

CalSTRS - Business Type Activities

CalSTRS is not applicable for the Business Type Activities

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016 (Previously Reported)	\$ 7,772,230	\$ 6,173,324	\$ 1,598,906
Changes for the year:			
Adjustment for Change in Proportionate Share	(215,490)	(171,159)	(44,331)
Service Cost	181,051	-	181,051
Interest	573,936	-	573,936
Differences between expected and actual experience	42,197	-	42,197
Changes in Assumptions	-	-	-
Contributions - Employer	-	151,304	(151,304)
Contributions - Employee	-	89,765	(89,765)
Net Plan to Plan Resource Movement	-	1	(1)
Net Investment Income	-	31,377	(31,377)
Benefit Payments, including refunds of employee contributions	(374,070)	(374,070)	-
Administrative expenses	-	(3,644)	3,644
Net Changes	207,624	(276,426)	484,050
Balance at June 30, 2017	\$ 7,979,854	\$ 5,896,898	\$ 2,082,956

CARDIFF SCHOOL DISTRICT
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CalPERS - Business Type Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016 (Previously Reported)	\$ 1,025,236	\$ 814,324	\$ 210,912
Changes for the year:			
Adjustment for Change in Proportionate Share	(3,207)	(2,547)	(660)
Service Cost	24,487	-	24,487
Interest	77,623	-	77,623
Differences between expected and actual experience	5,707	-	5,707
Changes in Assumptions	-	-	-
Contributions - Employer	-	20,464	(20,464)
Contributions - Employee	-	12,141	(12,141)
Net Plan to Plan Resource Movement	-	1	(1)
Net Investment Income	-	4,244	(4,244)
Benefit Payments, including refunds of employee contributions	(50,592)	(50,592)	-
Administrative expenses	-	(493)	493
Net Changes	54,018	(16,783)	70,801
Balance at June 30, 2017	\$ 1,079,254	\$ 797,541	\$ 281,713

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

O. Postemployment Benefits Other Than Pension Benefits

Plan Description

The Cardiff School District (District) administers a single-employer healthcare plan (Plan). The plan provides health benefits to eligible retirees for a maximum of five years or to the age 65, if earlier. The District currently provides retiree health benefits to approximately 60 active and 5 retired employees.

Certificated Employees

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents. Eligibility for retiree benefits requires retirement under STRS with at least 15 consecutive years of District eligible service. Retiree health benefits end at the earlier of the end of 5 years or the retiree's attainment of age 65. The District currently pays up to \$7,271 annually towards health coverage.

Dependent coverage (except COBRA continuation) ceases upon the death of the retiree.

Classified and Other Employees

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents. Eligibility for retiree benefits requires retirement under PERS on or after age 55 with at least 15 consecutive years of District eligible service. Retiree health benefits end at the earlier of the end of 5 years or the retiree's attainment of age 65. The District currently pays up to \$7,271 annually towards health coverage.

CARDIFF SCHOOL DISTRICT
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Dependent coverage (except COBRA continuation) ceases upon the death of the retiree.

Funding Policy: Beginning in the 2009-10 fiscal year, the District began to accrue the retiree health benefits in accordance with GASB Statement No. 45. The expense is generally accrued over the working career of employees. Under accrual accounting in accordance with GASB Statement No. 45 the District's annual OPEB cost for the fiscal year ended June 30, 2017 is \$108,051.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefits (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC). The District's expense is comprised of the present value of benefits accruing in the current year (normal cost) plus a 30 year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution (ARC)	\$ 130,909	\$ 4,743	\$ 135,652
Interest on Net OPEB obligation	49,969	1,811	51,780
Adjustment to ARC	(76,605)	(2,776)	(79,381)
Annual OPEB cost	104,273	3,778	108,051
Contributions made	-	-	-
Increase in net OPEB obligation	104,273	3,778	108,051
Net OPEB obligations-beginning of year	1,110,436	40,235	1,150,671
Net OPEB obligations-end of year	\$ 1,214,709	\$ 44,013	\$ 1,258,722

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, 2016 and 2017 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 43,420	10.68%	\$ 120,682
2016	107,343	1.33%	1,150,671
2017	108,051	0%	1,258,722

Funded Status and Funding Progress: As of July 1, 2015, the accrued liability for benefits was \$1,069,066, of which \$1,069,066 is unfunded. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$4,437,000, and the ratio of unfunded actuarial accrued liability to the covered payroll was 24 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CARDIFF SCHOOL DISTRICT
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P. Adjustments to Beginning Net Position

Adjustment to Beginning Balance

During the 2015-16 fiscal year, net pension liability and related deferred outflows and inflows of resources were calculated using estimates based on the best information available. Since the issuance of the 2015-16 audit report, CalSTRS and CalPERS have published reports with more accurate information. The District has made adjustments to beginning net pension liability, beginning deferred outflows of resources - pension related, and beginning deferred inflows of resources - pension related to agree with amounts published by CalSTRS and CalPERS. As a result government wide beginning net position was adjusted.

In addition, corrections were made to move items previously reported in the governmental activities on behalf of the Enterprise Fund for net OPEB obligation Those items are now being correctly reported in the Enterprise Fund.

Beginning net position was adjusted as follows:

	Governmental Activities	Business Type Activities	Enterprise Fund
Net Position, Beginning (As Originally Stated)	\$ (1,054,863)	\$ (187,191)	\$ (187,191)
Adjustments for:			
Correction to Net OPEB Obligation	40,235	(40,235)	(40,235)
Correction to Net Pension Liability	(117,850)	(524)	(524)
Correction to Deferred Outflows of Resources	226,888	188	188
Correction to Deferred Inflows of Resources	52,532	16,172	16,172
Net Position, Beginning (As Restated)	\$ (853,058)	\$ (211,590)	\$ (211,590)

Q. Components of Ending Fund Balance

As of June 30, 2017 ending fund balance consisted of the following:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Cafeteria Fund	Building Fund		
Nonspendable Fund Balances					
Revolving Cash	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Stores Inventory	-	449	-	-	449
Restricted Fund Balances					
Educational Programs	250,260	-	-	-	250,260
Capital Projects	-	-	13,758,930	127,533	13,886,463
Assigned Fund Balances					
Debt Service	-	-	-	1,568,561	1,568,561
Postemployment Benefits	1,107	-	-	-	1,107
Deferred Maintenance	-	-	-	360,275	360,275
Capital Projects	-	-	51,545	-	51,545
Unassigned Fund Balances					
Economic Uncertainties	371,251	-	-	-	371,251
Unappropriated	2,192,668	-	-	-	2,192,668
Total Fund Balance	\$ 2,816,786	\$ 449	\$ 13,810,475	\$ 2,056,369	\$ 18,684,079

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

R. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

S. Subsequent Events

Implementation of New Accounting Guidance

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2018. Those newly implemented pronouncements are as follows:

GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

Financial impact of implementing GASB Statement No. 75 has not yet been determined; however, it is expected that the Net OPEB Obligation will significantly increase. The District is currently in contact with an actuary to determine the complete fiscal impact.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

GASB Statement No. 81 - Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

As of the date this audit report is issued, the District does not have any split interest agreements. Consequently, implementation of GASB No 81 is not expected to have a financial or reporting impact on the District.

GASB Statement No. 85 - Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

1. Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
2. Reporting amounts previously reported as goodwill and "negative" goodwill.
3. Classifying real estate held by insurance entities.
4. Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
5. Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
6. Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
7. Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
8. Classifying employer-paid member contributions for OPEB.
9. Simplifying certain aspects of the alternative measurement method for OPEB.
10. Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Financial impact of implementing GASB Statement No. 85 has not yet been determined.

GASB Statement No. 86 - Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance.

Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

For governments that extinguish debt, whether through a legal extinguishment or through an insubstance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

As of the date this audit report was issued, the District did not have any defeasance of debt. Consequently, the implementation of GASB Statement No. 86 is not expected to have a fiscal impact on the District.

Required Supplementary Information

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

CARDIFF SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 386,643	\$ 386,643	\$ 386,643	\$ -
Education Protection Account Funds	136,990	137,970	138,120	150
Local Sources	7,091,864	7,335,391	7,390,022	54,631
Federal Revenue	200,841	200,841	213,979	13,138
Other State Revenue	679,344	669,338	684,683	15,345
Other Local Revenue	722,149	722,768	742,282	19,514
Total Revenues	<u>9,217,831</u>	<u>9,452,951</u>	<u>9,555,729</u>	<u>102,778</u>
Expenditures:				
Current:				
Certificated Salaries	4,292,617	4,293,005	4,450,281	(157,276)
Classified Salaries	1,441,759	1,441,759	1,484,961	(43,202)
Employee Benefits	1,796,067	1,797,251	1,766,676	30,575
Books And Supplies	275,189	332,976	302,708	30,268
Services And Other Operating Expenditures	931,176	886,257	1,002,990	(116,733)
Other Outgo	229,081	229,081	208,754	20,327
Debt Service:				
Principal	140,491	140,491	63,617	76,874
Interest	1,826	3,652	1,827	1,825
Total Expenditures	<u>9,108,206</u>	<u>9,124,472</u>	<u>9,281,814</u>	<u>(157,342)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>109,625</u>	<u>328,479</u>	<u>273,915</u>	<u>(54,564)</u>
Other Financing Sources (Uses):				
Transfers Out	(8,500)	(9,650)	(40,590)	(30,940)
Total Other Financing Sources (Uses)	<u>(8,500)</u>	<u>(9,650)</u>	<u>(40,590)</u>	<u>(30,940)</u>
Net Change in Fund Balance	<u>101,125</u>	<u>318,829</u>	<u>233,325</u>	<u>(85,504)</u>
Fund Balance, July 1	<u>2,582,354</u>	<u>2,582,354</u>	<u>2,582,354</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,683,479</u>	<u>\$ 2,901,183</u>	<u>\$ 2,815,679</u>	<u>\$ (85,504)</u>

CARDIFF SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ 50,000	\$ 50,000	\$ 34,875	\$ (15,125)
Other State Revenue	3,300	3,300	1,974	(1,326)
Other Local Revenue	124,500	124,500	107,959	(16,541)
Total Revenues	<u>177,800</u>	<u>177,800</u>	<u>144,808</u>	<u>(32,992)</u>
Expenditures:				
Current:				
Classified Salaries	98,814	98,814	96,505	2,309
Employee Benefits	22,971	22,971	23,440	(469)
Books And Supplies	62,550	62,550	71,552	(9,002)
Services And Other Operating Expenditures	4,000	4,000	1,625	2,375
Total Expenditures	<u>188,335</u>	<u>188,335</u>	<u>193,122</u>	<u>(4,787)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,535)</u>	<u>(10,535)</u>	<u>(48,314)</u>	<u>(37,779)</u>
Other Financing Sources (Uses):				
Transfers In	8,500	8,500	40,590	32,090
Total Other Financing Sources (Uses)	<u>8,500</u>	<u>8,500</u>	<u>40,590</u>	<u>32,090</u>
Net Change in Fund Balance	(2,035)	(2,035)	(7,724)	(5,689)
Fund Balance, July 1	8,173	8,173	8,173	-
Fund Balance, June 30	<u>\$ 6,138</u>	<u>\$ 6,138</u>	<u>\$ 449</u>	<u>\$ (5,689)</u>

CARDIFF SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS-OTHER POST EMPLOYMENT BENEFITS

YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/09	\$ -	\$ 401,395	\$ 401,395	-	\$ 4,005,000	10.0%
07/01/12	-	368,455	368,455	-	4,045,000	9.1%
07/01/15	-	1,069,066	1,069,066	-	4,437,000	24.1%

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0083%	0.0094%	0.0087%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 6,684,591	\$ 6,344,141	\$ 5,109,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	4,205,823	3,366,196	2,980,278	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total share of net pension liability (asset) associated with the District	\$ 10,890,414	\$ 9,710,337	\$ 8,089,936	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 4,332,138	\$ 4,106,188	\$ 4,354,685	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.30%	154.50%	117.34%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 544,983	\$ 440,595	\$ 386,696	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(544,983)	(440,595)	(386,696)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 4,332,138	\$ 4,106,198	\$ 4,354,685	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	12.580%	10.730%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CARDIFF SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM (CALPERS)
LAST TEN FISCAL YEARS *
GOVERNMENTAL ACTIVITIES

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0105%	0.0108%	0.0103%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 2,082,956	\$ 1,598,905	\$ 1,165,575	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 1,376,105	\$ 1,277,154	\$ 1,206,293	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	151.37%	125.19%	96.62%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CARDIFF SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)
LAST TEN FISCAL YEARS *
GOVERNMENTAL ACTIVITIES

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 191,113	\$ 151,304	\$ 141,993	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(191,113)	(151,304)	(141,993)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 1,376,105	\$ 1,277,154	\$ 1,206,293	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CARDIFF SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *
BUSINESS TYPE ACTIVITIES

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0014%	0.0014%	0.0016%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 281,713	\$ 210,912	\$ 181,935	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 185,827	\$ 172,732	\$ 159,122	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	151.60%	122.10%	114.34%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CARDIFF SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *
BUSINESS TYPE ACTIVITIES

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 25,808	\$ 20,464	\$ 18,730	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(25,808)	(20,464)	(18,730)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 185,827	\$ 172,732	\$ 159,122	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CARDIFF SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Budgetary Comparison Schedule - General Fund

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

General Fund - Fund Financial Statements Ending Fund Balance	\$	2,816,786
Less Fund 20 Fund Balance		<u>1,107</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	\$	<u>2,815,679</u>
General Fund - Fund Financial Statements Net Change in Fund Balance	\$	233,336
Change in Fund Balance attributed to Fund 20		<u>11</u>
General Fund - Budgetary Comparison Schedule Change in Fund Balance	\$	<u>233,325</u>

Excess of Expenditures Over Appropriations

As of June 30, 2017, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund		
Certificated Salaries	\$ 157,276	Unanticipated increase in salaries
Services and Other Operating Expenditures	116,733	Unexpected increase in expenses
Cafeteria Fund:		
Employee Benefits	469	Unexpected increase in expenses
Books and Supplies	9,002	Unexpected increase in expenses

Schedule of District's Proportionate Share - California State Teachers Retirement System

- 1) Benefit Changes: In 2015, 2016 & 2017 there were no changes to benefits
- 2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions

Schedule of District's Contributions - California State Teachers Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014 & 2015, and rolling forward the total pension liability to June 30, 2015 & 2016. The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, and June 30, 2016 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014	June 30, 2015	June 30, 2016
Experience Study	07/01/06 - 06/30/10	07/01/07 - 06/30/11	07/01/08 - 06/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its RP2000 series tables adjusted to fit CalSTRS experience. RP 2000 series tables are an industry standard of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010, July 1, 2007 - June 30, 2011 and July 1, 2008 - June 30, 2012 Experience Analysis for more information.

Schedule of District's Proportionate Share - California Public Employees Retirement System

- 1) Benefit Changes: In 2015, 2016 & 2017 there were no changes to benefits
- 2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65% to correct for an adjustment to exclude administrative expense.

Schedule of District's Contributions - California Public Employees' Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014 & 2015, and rolling forward the total pension liability to June 30, 2015 & 2016. The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, and June 30, 2016 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014	June 30, 2015	June 30, 2016
Experience Study	07/01/96 - 06/30/10	07/01/97 - 06/30/11	07/01/98 - 06/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. For more details on this table, please refer to the April 2013 experience study (based on demographic data from 1996 through 2010), the April 2014 experience study (based on demographic data from 1997 to 2011) and the April 2015 experience study (based on demographic data from 1998 to 2012) available on the CalPERS website.

Combining Statements and Budget Comparisons as Supplementary Information

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

CARDIFF SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Fund Deferred Maintenance Fund	Debt Service Fund Bond Interest & Redemption Fund	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 383,533	\$ 1,568,561	\$ 127,174	\$ 2,079,268
Accounts Receivable	1,143	-	362	1,505
Total Assets	<u>384,676</u>	<u>1,568,561</u>	<u>127,536</u>	<u>2,080,773</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 3	\$ 3
Due to Other Funds	24,401	-	-	24,401
Total Liabilities	<u>24,401</u>	<u>-</u>	<u>3</u>	<u>24,404</u>
Fund Balance:				
Restricted Fund Balances	-	-	127,533	127,533
Assigned Fund Balances	360,275	1,568,561	-	1,928,836
Total Fund Balance	<u>360,275</u>	<u>1,568,561</u>	<u>127,533</u>	<u>2,056,369</u>
Total Liabilities and Fund Balances	<u>\$ 384,676</u>	<u>\$ 1,568,561</u>	<u>\$ 127,536</u>	<u>\$ 2,080,773</u>

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund <u>Deferred Maintenance Fund</u>	Debt Service Fund <u>Bond Interest & Redemption Fund</u>	Capital Projects Fund <u>Capital Facilities Fund</u>	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Other State Revenue	\$ -	\$ 5,443	\$ -	\$ 5,443
Other Local Revenue	4,034	1,046,229	42,340	1,092,603
Total Revenues	<u>4,034</u>	<u>1,051,672</u>	<u>42,340</u>	<u>1,098,046</u>
Expenditures:				
Current:				
General Administration	-	-	25,388	25,388
Plant Services	46,121	-	-	46,121
Debt Service:				
Principal	-	910,000	-	910,000
Interest	-	71,200	-	71,200
Total Expenditures	<u>46,121</u>	<u>981,200</u>	<u>25,388</u>	<u>1,052,709</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,087)</u>	<u>70,472</u>	<u>16,952</u>	<u>45,337</u>
Other Financing Sources (Uses):				
Other Sources	-	233,438	-	233,438
Total Other Financing Sources (Uses)	<u>-</u>	<u>233,438</u>	<u>-</u>	<u>233,438</u>
Net Change in Fund Balance	(42,087)	303,910	16,952	278,775
Fund Balance, July 1	402,362	1,264,651	110,581	1,777,594
Fund Balance, June 30	<u>\$ 360,275</u>	<u>\$ 1,568,561</u>	<u>\$ 127,533</u>	<u>\$ 2,056,369</u>

Other Supplementary Information

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

Supplementary Information Section

CARDIFF SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2017

The Cardiff School District was established on February 10, 1913 and is comprised of an area of approximately 3.2 square miles in San Diego County. There were no changes in the boundaries of the district during the current year. The district currently operates two elementary schools, grades K-6.

Governing Board		
Name	Office	Term and Term Expiration
Mark Whitehouse	President	Four year term Expires December 2018
Nancy Orr	Clerk	Four year term Expires December 2020
Siena Randall	Member	Four year term Expires December 2018
David Ross	Member	Four year term Expires December 2020
Dave Clark	Member	Four year term Expires December 2018

Administration

Jill Vinson
 Superintendent

Courtney Jasper
 Chief Business Official

CARDIFF SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2017

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	256.73	N/A	355.54	N/A
TK/K-3 Totals	256.73	N/A	355.54	N/A
Grades 4-6:				
Regular ADA	319.00	N/A	318.19	N/A
Grades 4-6 Totals	319.00	N/A	318.19	N/A
ADA Totals	575.73	N/A	673.73	N/A

N/A - There were no audit findings which resulted in necessary revisions to attendance.

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

CARDIFF SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2017

TABLE D-2

Grade Level	Ed. Code 46207 Minutes Requirement	2016-17 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	56,000	180	-	Complied
Grade 1	50,400	52,560	180	-	Complied
Grade 2	50,400	52,560	180	-	Complied
Grade 3	50,400	52,560	180	-	Complied
Grade 4	54,000	56,390	180	-	Complied
Grade 5	54,000	56,390	180	-	Complied
Grade 6	54,000	56,390	180	-	Complied

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

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

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2017

TABLE D-3

General Fund	Budget 2018 (See Note 1)	2017	2016	2015
Revenues and other financial sources	\$ 9,511,989	\$ 9,555,729	\$ 9,396,749	\$ 8,285,923
Expenditures, other uses and transfers out	9,748,596	9,322,404	8,961,177	8,602,002
Change in fund balance (deficit)	(236,607)	233,325	435,572	(316,079)
Ending fund balance	\$ 2,579,072	\$ 2,815,679	\$ 28,582,354	\$ 2,146,782
Available reserves (See Note 2)	\$ 2,095,159	\$ 2,563,920	\$ 2,263,491	\$ 1,942,862
Available reserves as a percentage of total outgo (See Note 3)	21.5%	27.5%	25.3%	22.6%
Total long-term debt	\$ 32,679,692	\$ 33,780,118	\$ 19,072,812	\$ 17,177,902
Average daily attendance at P-2	576	576	690	702

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

The general fund balance has increased by \$352,818 over the past three years. The fiscal year 2017-18 budget projects a decrease of \$236,607. For a district of this size, the State recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo).

Long-term debt has increased by \$16,602,216 over the past two years.

Average daily attendance (ADA) has decreased by 126 over the past two years.

Notes:

- 1 Budget 2018 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances, all assigned fund balances, and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$357,074, \$282,274, and \$203,704, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2017, 2016, and 2015.
- 4 As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement #54, the District's Special Reserve Fund for Postemployment Benefits (Fund 20) was included with the general fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

CARDIFF SCHOOL DISTRICT**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017****TABLE D-4**

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2017, annual financial and budget report fund balances	\$ 2,815,679	\$ 1,107
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 presentation of Special Reserve Fund	1,107	(1,107)
Net adjustments and reclassifications	1,107	(1,107)
June 30, 2017, audited financial statement fund balances	\$ 2,816,786	\$ -
	Enterprise Fund	
June 30, 2017, annual financial and budget report fund balances	\$ (123,114)	
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Net pension liability understated	(71,325)	
Deferred Outflows of Resources understated	43,830	
Deferred Inflows of Resources understated	38,658	
Net OPEB obligation understated	(44,012)	
Net adjustments and reclassifications	(32,849)	
June 30, 2017, audited financial statement fund balances	\$ (155,963)	

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

CARDIFF SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2017

TABLE D-5

No charter schools are chartered by Cardiff School District.

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

Other Independent Auditor's Reports

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
Cardiff School District
Cardiff-by-the-Sea, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cardiff School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cardiff School District's basic financial statements, and have issued our report thereon dated December 7, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

El Cajon, California
December 7, 2017

Independent Auditor's Report on State Compliance

Board of Trustees
Cardiff School District
Cardiff-by-the-Sea, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2017.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
--------------------------------	---

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:

Attendance Accounting:

Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A

Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes

**SCHOOL DISTRICTS, COUNTY OFFICES OF
EDUCATION, AND CHARTER SCHOOLS:**

Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunizations	Yes

CHARTER SCHOOLS:

Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

Opinion on State Compliance

In our opinion, Cardiff School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
December 7, 2017

Findings and Recommendations Section

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X Not Applicable

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X Not Applicable

Type of auditor's report issued on compliance for major programs: Not Applicable

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X Not Applicable

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

Not Applicable	Not Applicable
----------------	----------------

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X Not Applicable

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? Yes X No

Type of auditor's report issued on compliance for state programs: Unmodified

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NOT APPLICABLE

D. State Award Findings and Questioned Costs

NONE

CARDIFF SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
-------------------------------	-----------------------	--

There were no findings reported in the June 30, 2016 audit.

Cardiff School District Budget Assumptions 2018-19

Foundational

1. The budget shall reflect the goals of the strategic plan.
2. The employee compensation package is an important aspect of the district's budgetary planning.
3. Provision for the basic education program at all levels shall be the primary consideration.
4. One-time income and ending fund balance shall only be for one-time, non-recurring items.
5. Funding for major maintenance shall be budgeted at 4% of General Fund ~~revenues~~ expenditures.
6. The district shall reserve sufficient funds in anticipation of upcoming curriculum adoptions.
7. The cafeteria program shall be self-supporting.
8. Estimates for utilities, contracted services, insurance, maintenance contracts and supplies shall be based upon a combination of historical data and industry projections.
9. Budgeted expenditures shall not exceed income unless the expenditures which exceed income are one-time only, and are being made possible by an identifiable revenue source.
10. When a new and previously unbudgeted general fund project or program is recommended, the major competing demands for funding shall be reviewed also.
11. Provisions shall be made to maintain the use, value, and safety of the facilities and equipment through capital improvements and preventative maintenance.
12. The District shall maintain a district reserve that is 20-25% of the annual budgeted revenues.
13. The district will use the tax assessor's recommended increase/decrease for property taxes each year.

Staffing and Enrollment

14. Keeping K-3 class sizes in the low to mid 20's and upper grade class sizes in the mid to upper twenties is a target in Cardiff's budgetary planning.
15. Combination classes in all grade levels will be avoided whenever possible.
(combination classes may be a necessary part of each school's class schedule)

Programs

16. Consideration for professional development at all levels shall be included.
17. It is recognized that specialty programs are funded in partnership with local funding sources.
18. Facilities, Maintenance and Operations expenditures will be considered in three tiers: short term, mid term and long term needs.
19. Consideration of technology support, through staff, services, and equipment, shall be included. Technological support for instruction, learning, communication, and data analysis will be considered in three tiers: short term, mid term and long term needs.

Cardiff School District
Cardiff by the Sea, California 92007

January 18, 2018

ITEM: **MEASURE GG FACILITIES EXPENSE REPORT**

BACKGROUND

The Board is being provided an expense report for the Measure GG Facilities Project through October 31, 2017.

CURRENT CONSIDERATIONS

Attached is an expense report for informational purposes.

Exhibit F

MEASURE GG FACILITIES EXPENSE REPORT

<u>Date</u>		<u>Beginning Balance</u>	<u>Expenditures</u>	<u>Interest Earned</u>	<u>Balance</u>
March 9, 2017 - June 30, 2017					
3/9/17	Cardiff SD GO Bonds 2016 Election: Series A	\$13,830,000.00			\$13,830,000.00
3/27/17	Randy Peterson: Bond Program Manager Services		\$11,333.00		\$13,818,667.00
4/6/17	Architect RFP: Daily Journal		\$3.87		\$13,818,663.13
4/21/17	B B & K: Attorney Fees		\$914.40		\$13,817,748.73
4/21/17	Randy Peterson: Bond Program Manager Services		\$11,333.00		\$13,806,415.73
4/24/17	Interest Accrual 3rd Quarter			\$10,351.94	\$13,816,767.67
5/8/17	B B & K: Attorney Fees		\$431.80		\$13,816,335.87
6/8/17	B B & K: Attorney Fees		\$3,200.40		\$13,813,135.47
6/19/17	Randy Peterson: Bond Program Manager Services		\$22,666.00		\$13,790,469.47
6/21/17	Randy Peterson: Bond Program Manager Services		\$11,544.28		\$13,778,925.19
6/30/17	Interest Accrual 4th Quarter			\$41,193.02	\$13,820,118.21
6/30/17	Measure GG Ballot Fees		\$9,643.00		\$13,810,475.21
July 1, 2017 - October 31, 2017					
7/12/17	General Contractor RFP: Daily Journal		\$ 4.65		\$13,810,470.56
8/2/17	B B & K: Attorney Fees		\$ 1,778.00		\$13,808,692.56
8/14/17	School Facilites Consultants		\$ 3,478.75		\$13,805,213.81
8/26/17	B B & K: Attorney Fees		\$ 310.80		\$13,804,903.01
9/7/17	Studio E Architect		\$ 20,734.72		\$13,784,168.29
9/11/17	Randy Peterson: Bond Program Manager Services		\$ 11,333.00		\$13,772,835.29
9/11/17	Randy Peterson: Bond Program Manager Services		\$ 11,333.00		\$13,761,502.29
9/25/17	Placeworks		\$ 5,527.61		\$13,755,974.68
9/25/17	Studio E Architect		\$ 20,218.02		\$13,735,756.66
9/26/17	First American Title		\$ 750.00		\$13,735,006.66
9/26/17	First American Title		\$ 750.00		\$13,734,256.66
10/3/17	School Facilites Consultants		\$ 67.50		\$13,734,189.16
10/9/17	B B & K: Attorney Fees		\$ 2,460.50		\$13,731,728.66
10/12/17	B B & K: Attorney Fees		\$ 2,823.10		\$13,728,905.56
10/23/17	Placeworks		\$ 8,736.25		\$13,720,169.31
10/25/17	Land Survey, Inc.		\$ 8,880.00		\$13,711,289.31
10/25/17	Randy Peterson: Bond Program Manager Services		\$ 22,848.00		\$13,688,441.31
10/25/17	Interest Accrual 1st Quarter			\$ 30,003.07	\$13,718,444.38
10/26/17	School Facilites Consultants		\$ 303.75		\$13,718,140.63
10/31/17	ENDING BALANCE				\$13,718,140.63