

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

**REGULAR MEETING OF THE GOVERNING BOARD
AGENDA**

**THURSDAY, JANUARY 14, 2016 • 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
 - Mr. Mark Whitehouse, President
 - Ms. Nancy Orr, Clerk
 - Ms. Siena Randall, Member
 - Mr. Dave Clark, Member
 - Mr. David Ross, Member
 - Ms. Jill Vinson, Superintendent
 - D. Approval of agenda for January 14, 2016
All items are action unless labeled information
 - E. Approve minutes from regular/organizational meeting of **A**
December 10, 2015 and special meeting of December 15, 2015

Approve minutes from the policy workshop of December 14, 2015 **B**
- 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 fifteen 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 #14-071708 to #14-074182 \$115,971 **C**
 - 3. Payroll Warrants, December, 2015, \$596,804
- B. Enrollment Report as of 01/08/16 **D**
- C. Approval of Cardiff School District's Uniform Complaint Quarterly Report for October 1, 2015 – December 31, 2015 **E**
- D. Removal of items from Consent Calendar
- E. Approval of Consent Calendar

IV. BUSINESS AND FINANCE

- A. Review and Accept Annual Audit Report Ending June 30, 2015 **F**
- B. Review Budget Assumptions for 2016-17 **G**
- C. Approve Contract for Annual Audit of K-12 School Districts Between Cardiff School District and Wilkinson Hadley King & Co, LLP **H**

V. GENERAL FUNCTIONS

- A. Consider approval of the Educator Effectiveness Grant Expenditure Plan **I**
- B. Approval of Renewal of Superintendent Contract
- C. Review Board Protocols **J**
- D. Facilities Needs Update **(Information)**

VI. FUTURE AGENDA ITEMS

VII. ANNOUNCEMENT: ADJOURNING TO CLOSED SESSION

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

VIII. REPORT FROM CLOSED SESSION (If applicable)

IX. ADJOURNMENT OF MEETING

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

MINUTES

REGULAR/ORGANIZATIONAL MINUTES OF DECEMBER 10, 2015

The regular/organizational meeting of the Governing Board of the Cardiff School District was held on Thursday, December 10, 2015 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. President Whitehouse called the meeting to order at 5:05 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: Melanie Garcia, SEA
Trish d'Entremont, CETA
Rick Shea, SDCOE

Mark Whitehouse was re-elected President of the Board for 2016.

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

Mr. Whitehouse presided over the remainder of the meeting.

Nancy Orr was elected Clerk of the Governing Board for 2016.

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

The following appointments were made:

1. The Superintendent was appointed secretary to the Board of Trustees.
2. Dave Clark was appointed representative to the Trustee Review Committee of the North Coastal Consortium for Special Education.

3. Siena Randall and Nancy Orr were appointed to the City of Encinitas School District Liaison Committee.

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

The regular meetings of the Governing Board for 2016 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 14, 2016
Tuesday, February 9, 2016
Thursday, March 10, 2016
Thursday, April 14, 2016
Thursday, May 12, 2016
Thursday, June 9, 2016
Thursday, July 14, 2016
Thursday, August 11, 2016
Thursday, September 15, 2016
Thursday, October 13, 2016
Thursday, November 10, 2016
Thursday, December 8, 2016

The agenda for December 10, 2015 was approved as presented.

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

The minutes from the regular meeting of November 12, 2015 were approved as written.

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

The minutes from the Policy Workshop of November 16, 2015 were approved as written.

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

Hearing Session:

- Parent Sarah Turitto expressed her concerned over students having adequate keyboarding and typing skills.
- Trish d'entremont informed the board that Barb Hall was voted the representative for Cardiff School.
- Janelle Scheftner presented the last year's test scores to the School Site Council at the last meeting.
- Melanie Garcia reported planning for the Gala continues. The event is taking place at the Rancho Santa Fe Garden Club.
- Ms. Parker reported parent conference week went well. She received great feedback from parents. She also reported that the Third Graders Club participated in the Holiday Parade.
- Ms. Scheftner reported Ada Harris also had a great turn out for parent conferences. The AH Student News had it's first broadcast in November. The Wildcat Band was a participant in the Holiday Parade. The band is also performing tonight.
- Trustees reported on their attendance to the annual California School Boards Association Conference that was held in San Diego December 3-5th.
- Superintendent Vinson extended an invitation to Trustees to attend the District Holiday party on Wednesday, December 17th. She also informed the board that Cardiff School District was one of four districts invited to participate in the Quest Grant for computational thinking. Ms. Vinson said that Deb Hyer is pursuing digital certification. The district is also in the process of looking at the Language Arts materials both in textbook and digital format. SANDAG will be working on a project in preparation for the double rail over the next couple of weeks. Three old benches at Berkich Park were removed and replaced with new ones. The digital archiving is continuing. In January we will begin the online enrollment process.

The consent calendar was approved as presented.

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

Budget changes through October 31, 2015 were approved.

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

The first interim budget state report for period ending October 31, 2015 was approved.

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

President Whitehouse opened the public hearing to discuss the Educator Effectiveness Grant Expenditure Plan at 5:39 p.m. There being no public comment, the hearing was closed at 5:40 p.m.

The Board looked at the Facilities Master Plan and discussed priorities of the project. Financial implications and constraints involved in meeting all of the facilities needs were also discussed.

The request from employee 411290 for an unpaid leave of absence for the 2016-17 school year was granted.

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

The request from employee 123724 for a 60/40 reduced workload for the 2016-17 school year was approved.

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

Future agenda items:

1. Budget assumptions
2. Board protocols
3. Audit
4. Educator Effectiveness Grant Expenditure Plan

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 7:15 p.m. The meeting was reconvened at 8:03 p.m. President Whitehouse reported that no action was taken during the closed session. There being no other business to come before the Board, the meeting was adjourned at 8:04 p.m.

Respectfully submitted,

Nancy Orr, Clerk

Jill Vinson, Superintendent

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

MINUTES
SPECIAL MEETING OF DECEMBER 15, 2015

The special meeting of the Governing Board of the Cardiff School District was held on Tuesday, December 15, 2015 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. President Whitehouse called the meeting to order at 5:05 p.m.

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

Members absent: None

Administrators
present: Vinson, Parker, Scheftner

The agenda for December 15, 2015 was approved as presented.

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

The Facilities Master Plan was reviewed more comprehensively.

There being no other regular business to come before the Board, the meeting was adjourned at 6:50 p.m.

Respectfully submitted,

Nancy Orr, Clerk

Jill Vinson, Superintendent

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

MINUTES

BOARD POLICY WORKSHOP, DECEMBER 14, 2015

The Governing Board of the Cardiff School District held a Board Workshop on Monday, December 14, 2015 at Cardiff School District, 1888 Montgomery Avenue, Cardiff CA 92007. President Whitehouse called the meeting to order at 9:20 a.m.

Members present: Orr, Randall, Whitehouse

Members absent: Clark, Ross

Administrators
present: Vinson

No public comments were presented.

Policy and Administrative Regulations Series 6000, Instruction were reviewed and adopted.

MOTION: Randall
SECOND: Orr
AYES: Orr, Randall, Whitehouse
NOES: 0

The meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Nancy Orr, Clerk

Jill Vinson, Superintendent

PURCHASE ORDER LISTING 2015-2016

Date	PO#	Supplier	Fund	Resource	Goal	Function	Object	Site	Description	Inv Amount
INSTRUCTIONAL SUPPLIES										
12/14	901	EDMENTUM, INC.	0100	0000068	1110	1000	4300005	222	EdCity yearly subscription	995.00
12/14	899	Continental Mathematics League	0100	0000000	1110	1000	4300000	111	Instructional supplies	130.00
12/15	927	KELLY PAPER	0100	0000000	1110	1000	4300000	111	Instructional supplies	53.94
12/15		KELLY PAPER	0100	0000000	1110	1000	4300000	222	Instructional supplies	21.01
12/16	871	SCHOLASTIC INC.	0100	0000000	1110	1000	4300000	222	Instructional supplies	25.00
12/16	847	LAZEL	0100	6500000	5770	1120	4300000	222	Spec. Ed. Instructional Supplies	99.95
12/16		MISSION FEDERAL CREDIT UNION	0100	6300000	1110	1000	4300006	222	Instructional supplies	17.75

1,342.65

NON-INSTRUCTIONAL SUPPLIES										
12/9		MARTHA BAILEY	0100	0000000	0000	7100	4300000	000	Office supplies	21.55
12/9		STEPHEN CASMAR	0100	0000068	1110	1000	4300005	111	Wire Cast Software upgrade	104.30
12/14		SHELL	0100	8150000	0000	8110	4300000	000	Automotive supplies	100.00
12/14	924	MISSION JANITORIAL & ABRASIVE	0100	0000000	0000	8200	4300000	000	Custodial supplies	708.31
12/14	930	OFFICE DEPOT	0100	0000000	0000	7200	4300000	000	Office supplies	63.74
12/14	930	OFFICE DEPOT	0100	0000000	1110	1000	4300000	222	Office supplies	103.08
12/15		APPLE INC.	0100	0000000	0000	2420	4300005	222	Computer supplies	86.29
12/15		APPLE INC.	0100	0000000	0000	2420	4300005	111	Computer supplies	86.29
12/15	853	PACIFIC PLUMBING SPECIALTIES	0100	0000000	0000	8200	4300000	000	Maintenance supplies	140.57
12/15	911	SEHI COMPUTER PRODUCTS, INC.	0100	6300000	1110	1000	4300005	222	Phaser ink supplies	510.53
12/15		ATEL COMMUNICATIONS INC.	0100	8150000	0000	8110	4300000	000	phone system repair	1069.20
12/15	824	The Tree House, Inc.	0100	0000000	0000	2420	4300005	222	Printer supplies	1780.06
12/16	617	HOME DEPOT CREDIT SERVICES	0100	8150000	0000	8110	4300000	000	Maintenance supplies	388.71
12/16	947	DAVE BANG ASSOCIATES, INC	0100	0000000	0000	8200	4300000	000	Table/Benches	3292.44

8,455.07

4000 (SUPPLIES) TOTALS:	BALANCE: 253,498	ACCUMULATED BALANCE: 157,915	REMAINING BALANCE: 95,583
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UTILITIES										
12/14	756	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	222	Services for November	426.64
12/14	756	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	111	Services for November	426.64
12/14	789	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Oct & Nov Services	2826.77
12/14	789	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	000	Oct & Nov Services	40.57
12/14	789	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Oct & Nov Services	1713.23
12/15	755	San Diego Gas & Electric	0100	0000000	0000	8200	5500001	111	Services for November	6355.21
12/15	755	San Diego Gas & Electric	0100	0000000	0000	8200	5500001	222	Services for November	3525.48
12/15		AT&T	0100	0000000	0000	7200	5900001	000	Services for November	738.50
12/15		AT&T	0100	0000000	0000	7200	5900001	000	Services for November	583.44
12/16		AT&T	0100	0000000	0000	7200	5900001	000	Services for November	20.40

16,656.88

SERVICES										
12/9	654	CARE-A-VAN TRANSPORT	0100	0000000	5001	3600	5100000	000	Transportation	4031.32
12/9		JACKIE MUSIL	0100	0000000	1110	1000	5200000	000	CETPA Conference	48.00
12/9		MARTHA BAILEY	0100	0000000	0000	7100	5200000	000	Mileage	49.45
12/9		JAMES ROMEO	0100	0000085	1110	1000	5800000	111	Musicboosters Coaching	360.00
12/9		SAMUEL WILMURT	0100	0000085	1110	1000	5800000	111	Musicboosters Coaching	240.00
12/10	923	JUST THINK LITERACY, LLC	0100	0000000	1110	1000	5800000	000	Math Prof. Dev. Aug-Oct	9000.00
12/10	923	JUST THINK LITERACY, LLC	0100	0000000	1110	1000	5800000	000	Literacy Prof. Dev. Aug-Oct	13500.00
12/14	917	TOSHIBA FINANCIAL SERVICES	0100	0000000	1110	1000	5600000	222	Services for November	237.32

12/14	766 TOSHIBA FINANCIAL SERVICES	0100	0000000	0000	7200	5600000	000	Services for November	201.97
12/14	917 TOSHIBA FINANCIAL SERVICES	0100	0000000	1110	1000	5600000	111	Services for November	237.32
12/14	HARBOR BAY INC.	0100	8150000	0000	8110	5800000	000	Remove and replace benches	700.00
12/14	923 JUST THINK LITERACY, LLC	0100	0000000	1110	1000	5800000	000	Math Prof. Dev.-Nov.	1500.00
12/14	923 JUST THINK LITERACY, LLC	0100	0000000	1110	1000	5800000	000	Literacy Prof. Dev. Nov.	4500.00
12/14	SAN DIEGO COUNTY	0100	0000000	0000	8200	5800000	000	Statement for 2016	15.00
12/15	654 CARE-A-VAN TRANSPORT	0100	0000000	5001	3600	5100000	000	Transportation	6789.60
12/15	841 PRUDENTIAL OVERALL SUPPLY	0100	0000000	0000	7200	5600000	000	Services for November	11.42
12/15	841 PRUDENTIAL OVERALL SUPPLY	0100	0000000	0000	8200	5600000	222	Services for November	171.60
12/15	841 PRUDENTIAL OVERALL SUPPLY	0100	0000000	0000	8200	5600000	111	Services for November	136.48
12/15	ATEL COMMUNICATIONS INC.	0100	8150000	0000	8110	5800000	000	phone system repair	382.50
12/15	ATEL COMMUNICATIONS INC.	0100	8150000	0000	8110	5800000	000	phone system repair	541.88
12/15	DEPENDABLE NURSING, LLC	0100	6500000	5770	1190	5800000	000	Nursing services Sept-Nov	12704.25
12/15	743 J.M.D.LANDSCAPE INC.	0100	0000000	0000	8200	5800000	000	Services for November	3528.00
12/15	RED TRUCK FIRE & SAFETY CO.	0100	8150000	0000	8110	5800000	000	Quarterly inspection	298.00
12/15	767 SHRED-IT USA	0100	0000000	0000	7200	5800000	000	Services for November	102.48
12/16	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	7100	5200000	000	CSBA	291.20
12/16	945 SAN DIEGO COUNTY OFFICE OF ED	0100	0000000	0000	2700	5200000	111	"Understanding SBAC" seminar	50.00
12/16	945 SAN DIEGO COUNTY OFFICE OF ED	0100	0000000	0000	2700	5200000	222	"Understanding SBAC" seminar	50.00
12/16	SCHOOL SERVICES OF CA, INC.	0100	0000000	0000	7100	5300000	000	Services for 2015/16	2760.00
12/16	795 Ready Refresh by Nestle	0100	0000000	0000	8200	5500003	222	Services for November	98.25
12/16	795 Ready Refresh by Nestle	0100	0000000	0000	8200	5500003	111	Services for November	35.63
12/16	836 LEAPS-N-BOUNDS	0100	6500000	5770	1190	5800000	000	Occupational Therapy	4060.00
12/16	N. HARRIS COMPUTER CORPORATION	0100	0000000	0000	7200	5800000	000	CC transaction fees-November	75.00
									66,706.67

5000 (SERVICES) TOTALS:	BALANCE: 1,028,420	ACCUMULATED BALANCE: 497,550	REMAINING BALANCE: 530,870
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CARDIFF SCHOOL DISTRICT

Enrollment Form

As of January 8, 2016

CARDIFF				ADA HARRIS			
	BOYS	GIRLS			BOYS	GIRLS	
TK Paccione	<u>9</u>	<u>8</u>	17	3 Rector	<u>10</u>	<u>12</u>	22
			TOT TK	3 Switzler	<u>9</u>	<u>11</u>	20
			<u>17</u>				TOT 3
							<u>42</u>
K Bjorstad	<u>13</u>	<u>10</u>	23				
K Hall	<u>9</u>	<u>13</u>	22				
K McNamara	<u>10</u>	<u>10</u>	20				
K Sallans	<u>13</u>	<u>9</u>	22				
K Stone	<u>11</u>	<u>11</u>	22				
			TOT K				
			<u>109</u>				
1 Carter	<u>13</u>	<u>10</u>	23	4 Green	<u>9</u>	<u>12</u>	21
1 Easson	<u>13</u>	<u>10</u>	23	4 Mihaly	<u>13</u>	<u>10</u>	23
1 Kulbacki	<u>13</u>	<u>10</u>	23	4 Price	<u>11</u>	<u>12</u>	23
1 Doui/Boye	<u>8</u>	<u>8</u>	16	4 Trees	<u>12</u>	<u>11</u>	23
			TOT 1	4 Herr/d'Entre	<u>12</u>	<u>8</u>	20
			<u>84</u>				TOT 4
							<u>110</u>
2 Gustafson	<u>7</u>	<u>11</u>	18	5 Cataldo	<u>13</u>	<u>11</u>	24
2 Miller/Stua	<u>8</u>	<u>11</u>	19	5 Ensberg	<u>13</u>	<u>10</u>	23
2 Kavan	<u>9</u>	<u>11</u>	20	5 Murray	<u>13</u>	<u>10</u>	23
2 Redding	<u>9</u>	<u>10</u>	19	5 Yant	<u>13</u>	<u>11</u>	24
2 Doui/Boy	<u>7</u>	<u>8</u>	15	5 Herr/d'Entre	<u>10</u>	<u>11</u>	21
			TOT 2				TOT 5
			<u>91</u>				<u>115</u>
3 Hamilton	<u>7</u>	<u>12</u>	19	6 Brice	<u>12</u>	<u>7</u>	19
3 Pacetti/Paz	<u>11</u>	<u>10</u>	21	6 Jewell	<u>11</u>	<u>8</u>	19
3 Payte	<u>10</u>	<u>10</u>	20	6 Nguyen	<u>11</u>	<u>8</u>	19
3 Doui/Boy	<u>8</u>	<u>4</u>	12	6 Therriault	<u>13</u>	<u>9</u>	22
			TOT 3				TOT 6
			<u>72</u>				<u>79</u>
SDC	<u>0</u>	<u>0</u>	TOT	SDC	<u>6</u>	<u>0</u>	TOT
			<u>0</u>				<u>6</u>
Boy/Girl Subtotal	<u>188</u>		<u>185</u>	Boy/Girl Subtotal	<u>191</u>		<u>161</u>
SCHOOL TOTAL	<u>373</u>			SCHOOL TOTAL	<u>352</u>		
DISTRICT TOTAL	<u>725</u>						

Cardiff School District
Cardiff-by-the-Sea, California 92007

January 14, 2016

ITEM: **APPROVAL OF CARDIFF SCHOOL DISTRICT'S UNIFORM COMPLAINT
QUARTERLY REPORT FOR OCTOBER 1, 2015 – DECEMBER 31, 2015**

BACKGROUND

Governing boards of school districts in California are required to review and approve the district's quarterly report of complaints regarding instructional materials, facilities and teacher staffing. Attached for your approval is the 2015/2016 2nd quarterly report, prepared for the period of October 1, 2015 – December 31, 2015. No complaints have been received for this period.

CURRENT CONSIDERATION

The San Diego County Office of Education has created a link on their website for school districts to electronically report the required information and the Cardiff School District has completed the reporting process for the quarter specified above.

FINANCIAL IMPLICATION

There are no current financial implications at this time.

RECOMMENDATION

It is respectfully recommended that the Board approve the Uniform Complaint Quarterly Report for October 1, 2015 – December 31, 2015.

SDCOE Uniform Complaint Quarterly Reports Database

Williams and Valenzuela Settlements

Quarterly Complaint Summary ADD a new summary record

[Back to Home Menu](#)

User ID:

Quarter to
Add: 

Please fill in the following table. Enter 0 in any cell that does not apply.

Number of Complaints for Quarter			
	Received	Resolved	Unresolved
Instructional Materials	0	0	0
Facilities	0	0	0
Teacher Vacancy Management	0	0	0

Submitted
By:

Title:

[Main Menu](#)

Cardiff School District
Cardiff By The Sea, California 92007

January 14, 2016

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, 2015 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, 2015.

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

AUDIT REPORT

JUNE 30, 2015

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

Introductory Section

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

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

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cardiff School District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2014-15*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining financial statements and other supplementary information 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 November 27, 2015 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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 27, 2015

CARDIFF SCHOOL DISTRICT
Management Discussion and Analysis
June 30, 2015
(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, 2015.

FINANCIAL HIGHLIGHTS

- Total net position is **(\$1,466,356)**. This is a decrease of \$7,923,572 which is due to current year depreciation, bond repayment, and the recognition of the District's Net Pension Liability under new accounting standards. (See Table 1)
- The District student enrollment decreased by 16 students from October 2013 to October 2014. (See Table 2)
- Property tax revenue increased by 5.05% over the previous year as a result of increases in the assessed value of properties within the District. Fiscal Year 04/05 is the last year the District received Supplemental Taxes. (See Table 3)

TABLE 1 NET POSITION			
GOVERNMENTAL ACTIVITIES			
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Change</u>
Capital Assets	13,573,626	13,215,823	
Other Assets	4,075,327	3,907,031	
TOTAL ASSETS	17,648,953	17,122,854	
Deferred Outflows		520,417	
Current Liabilities	164,921	172,427	
Long Term Liabilities	11,026,816	17,177,902	
TOTAL LIABILITIES	11,191,737	17,350,329	
Deferred Inflows		1,759,298	
TOTAL NET POSITION	6,457,216	(1,466,356)	(7,923,572)
BUSINESS TYPE ACTIVITIES			
TOTAL ASSETS	39,096	35,905	
TOTAL LIABILITIES	11,488	3,459	
TOTAL NET POSITION	27,608	32,446	4,838

TABLE 2

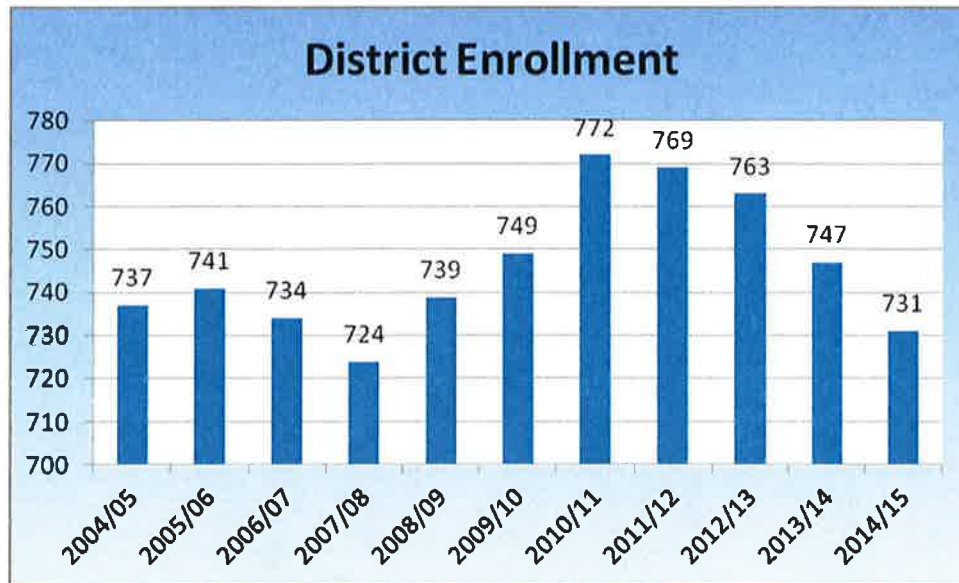
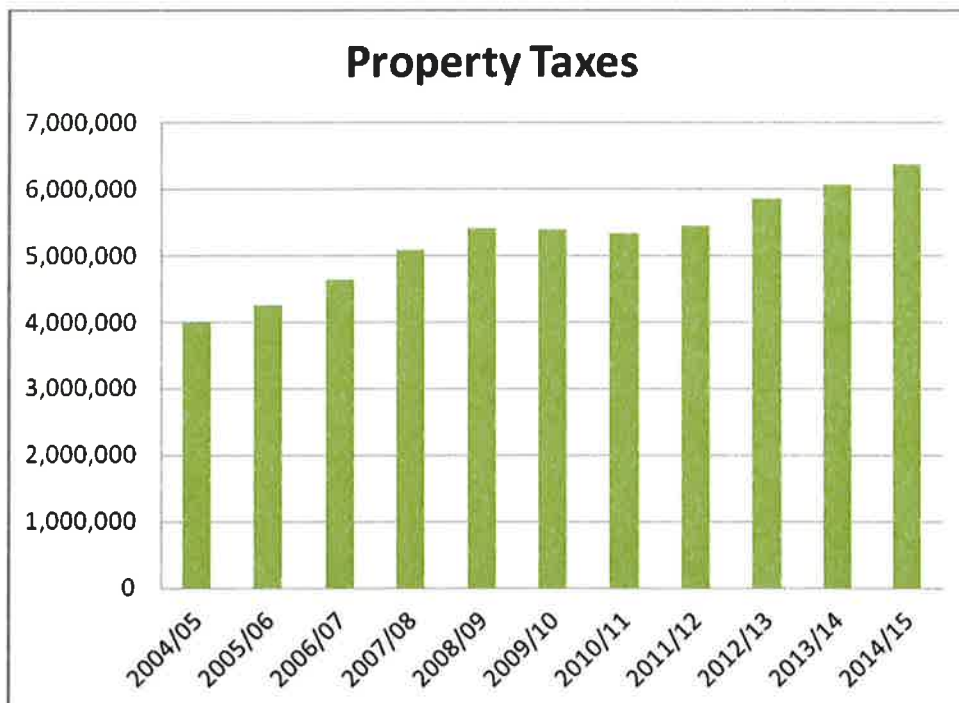


TABLE 3



2004/05 Total \$3,980,712. \$161,268 was for Supplemental taxes That was the last year to receive that category.

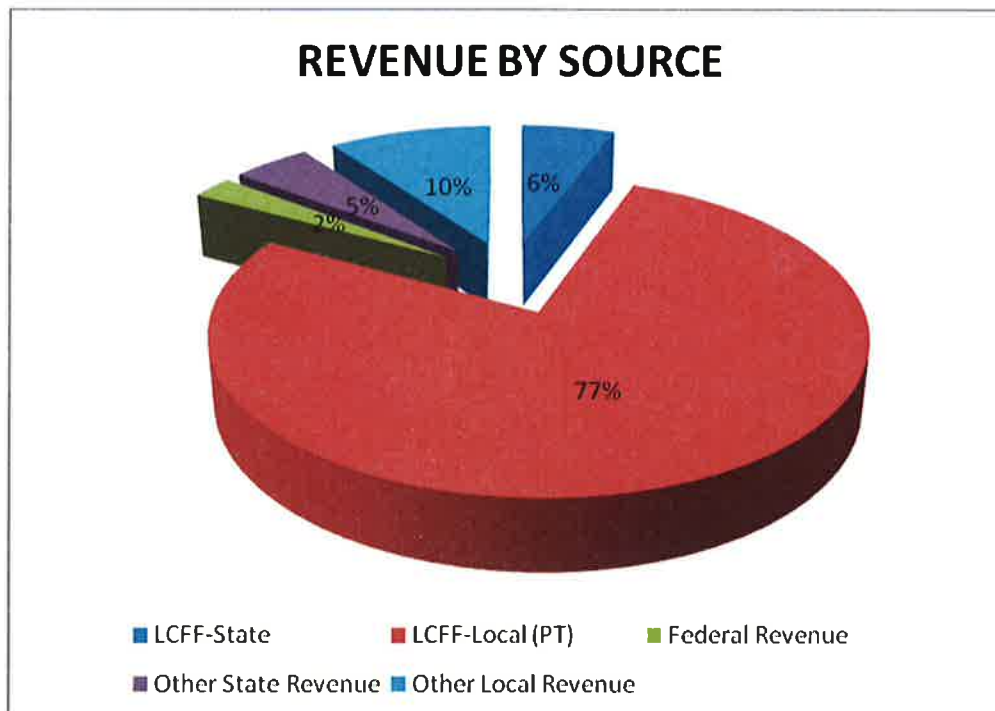
GOVERNMENTAL ACTIVITIES

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.

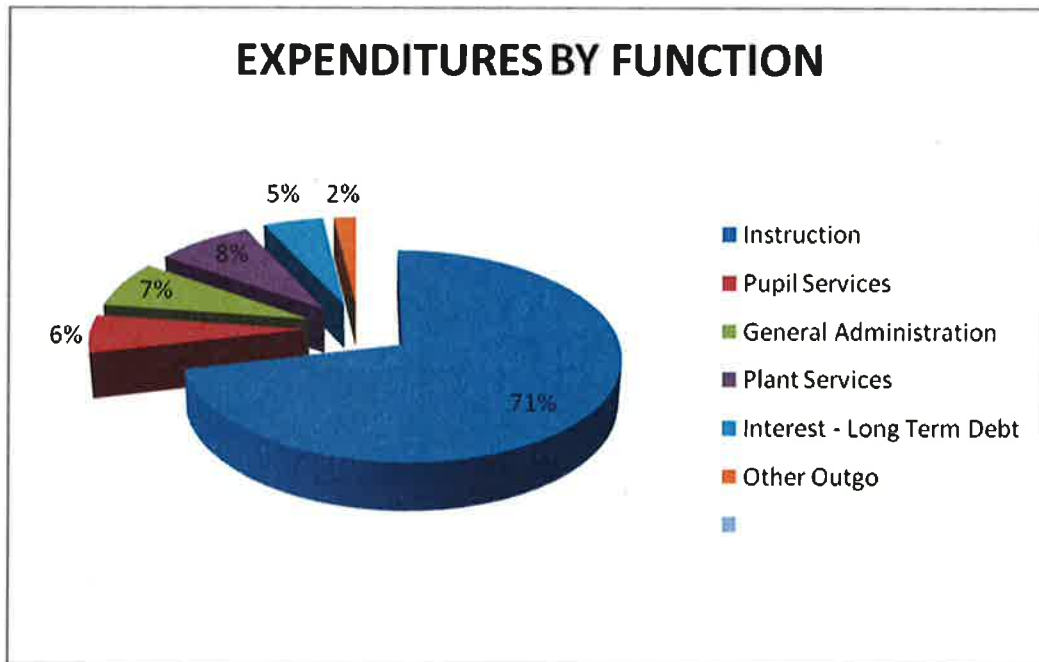
REVENUES	<u>2013/14</u>	<u>2014/15</u>
Program/General Revenues:		
LCFF-State	542,588	542,518
LCFF-Local (PT)	6,956,522	7,388,328
Federal Revenue	262,031	236,550
Other State	588,891	448,894
Other Local	987,680	942,123
TOTAL	9,337,712	9,558,413



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>2013/14</u>	<u>2014/15</u>
Instruction	6,530,435	7,114,125
Pupil Services	455,865	597,590
General Administration	655,191	741,471
Plant Services	732,318	825,740
Interest – Long Term Debt	502,924	510,786
Other Outgo	141,184	189,151
TOTAL	9,017,917	9,978,863



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, 2015.

	ADOPTED BUDGET	YEAR END BUDGET	ACTUAL
REVENUES	7,943,545	8,284,859	8,284,859
EXPENDITURES	7,842,079	8,572,002	8,572,002

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

The district is not currently involved in any new major construction projects. Minor projects will continue to be funded with deferred maintenance funds and developer fees.

LONG TERM DEBT

At year end, the district had \$17,177,902 in long term debt. The following is the breakdown for that amount.

GENERAL OBLIGATION BONDS	9,939,744
NET PENSION LIABILITY	6,610,270
OPEB	120,682
COMPENSATED ABSENCES	37,951
CAPITAL LEASES PAYABLE	198,659
OTHER GENERAL LONG TERM DEBT	270,596
TOTAL	\$17,177,902

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 Sandie Luehrs, Director of Fiscal Services at Cardiff School District, 1888 Montgomery Avenue, Cardiff, CA 92007 or e-mail: sandie.luehrs@cardiffschools.com

Basic Financial Statements

CARDIFF SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 3,613,807	\$ 53,411	\$ 3,667,218
Receivables	274,883	386	275,269
Due from (to) Other Funds	17,892	(17,892)	-
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
Less Accumulated Depreciation	(5,029,251)	-	(5,029,251)
Total Assets	<u>17,122,854</u>	<u>35,905</u>	<u>17,158,759</u>
DEFERRED OUTFLOWS OF RESOURCES	520,417	-	520,417
LIABILITIES:			
Accounts Payable	172,427	3,459	175,886
Long-Term Liabilities:			
Due Within One Year	1,055,870	-	1,055,870
Due in More Than One Year	16,122,032	-	16,122,032
Total Liabilities	<u>17,350,329</u>	<u>3,459</u>	<u>17,353,788</u>
DEFERRED INFLOWS OF RESOURCES	1,759,298	-	1,759,298
NET POSITION:			
Net Investment in Capital Assets	3,077,420	-	3,077,420
Restricted for:			
Capital Projects	474,486	-	474,486
Debt Service	1,159,515	-	1,159,515
Educational Programs	202,418	-	202,418
Other Purposes (Expendable)	1,951	-	1,951
Other Purposes (Nonexpendable)	3,039	-	3,039
Unrestricted	(6,385,185)	32,446	(6,352,739)
Total Net Position	<u>\$ (1,466,356)</u>	<u>\$ 32,446</u>	<u>\$ (1,433,910)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction	\$ 6,240,709	\$ -	\$ 542,229	\$ (5,698,480)	\$	\$ (5,698,480)
Instruction-Related Services:						
Instructional Supervision and Administration	38,610	-	20	(38,590)		(38,590)
Instructional Library, Media and Technology	264,805	-	-	(264,805)		(264,805)
School Site Administration	570,001	-	11,925	(558,076)		(558,076)
Pupil Services:						
Home-to-School Transportation	141,064	-	772	(140,292)		(140,292)
Food Services	202,266	115,775	50,073	(36,418)		(36,418)
All Other Pupil Services	254,260	-	108,863	(145,397)		(145,397)
General Administration:						
Centralized Data Processing	2,458	-	-	(2,458)		(2,458)
All Other General Administration	739,013	9,052	7,582	(722,379)		(722,379)
Plant Services	825,740	19,831	268	(805,641)		(805,641)
Enterprise Activities	1,719	-	-	(1,719)		(1,719)
Interest on Long-Term Debt	510,786	-	-	(510,786)		(510,786)
Other Outgo	187,432	6,588	82,478	(98,366)		(98,366)
Business-Type Activities						
Enterprise Activities	301,837	-	-		(301,837)	(301,837)
Total Expenses	\$ 10,280,700	\$ 151,246	\$ 804,210	\$ (9,023,407)	\$ (301,837)	\$ (9,325,244)

General Revenues:

Taxes and Subventions:

Taxes Levied for General Purposes	6,402,469	-	6,402,469
Taxes Levied for Debt Service	989,222	-	989,222
Taxes Levied for Other Specific Purposes	(161)	-	(161)
Federal and State Aid, Not Restricted	708,753	-	708,753
Interest and Investment Earnings	13,307	236	13,543
Interagency Revenues	3,715	-	3,715
Miscellaneous	485,652	306,440	792,092
Total General Revenues	\$ 8,602,957	\$ 306,676	\$ 8,909,633

Change in Net Position

Change in Net Position	(420,450)	4,839	(415,611)
Net Position Beginning-Restated (Note Q)	(1,045,906)	27,607	(1,018,299)
Net Position Ending	\$ (1,466,356)	\$ 32,446	\$ (1,433,910)

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Cafeteria Fund
ASSETS:		
Cash in County Treasury	\$ 1,949,768	\$ 29,011
Cash in Revolving Fund	1,500	-
Accounts Receivable	266,306	8,104
Due from Other Funds	82,827	33,086
Stores Inventories	-	449
Total Assets	<u>2,300,401</u>	<u>70,650</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 118,357	\$ 4,402
Due to Other Funds	34,174	63,848
Total Liabilities	<u>152,531</u>	<u>68,250</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	1,500	-
Stores Inventories	-	449
Restricted Fund Balances	202,418	1,951
Committed Fund Balances	1,090	-
Assigned Fund Balances	27,724	-
Unassigned:		
Reserve for Economic Uncertainty	1,714,400	-
Other Unassigned	200,738	-
Total Fund Balance	<u>2,147,870</u>	<u>2,400</u>
Total Liabilities and Fund Balances	<u>\$ 2,300,401</u>	<u>\$ 70,650</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,159,515	\$ 474,014	\$ 3,612,308
-	-	1,500
-	472	274,882
-	-	115,913
-	-	449
<u>1,159,515</u>	<u>474,486</u>	<u>4,005,052</u>
\$ -	\$ -	\$ 122,759
-	-	98,022
<u>-</u>	<u>-</u>	<u>220,781</u>
-	-	1,500
-	-	449
-	129,079	333,448
-	345,407	346,497
1,159,515	-	1,187,239
-	-	1,714,400
-	-	200,738
<u>1,159,515</u>	<u>474,486</u>	<u>3,784,271</u>
<u>\$ 1,159,515</u>	<u>\$ 474,486</u>	<u>\$ 4,005,052</u>

CARDIFF SCHOOL DISTRICT
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total fund balances, governmental funds \$ 3,784,271

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	18,245,074	
Accumulated depreciation	(5,029,251)	
Net		13,215,823

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 unmaturred interest owing at the end of the period was: (49,667)

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	520,417
Deferred inflows of resources relating to pensions	(1,759,298)

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	9,939,744	
Net pension liability	6,610,270	
Capital leases	198,659	
Net OPEB obligation	120,682	
Other general long-term debt	270,596	
Compensated absences payable	37,951	
Total		(17,177,902)

Total net position, governmental activities \$ (1,466,356)

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, 2015

	General Fund	Cafeteria Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 398,936	\$ -
Education Protection Account Funds	143,582	-
Local Sources	6,324,047	-
Federal Revenue	189,821	46,729
Other State Revenue	440,079	2,682
Other Local Revenue	788,399	116,437
Total Revenues	<u>8,284,864</u>	<u>165,848</u>
Expenditures:		
Instruction	5,609,445	-
Instruction - Related Services	831,234	-
Pupil Services	384,491	197,882
General Administration	699,622	-
Plant Services	718,851	-
Other Outgo	187,432	-
Debt Service:		
Principal	131,102	-
Interest	9,825	-
Total Expenditures	<u>8,572,002</u>	<u>197,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(287,138)</u>	<u>(32,034)</u>
Other Financing Sources (Uses):		
Transfers In	1,064	30,000
Transfers Out	(30,000)	-
Total Other Financing Sources (Uses)	<u>(28,936)</u>	<u>30,000</u>
Net Change in Fund Balance	(316,074)	(2,034)
Fund Balance, July 1	2,463,944	4,434
Fund Balance, June 30	<u>\$ 2,147,870</u>	<u>\$ 2,400</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 398,936
-	-	143,582
-	78,421	6,402,468
-	-	236,550
6,133	-	448,894
985,860	37,287	1,927,983
<u>991,993</u>	<u>115,708</u>	<u>9,558,413</u>
-	-	5,609,445
-	-	831,234
-	-	582,373
-	1,462	701,084
-	90,294	809,145
-	-	187,432
750,000	-	881,102
131,950	-	141,775
<u>881,950</u>	<u>91,756</u>	<u>9,743,590</u>
110,043	23,952	(185,177)
-	-	31,064
-	(1,064)	(31,064)
-	(1,064)	-
110,043	22,888	(185,177)
1,049,472	451,598	3,969,448
<u>\$ 1,159,515</u>	<u>\$ 474,486</u>	<u>\$ 3,784,271</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, 2015

Total change in fund balances, governmental funds \$ (185,177)

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:	-	
Depreciation expense:	(357,028)	
Net		(357,803)

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:

881,102

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:

(431,888)

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:

(38,783)

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:

(346,027)

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:

(4,751)

Change in net position of governmental activities - statement of activities \$ (420,450)

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION

ENTERPRISE FUND

JUNE 30, 2015

	Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	\$ 53,411
Accounts Receivable	386
Total Current Assets	53,797
Total Assets	53,797
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 3,459
Due to Other Funds	17,892
Total Current Liabilities	21,351
Total Liabilities	21,351
NET POSITION:	
Unrestricted	32,446
Total Net Position	\$ 32,446

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, 2015

	Enterprise Fund
	Enterprise Fund
Operating Revenues:	
Local Revenue	\$ 306,675
Total Revenues	306,675
Operating Expenses:	
Classified Personnel Salaries	213,327
Employee Benefits	44,979
Books and Supplies	22,773
Services and Other Operating Expenses	20,758
Total Expenses	301,837
Income (Loss) before Contributions and Transfers	4,838
Change in Net Position	4,838
Total Net Position - Beginning	27,608
Total Net Position - Ending	\$ 32,446

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, 2015

	Enterprise Fund
	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 306,676
Cash Payments to Employees for Services	(258,307)
Cash Payments to Other Suppliers for Goods and Services	(49,428)
Net Cash Provided (Used) by Operating Activities	<u>(1,059)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	235
Net Cash Provided (Used) for Investing Activities	<u>235</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(824)
Cash and Cash Equivalents at Beginning of Year	54,235
Cash and Cash Equivalents at End of Year	<u>\$ 53,411</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 4,838
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	695
Decrease (Increase) in Due From	700
Increase (Decrease) in Accounts Payable	(8,029)
Increase (Decrease) in Due To	972
Total Adjustments	<u>(5,662)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (824)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2015

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 34,947
Total Assets	<u>34,947</u>
LIABILITIES:	
Due to Student Groups	\$ 34,947
Total Liabilities	<u>34,947</u>
NET POSITION:	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

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

The District reports the following major governmental funds:

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

Bond Interest and Redemption Fund. This fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest, and related costs.

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

The District reports the following major enterprise funds:

Enterprise Fund. This fund is used to account for revenues and expenditures of the District's daycare program.

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

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

b. Measurement Focus, Basis of Accounting

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office Equipment	5-15
Computer Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 20 (Special Reserve Fund for Postemployment Benefits) is merged with the General Fund for purposes of presentation in the audit report.

9. Pensions

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

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

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

10. Use of Estimates

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

11. Change in Accounting Policies

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

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<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>
None reported	Not applicable	Not applicable

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

C. Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Cafeteria Fund:	
Classified salaries	\$ 4,841
Employee benefits	5,487
Books and supplies	2,051
Services and other operating expenditures	361

Cafeteria Fund: The District incurred unanticipated expenses.

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$3,665,719 as of June 30, 2015). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$3,665,719. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

Cash balances on hand and in banks (\$34,947 as of June 30, 2015) 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.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

As of June 30, 2015, the District's bank balances (including revolving cash) of \$36,447 were not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

E. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund		
Federal Government:					
Federal programs	\$ 154,641	\$ 7,640	\$ -	\$ -	\$ 162,281
State Government:					
Lottery	67,335	-	-	-	67,335
Other state programs	10,613	434	-	-	11,047
Local Sources:					
Interest	2,524	30	-	472	3,026
Other local sources	31,193	-	-	-	31,193
Totals	<u>\$ 266,306</u>	<u>\$ 8,104</u>	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 274,882</u>
	Enterprise Fund				
Local Sources:					
Interest	63				
Other local sources	323				
Totals	<u>\$ 386</u>				

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

F. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 787,808	\$ -	\$ -	\$ 787,808
Work in progress	-	-	-	-
Total capital assets not being depreciated	<u>787,808</u>	<u>-</u>	<u>-</u>	<u>787,808</u>
Capital assets being depreciated:				
Buildings	16,932,625	-	-	16,932,625
Improvements	107,789	-	-	107,789
Equipment	551,240	-	134,388	416,852
Total capital assets being depreciated	<u>17,591,654</u>	<u>-</u>	<u>134,388</u>	<u>17,457,266</u>
Less accumulated depreciation for:				
Buildings	(4,261,054)	(339,364)	-	(4,600,418)
Improvements	(59,862)	(4,183)	-	(64,045)
Equipment	(484,920)	(14,256)	(134,388)	(364,788)
Total accumulated depreciation	<u>(4,805,836)</u>	<u>(357,803)</u>	<u>(134,388)</u>	<u>(5,029,251)</u>
Total capital assets being depreciated, net	<u>12,785,818</u>	<u>(357,803)</u>	<u>-</u>	<u>12,428,015</u>
Governmental activities capital assets, net	<u>\$ 13,573,626</u>	<u>\$ (357,803)</u>	<u>\$ -</u>	<u>\$ 13,215,823</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Depreciation was charged to functions as follows:

Instruction	\$	352,809
General Administration		2,458
Plant Services		2,536
	\$	<u>357,803</u>

G. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Cafeteria Fund	General Fund	\$ 33,086	Permanent transfer
General Fund	Enterprise Fund	17,892	Direct costs
General Fund	General Fund	1,088	Reimbursement of expenses
General Fund	Cafeteria Fund	63,847	Temporary loan
	Total	<u>\$ 115,913</u>	

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

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Cafeteria Fund	\$ 30,000	Permanent transfer
Cafeteria Fund	General Fund	1,064	Administrative costs
	Total	<u>\$ 31,064</u>	

H. Accounts Payable

Accounts payable at June 30, 2015 consisted of:

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Enterprise Fund</u>
	<u>General Fund</u>	<u>Cafeteria Fund</u>			
Vendor payables	\$ 54,678	\$ 84	\$ -	\$ 54,762	\$ 98
Pension related liabilities	44,792	473		45,265	1,189
Payroll and related benefits	18,887	3,845	-	22,732	2,172
Totals	<u>\$ 118,357</u>	<u>\$ 4,402</u>	<u>\$ -</u>	<u>\$ 122,759</u>	<u>\$ 3,459</u>

I. Short-Term Debt Activity

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

J. Deferred Outflows of Resources

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

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

Description	Issue Date	Amortization Term	Balance July 1, 2014	Additions	Current Year Amortization	Balance June 30, 2015
Pension related	06/30/2015	1 Year	\$ -	\$ 520,417	\$ -	520,417
Total Deferred Outflows of Resources			\$ -	\$ 520,417	\$ -	\$ 520,417

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Pension Related
2016	\$ 520,417
Total	\$ 520,417

K. Deferred Inflows of Resources

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

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

Description	Issue Date	Amortization Term	Balance July 1, 2014	Additions	Current Year Amortization	Balance June 30, 2015
Pension related	06/30/2015	1 Year	\$ -	\$ 1,759,298	\$ -	1,759,298
Total Deferred Inflows of Resources			\$ -	\$ 1,759,298	\$ -	\$ 1,759,298

Future amortization of deferred Inflows of resources is as follows:

Year Ending June 30	Pension Related
2016	\$ 1,759,298
Total	\$ 1,759,298

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

L. Long-Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 6,369,035	\$ -	\$ 750,000	\$ 5,619,035	\$ 820,000
Accreted interest	3,879,448	441,261	-	4,320,709	-
Bond premium	333,473	-	62,877	270,596	62,877
Capital leases	329,761	-	131,102	198,659	135,042
Compensated absences *	33,200	4,751	-	37,951	37,951
Net OPEB liability	81,899	43,420	4,637	120,682	-
Net pension liability	8,267,562	-	1,657,292	6,610,270	-
Total governmental activities	<u>\$ 19,294,378</u>	<u>\$ 489,432</u>	<u>\$ 2,605,908</u>	<u>\$ 17,177,902</u>	<u>\$ 1,055,870</u>

* Other long-term liabilities

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

2. Debt Service Requirements

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 992,993	\$ -	\$ 102,800	\$ 1,095,793
2017	973,617	-	68,200	1,041,817
2018	1,000,000	-	25,000	1,025,000
2019	383,837	791,163	-	1,175,000
2020	375,625	859,375	-	1,235,000
2021-2025	1,786,566	5,428,434	-	7,215,000
2026-2030	343,007	1,331,993	-	1,675,000
Totals	<u>\$ 5,855,645</u>	<u>\$ 8,410,965</u>	<u>\$ 196,000</u>	<u>\$ 14,462,610</u>

3. Capital Leases

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

<u>Year Ending June 30:</u>	
2016	\$ 140,932
2017	65,443
Total Minimum Rentals	206,375
Less Amounts Representing Interest	(7,716)
Net Present Value of Minimum Lease Payments	<u>\$ 198,659</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

4. General Obligation Bonds

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

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
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
Total GO Bonds				<u>\$ 16,329,035</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2000 Election Series A	\$ 2,889,035	\$ -	\$ -	\$ 2,889,035
2000-A Accreted Interest	3,879,448	441,261	-	4,320,709
2000-A Bond Premium	122,942	-	10,245	112,697
2010 Refunding Bonds	3,480,000	-	750,000	2,730,000
2010 Bond Premium	210,531	-	52,632	157,899
Total GO Bonds	<u>\$ 10,581,956</u>	<u>\$ 441,261</u>	<u>\$ 812,877</u>	<u>\$ 10,210,340</u>

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

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2016	\$ 820,000	\$ -	\$ 102,800	\$ 922,800
2017	910,000	-	68,200	978,200
2018	1,000,000	-	25,000	1,025,000
2019	383,837	791,163	-	1,175,000
2020	375,625	859,375	-	1,235,000
2021-2025	1,786,566	5,428,434	-	7,215,000
2026-2030	343,007	1,331,993	-	1,675,000
Totals	<u>\$ 5,619,035</u>	<u>\$ 8,410,965</u>	<u>\$ 196,000</u>	<u>\$ 14,226,000</u>

Amounts for accreted interest in the long-term debt schedule represent amounts accrued as of June 30, 2015. Amounts for accreted interest in the repayment schedule represents total payments of accreted interest over the life of the bonds.

5. Bond Premium

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

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

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.

The condensed audited financial information for the year ended June 30, 2014 is as follows:

Total Assets	\$ 122,224
Total Liabilities	22,313
Total Fund Balance	99,911
Total Cash Receipts	59,858
Total Cash Disbursements	62,430
Net Change in Fund Balance	(2,572)

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

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.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

b. Benefits Provided

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

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

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

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

c. Contributions - CalPERS

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

d. Contributions - CalSTRS

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

e. On Behalf Payments.

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

f. Contributions Recognized

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

	CalSTRS	CalPERS
Contributions - Employer	\$ 203,760	\$ 143,165
Contributions - Employee	204,480	88,563
Contributions - State On Behalf Payments	124,470	-
Total Pension Contributions	<u>\$ 532,710</u>	<u>\$ 231,728</u>

Pension expense for each plan were as follows:

	CalSTRS	CalPERS
Change in Net Pension Liability	\$ (1,170,000)	\$ (487,293)
Net difference between projected and actual earnings on plan investments	1,295,090	464,199
Total Employer and State Contributions	532,732	231,728
Total Pension Expense	<u>\$ 657,822</u>	<u>\$ 208,634</u>

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

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

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 5,259,330
CalPERS	1,350,940
Total Net Pension Liability	<u>\$ 6,610,270</u>

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

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

	CalSTRS	CalPERS
Proportion - June 30, 2013	0.0090%	0.0119%
Proportion - June 30, 2014	0.0090%	0.0119%
Change - Increase (Decrease)	<u>-</u>	<u>-</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$866,456. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 520,417	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	(1,759,298)
Total	\$ 520,417	\$ (1,759,298)

\$520,417 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (439,824)
2017	(439,824)
2018	(439,825)
2019	(439,825)
Total	(1,759,298)

a. Actuarial Assumptions

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

b. Discount Rate

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

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

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

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

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

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

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

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	\$ 9,226,065	\$ 2,369,857
Current Discount Rate	7.60%	7.50%
Net Pension Liability	\$ 5,259,330	\$ 1,350,940
1% Increase	8.60%	8.50%
Net Pension Liability	\$ 1,944,723	\$ 377,797

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

CalSTRS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 21,400,740	\$ 14,971,410	\$ 6,429,330
Changes for the year:			
Service cost	480,420	-	480,420
Interest	1,603,980	-	1,603,980
Differences between expected and actual experience			
Contributions - Employer	-	203,760	(203,760)
Contributions - Employee	-	204,480	(204,480)
Contributions - State On Behalf	-	124,470	(124,470)
Net investment income	-	2,736,180	(2,736,180)
Other income	-	180	(180)
Benefit payments, including refunds of employee contributions	(1,083,150)	(1,083,150)	
Administrative expenses	-	(13,860)	13,860
Other expenses	-	(810)	810
Net Changes	1,001,250	2,171,250	(1,170,000)
Balance at June 30, 2015	\$ 22,401,990	\$ 17,142,660	\$ 5,259,330

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 7,739,300	\$ 5,901,067	\$ 1,838,233
Changes for the year:			
Service cost	187,547	-	187,547
Interest	573,475	-	573,475
Differences between expected and actual experience			
Contributions - Employer	-	143,165	(143,165)
Contributions - Employee	-	88,563	(88,563)
Net investment income	-	1,016,587	(1,016,587)
Benefit payments, including refunds of employee contributions	(373,479)	(373,479)	-
Administrative expenses	-	-	-
Other expenses	-	-	-
Net Changes	387,543	874,836	(487,293)
Balance at June 30, 2015	\$ 8,126,843	\$ 6,775,903	\$ 1,350,940

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 61 active and 3 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 \$5,100 annually towards health coverage. This cap was increased from \$4,853 effective for retirements on or after July 1, 2011.

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 \$4,853 annually towards health coverage.

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Premium Rates

The District participates in the San Diego County Office of Education Fringe Benefit Consortiums. The medical plans in which the District participates are community-rated.

The following table summarizes the current monthly premiums paid by the District on behalf of retirees for the primary medical and dental plans in which retirees are enrolled.

Benefits

	Kaiser HMO	Kaiser POS	Delta Dental	Vision
Employee only	406	577	41	12
Employee plus spouse	808	1,149	79	24
Employee plus family	1,141	1,623	130	35

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, 2015 is \$43,420.

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, 2015, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$	47,567
Interest on Net OPEB obligation		1,446
Adjustment to ARC		(5,593)
Annual OPEB cost		43,420
Contributions made		(4,637)
Increase in net OPEB obligation		38,783
Net OPEB obligations-beginning of year		81,899
Net OPEB obligations-end of year	\$	120,682

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, 2014 and 2015 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 45,970	28.49%	\$ 81,899
2015	43,420	10.68%	120,682

Funded Status and Funding Progress: As of June 30, 2015, the accrued liability for benefits was \$368,455, of which \$368,455 is unfunded. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$4,045,000, and the ratio of unfunded actuarial accrued liability to the covered payroll was 9.1 percent.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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.

P. Components of Ending Fund Balance

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

	Major Governmental Funds				
	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Stores Inventory	-	449	-	-	449
Restricted Fund Balances					
Educational Programs	202,418	-	-	-	202,418
Child Nutrition Program	-	1,951	-	-	1,951
Capital Projects	-	-	-	129,079	129,079
Committed Fund Balances					
Deferred Maintenance	-	-	-	345,407	345,407
Postemployment Benefits	1,090	-	-	-	1,090
Assigned Fund Balances					
Educational Programs	27,724	-	-	-	27,724
Debt Service	-	-	1,159,515	-	1,159,515
Unassigned Fund Balances					
Reserve for Uncertainty	1,714,400	-	-	-	1,714,400
Unappropriated	200,738	-	-	-	200,738
Total Fund Balance	<u>\$ 2,147,870</u>	<u>\$ 2,400</u>	<u>\$ 1,159,515</u>	<u>\$ 474,486</u>	<u>\$ 3,784,271</u>
		Enterprise Fund			
Unassigned Fund Balances					
Unappropriated		<u>\$ 32,446</u>			

Q. Adjustments to Beginning Net Position

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

Net Position, Beginning (As Originally Stated)	\$ 6,457,218
Adjustments for:	
Change in Accounting Policy - Net Pension Liability	(8,267,562)
Change in Accounting Policy - Deferred Outflows Pension Related	<u>764,438</u>
Net Position, Beginning (As Restated)	<u>\$ (1,045,906)</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

R. Construction Commitments

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

S. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

T. Subsequent Events

New Accounting Pronouncements

GASB Statement No. 72

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

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

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

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

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

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

GASB Statement No. 76

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

Required Supplementary Information

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

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

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 396,742	\$ 398,936	\$ 398,936	\$ -
Education Protection Account Funds	144,176	143,582	143,582	-
Local Sources	6,294,321	6,324,047	6,324,047	-
Federal Revenue	221,443	189,821	189,821	-
Other State Revenue	182,545	440,079	440,079	-
Other Local Revenue	704,318	788,394	788,394	-
Total Revenues	<u>7,943,545</u>	<u>8,284,859</u>	<u>8,284,859</u>	<u>-</u>
Expenditures:				
Current:				
Certificated Salaries	4,101,300	4,189,333	4,189,333	-
Classified Salaries	1,229,055	1,398,815	1,398,815	-
Employee Benefits	1,152,552	1,404,968	1,404,968	-
Books And Supplies	252,649	335,775	335,775	-
Services And Other Operating Expenditures	814,282	914,752	914,752	-
Other Outgo	147,374	187,432	187,432	-
Debt Service:				
Principal	135,042	131,102	131,102	-
Interest	9,825	9,825	9,825	-
Total Expenditures	<u>7,842,079</u>	<u>8,572,002</u>	<u>8,572,002</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>101,466</u>	<u>(287,143)</u>	<u>(287,143)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers In	-	1,064	1,064	-
Transfers Out	(78,421)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>(78,421)</u>	<u>(28,936)</u>	<u>(28,936)</u>	<u>-</u>
Net Change in Fund Balance	<u>23,045</u>	<u>(316,079)</u>	<u>(316,079)</u>	<u>-</u>
Fund Balance, July 1	2,462,859	2,462,859	2,462,859	-
Fund Balance, June 30	<u>\$ 2,485,904</u>	<u>\$ 2,146,780</u>	<u>\$ 2,146,780</u>	<u>\$ -</u>

The accompanying notes to required supplementary information are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B-2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal Revenue	\$ 50,000	\$ 50,000	\$ 46,729	\$ (3,271)
Other State Revenue	3,200	3,200	2,682	(518)
Other Local Revenue	116,575	112,088	116,437	4,349
Total Revenues	<u>169,775</u>	<u>165,288</u>	<u>165,848</u>	<u>560</u>
Expenditures:				
Current:				
Classified Salaries	93,528	85,621	90,462	(4,841)
Employee Benefits	20,640	20,721	26,208	(5,487)
Books And Supplies	56,000	76,000	78,051	(2,051)
Services And Other Operating Expenditures	2,800	2,800	3,161	(361)
Total Expenditures	<u>172,968</u>	<u>185,142</u>	<u>197,882</u>	<u>(12,740)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,193)</u>	<u>(19,854)</u>	<u>(32,034)</u>	<u>(12,180)</u>
Other Financing Sources (Uses):				
Transfers In	-	30,000	30,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,193)</u>	<u>10,146</u>	<u>(2,034)</u>	<u>(12,180)</u>
Fund Balance, July 1	4,434	4,434	4,434	-
Fund Balance, June 30	<u>\$ 1,241</u>	<u>\$ 14,580</u>	<u>\$ 2,400</u>	<u>\$ (12,180)</u>

The accompanying notes to required supplementary information are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS-OTHER POST EMPLOYMENT BENEFITS

YEAR ENDED JUNE 30, 2015

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%
07/01/09	-	401,395	401,395	-	4,135,000	9.7%
07/01/09	-	401,395	401,395	-	4,270,000	9.4%
07/01/12	-	368,455	368,455	-	4,045,000	9.1%
07/01/12	-	368,455	368,455	-	4,045,000	9.1%
07/01/12	-	368,455	368,455	-	4,045,000	9.1%

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 *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.0090%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 5,259,330	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,473,740	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	212.61%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	76.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

Notes to Schedule:

- 1) Benefit Changes: In 2015 there were no changes to benefits.
- 2) Changes in Assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 408,240	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(408,240)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,473,740	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Schedule:

Actuarial methods and assumptions

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

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

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 *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.0119%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 1,350,940	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 1,342,495	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.63%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A - 2014-15 is the first year of implementation and as such, years previous to implementation are not presented in this schedule.

Notes to Schedule:

- 1) Benefit changes: In 2015 there were no changes to the benefits.
- 2) Changes in assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 231,728	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(231,728)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 1,342,495	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	17.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A - 2014-15 fiscal year was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

Notes to Schedule

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

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

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

CARDIFF SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 2,147,870
Less Fund 20 Fund Balance	<u>(1,090)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 2,146,780</u>
General Fund - Fund Financial Statements Net Change in Fund Balance	\$ (316,074)
Change in Fund Balance attributed to Fund 20	<u>(5)</u>
General Fund - Budgetary Comparison Schedule Change in Fund Balance	<u>\$ (316,079)</u>

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, 2015

	Special Revenue Fund <u>Deferred Maintenance Fund</u>	Capital Projects Fund <u>Capital Facilities Fund</u>	Total Nonmajor Governmental Funds (See Exhibit A-3) <u></u>
ASSETS:			
Cash in County Treasury	\$ 345,063	\$ 128,951	\$ 474,014
Accounts Receivable	344	128	472
Total Assets	<u>345,407</u>	<u>129,079</u>	<u>474,486</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted Fund Balances	\$ -	\$ 129,079	\$ 129,079
Committed Fund Balances	345,407	-	345,407
Total Fund Balance	<u>345,407</u>	<u>129,079</u>	<u>474,486</u>
Total Liabilities and Fund Balances	<u>\$ 345,407</u>	<u>\$ 129,079</u>	<u>\$ 474,486</u>

CARDIFF SCHOOL DISTRICT

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

	Special Revenue Fund <u>Deferred Maintenance Fund</u>	Capital Projects Fund <u>Capital Facilities Fund</u>	Total Nonmajor Governmental Funds (See Exhibit A-5) <u></u>
Revenues:			
LCFF Sources:			
Local Sources	\$ 78,421	\$ -	\$ 78,421
Other Local Revenue	1,337	35,950	37,287
Total Revenues	<u>79,758</u>	<u>35,950</u>	<u>115,708</u>
Expenditures:			
General Administration	-	1,462	1,462
Plant Services	87,091	3,203	90,294
Total Expenditures	<u>87,091</u>	<u>4,665</u>	<u>91,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,333)</u>	<u>31,285</u>	<u>23,952</u>
Other Financing Sources (Uses):			
Transfers Out	-	(1,064)	(1,064)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,064)</u>	<u>(1,064)</u>
Net Change in Fund Balance	(7,333)	30,221	22,888
Fund Balance, July 1	352,740	98,858	451,598
Fund Balance, June 30	<u>\$ 345,407</u>	<u>\$ 129,079</u>	<u>\$ 474,486</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, 2015

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 2016
Siena Randall	Member	Four year term Expires December 2018
David Ross	Member	Appointed December 2014 Expires December 2016
Dave Clark	Member	Four year term Expires December 2018

Administration
Jill Vinson Superintendent
Sandie Luehrs Chief Business Official

CARDIFF SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 YEAR ENDED JUNE 30, 2015

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	393.91	N/A	392.98	N/A
TK/K-3 Totals	393.91	N/A	392.98	N/A
Grades 4-6:				
Regular ADA	308.20	N/A	306.51	N/A
Grades 4-6 Totals	308.20	N/A	306.51	N/A
ADA Totals	702.11	N/A	699.49	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, 2015

TABLE D-2

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>Ed. Code 46207 Adjusted & Reduced</u>	<u>2014-15 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	49,800	180	-	Complied
Grade 1	50,400	49,000	52,560	180	-	Complied
Grade 2	50,400	49,000	52,560	180	-	Complied
Grade 3	50,400	49,000	52,560	180	-	Complied
Grade 4	54,000	52,500	56,390	180	-	Complied
Grade 5	54,000	52,500	56,390	180	-	Complied
Grade 6	54,000	52,500	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, 2015

TABLE D-3

General Fund	Budget 2016 (See Note 1)	2015	2014	2013
Revenues and other financial sources	\$ 8,613,285	\$ 8,285,923	\$ 8,474,803	\$ 8,104,977
Expenditures, other uses and transfers out	8,553,801	8,602,002	8,317,621	7,749,173
Change in fund balance (deficit)	59,484	(316,079)	157,182	355,804
Ending fund balance	\$ 2,206,264	\$ 2,146,780	\$ 2,462,859	\$ 2,305,677
Available reserves (See Note 2)	\$ 1,961,011	\$ 1,942,862	\$ 2,180,271	\$ 2,208,939
Available reserves as a percentage of total outgo	22.9%	23.1%	26.8%	28.5%
Total long-term debt (See Note 5)	\$ 16,122,032	\$ 17,177,902	\$ 11,026,816	\$ 11,191,872
Average daily attendance at P-2	676	702	715	725

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 \$196,908 over the past three years. The fiscal year 2015-16 budget projects an increase of \$59,484. 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 \$5,929,872 over the past three years.

Average daily attendance (ADA) has decreased by 33 over the past three years.

Notes:

- 1 Budget 2016 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances, all assigned fund balances, and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$202,033, \$186,618, and \$184,128, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2015, 2014, and 2013.
- 4 As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement #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.
- 5 As a result of implementation of GASB Statement No. 68, long term liabilities for the year ended June 30, 2015 include net pension liabilities which were not previously accounted for. As such, total long term debt for the year ended June 30, 2015 is not comparable to previous years represented in this table.

CARDIFF SCHOOL DISTRICTRECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**TABLE D-4**

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2015, annual financial and budget report fund balances	\$ 2,146,780	\$ 1,090
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 presentation of Special Reserve Fund	1,090	(1,090)
June 30, 2015, audited financial statement fund balances	\$ 2,147,870	\$ -
	Schedule of Long-Term Debt	
June 30, 2015 annual financial and budget report total liabilities	\$ 10,150,465	
Adjustments and reclassifications:		
Increase (decrease) in total liabilities:		
Accreted interest understatement	441,261	
Net pension liability understatement	6,610,270	
Net OPEB obligation understatement	38,783	
Bond premium overstatement	(62,877)	
Net adjustments and reclassifications	7,027,437	
June 30, 2015 audited financial statement total liabilities	\$ 17,177,902	

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.

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, 2015, 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 November 27, 2015.

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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 27, 2015

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

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

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

<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
Regional Occupational Centers or Programs Maintenance of Effort	N/A
Adult Education Maintenance of Effort	N/A

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

California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes

CHARTER SCHOOLS:

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

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

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, 2015.

Purpose of This Report

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 27, 2015

Findings and Recommendations Section

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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 section 510(a) of Circular A-133? Yes X Not Applicable

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

Not Applicable Not Applicable

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

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 Standards and Procedures for Audits of California K-12 Local Education Agencies? 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, 2015

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

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

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Finding 2014-1 Ada Harris Elementary School Student Body	Implemented	
In review of associated student body funds at Ada Harris Elementary School, jogathon revenues did not have sufficient supporting documentation that verify the amounts and timeliness of deposits. Testing could not be performed to ensure all proceeds were properly received and accounted for. Implement procedures that allow for all proceeds from fundraisers to be properly receipted and accounted for. Utilize ticket controls, inventory procedures, proper cash handling, and other controls as deemed necessary for each event.		
Finding 2014-2 Attendance Reporting	Implemented	
In review of on-line class verification for the sixth month of attendance, several teachers were not verifying attendance in a timely manner. Absences were properly verified and accounted for; however, procedures should be implemented to ensure all teachers are verifying attendance on a weekly basis. Establish procedures to ensure teachers are verifying attendance within one week after the end of the attendance period. Pupil attendance must be verified in a timely manner and within the policy guidelines as designated within the education code.		

Cardiff School District Budget Assumptions 2016-17

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. Deferred maintenance shall be budgeted at 1% of General Fund revenues.
6. The district shall reserve sufficient funds in anticipation of upcoming textbook 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. Local support will likely be needed to meet a mid twenties target in the upper grades.
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. Supply budgets shall be reviewed and adjusted as necessary.
17. Consideration for staff development at all levels shall be included.
18. The continuance of specialty programs is contingent on the continued contributions of local sources (Cardiff SEA). As annual costs increase, the district seeks increased funding from local sources.
19. Facilities, Maintenance and Operations expenditures will be considered in three tiers: short term, mid term and long term needs.
20. 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 10, 2016

ITEM: **APPROVE CONTRACT FOR ANNUAL AUDIT OF K-12 SCHOOL DISTRICTS BETWEEN CARDIFF SCHOOL DISTRICT AND WILKINSON HADLEY KING & CO, LLP**

BACKGROUND

California Education Code Section 41020/84040 requires school districts to contract for an audit of their books and accounts by April 1.

CURRENT CONSIDERATION

The Contract for Annual Audit is attached for review.

FINANCIAL IMPLICATIONS

The maximum fees are:

2015/2016	\$9,800
2016/2017	\$9,900
2017/2018	\$9,950

The fees for the past three fiscal years were:

2012/2013	\$9,600
2013/2014	\$9,600
2014/2015	\$9,800

RECOMMENDATION

It is respectfully recommended that the Board approve the Contract for Annual Audit between Cardiff School District and Wilkinson Hadley King &Co., LLP for a period commencing July 1, 2015 through June 30, 2018.

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Natalie C. Azzam, CPA



Aubrey W. King, CPA
Richard K. Savage, CPA
Kevin A. Sproul, CPA

December 17, 2015

To Governing Board & Management

Cardiff School District
1888 Montgomery Avenue
Cardiff, California

We are pleased to confirm our understanding of the services we are to provide Cardiff School District for the years ended June 30, 2016, 2017 and 2018. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Cardiff School District as of and for the years then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Cardiff School District's 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. As part of our engagement, we will apply certain limited procedures to Cardiff School District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules
- 3) Schedule of Funding Progress for Other Post-Employment Benefits (GASB 45)
- 4) Schedule of Funding Progress – Pensions (GASB 68)

We have also been engaged to report on supplementary information other than RSI that accompanies Cardiff School District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Local Education Agency Organizational Structure
- 2) Schedule of Average Daily Attendance
- 3) Schedule of Instructional Time
- 4) Schedule of Financial Trends & Analysis
- 5) Schedule of Charter Schools
- 6) Reconciliation of Annual Financial Budget Report with Audited Financial Statements

El Cajon Office
218 W. Douglas Avenue ♦ El Cajon, CA 92020
Tel. (619) 447-6700 ♦ Fax (619) 447-6707

Emeryville Office
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7) Combining Financial Statements

8) Schedule of Adult Education Maintenance of Effort, if applicable

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes a report on State Compliance as set forth in the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, and will include tests of the accounting records of Cardiff School District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Cardiff School District's financial statements. Our report will be addressed to Governing Board of Cardiff School District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Cardiff School District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Cardiff School District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

As part of the audit we are also required to report on State Compliance. Our procedures will consist of tests of transactions and other applicable procedures described in the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. The purpose of these procedures will be to express an opinion on Cardiff School District's compliance with requirements applicable to each of its applicable programs in our report on compliance issued pursuant to the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the State Controller's Office, California Department of Education, County Office of Education, School District; and any other applicable Oversight Agencies; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Wilkinson Hadley King & Co. LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to California State Controller's Office or its designee, the California Department of Education, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wilkinson Hadley King & Co. LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California State Controller's Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit after the books are closed and to issue our reports no later than December 15, of each year. P. Robert Wilkinson, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$9,800 for 2016, \$9,900 for 2017 and \$9,950 for 2018. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Cardiff School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Wilkinson Hadley King & Co., LLP

Wilkinson Hadley King & Co. LLP

RESPONSE:

This letter correctly sets forth the understanding of Cardiff School District.

Management signature: _____

Title: _____

Date: _____

Date approved by governance: _____

Cardiff School District
Cardiff-by-the-Sea, California 92007

January 14, 2016

ITEM:	APPROVE	EDUCATOR	EFFECTIVENESS	GRANT
	EXPENDITURE PLAN			

BACKGROUND

The Education Budget Trailer Bill for 2015-16, signed on September 22, 2015, provides \$490 million to local educational agencies for enhancing the effectiveness of teachers and administrators. Funds provided were based on the 2014-15 full time equivalent certificated staff reported in the California Longitudinal Pupil Achievement Data Systems (CALPADS).

As a condition of receiving the funds, the district is required to develop a plan for how the funds will be spent. The plan was presented at a Public Hearing on December 10, 2015.

FINANCIAL IMPLICATIONS

The allocated funding of \$65,862 can be spent over the next 3 years.

RECOMMENDATION

It is recommended that the board approve the Educator Effectiveness Grant Expenditure Plan.

CARDIFF SCHOOL DISTRICT

EDUCATOR EFFECTIVENESS EXPENDITURE PLAN

Proposed Expenditures	Estimated Cost
Beginning Teacher and Administrator support and mentoring	\$6,586
Professional Development, Coaching and Support Services for teachers identified as needing improvement or additional support	\$6,586
Professional Development for teachers and administrators aligned to the state academic content standards	\$52,690
TOTAL EXPENDITURES	\$65,862

CARDIFF SCHOOL DISTRICT
Board Governance Protocols
2015

<u>ISSUE</u>	<u>PROTOCOL</u>
Meeting Length	-Start at 5:00 PM / when a quorum is present -Don't brief latecomer on prior action -No more than 30 minutes per agendized item
Stay Focused on Agenda	-Stay focused on items on the agenda...avoid sidetracks... politely nudge members back -Exercise the power of the Chair to move items along -Avoid side conversations
Role of the President During Meetings	-Focus the discussion -Summarize the points of the discussion to the satisfaction of the team -Communicate the direction of the Board to the Superintendent after the Board decision -The Board President will be the spokesperson for the Board and communicate the consensus of the Board regarding controversial and "hot" issues.
Managing Meetings	-Ask questions about items or back-up in advance of the meeting to: a. Give staff an opportunity to prepare b. Ensure there are "no surprises" during the meeting
Asking Questions in Advance	-Board members may choose to give a summary of questions they may have asked in preparation for the meeting.
Managing Meetings: Time Monitoring	-The Board President/designee will serve as time monitor to assist the President in managing meeting length
Managing Meetings: Public Comment	-The Board President and Superintendent may, in consultation with the Board, adjust the agenda to accommodate public comment or attending staff/presenters -The Board President will remind public that Board will not respond to questions during this portion of the agenda
Closed Session:	-What's said there, stays there -Items not on the agenda are not discussed
Handling Complaints And Concerns	-Trustees listen carefully to complaints, remembering they are only hearing one side of the story, then direct the person making the complaint to the person in the District most appropriate and able to help them resolve their concern. This will ensure everyone is treated fairly, equally and expeditiously and that the processes and procedures of the District are upheld. As representatives of the public, it is important the Trustees invite the person with the complaint to ultimately get back to them if the issue is not resolved. -The Trustee will advise the Superintendent of valid concerns
Self-monitoring of Governance Team Effectiveness	-Individual Trustees agree to review and adhere to meeting norms, goals, and Board member roles as defined by CSBA. When behavior by an individual trustee detracts from effective governance, other Trustees work with that Trustee to encourage conformance to our norms (communicating with courage and consideration). -In a workshop setting, the governance team will evaluate its effectiveness every year