

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

**REGULAR MEETING OF THE GOVERNING BOARD
AGENDA**

**WEDNESDAY, JANUARY 21, 2015 • 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 21, 2015
All items are action unless labeled information
 - E. Approve minutes from the regular/organizational meeting of **A**
December 9, 2014 and special meetings of December 18, 2014 and December 22, 2014
- 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 #14-015150 to #14-017609 \$138,525 **B**
 - 3. Payroll Warrants, December, 2014, \$622,248
- B. Enrollment report as of 01/13/15 **C**
- C. Removal of items from Consent Calendar
- D. Approval of Consent Calendar

IV. BUSINESS AND FINANCE

- A. Budget Update (**Information**)
- B. Review and Accept Annual Audit Report Ending June 30, 2014 **D**
- C. Budget assumptions for 2015-16 **E**

V. GENERAL FUNCTIONS

- A. Consider approval of annual district membership to CalSTRS Funding Coalition **F**
- B. Approve resolution of Local Reserves Cap SB 858 **G**
- C. Review Board Protocols (**Information**) **H**

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 9, 2014

The regular/organizational meeting of the Governing Board of the Cardiff School District was held on Tuesday, December 9, 2014 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. President Whitehouse called the meeting to order at 5:00 p.m. Trustees and visitors were led in the pledge of allegiance.

Members present: Clark, Randall, Orr, Whitehouse

Members absent: None

Administrators
present: Vinson, Parker, Kissell

Visitors: Rhea Stewart

Mark Whitehouse was re-elected President of the Board for 2015.

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

Mr. Whitehouse presided over the remainder of the meeting.

Nancy Orr was elected Clerk of the Governing Board for 2015.

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

The regular meetings of the Governing Board for 2015 were scheduled for 5:00 p.m. at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California on the following dates:

Wednesday, January 21, 2015
Tuesday, February 10, 2015
Thursday, March 12, 2015
Thursday, April 16, 2015
Thursday, May 14, 2015
Tuesday, June 9, 2015
Thursday, July 9, 2015
Thursday, August 20, 2015
Thursday, September 10, 2015
Thursday, October 8, 2015
Thursday, November 12, 2015
Thursday, December 10, 2015

The agenda for December 9, 2014 was approved as presented.

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

The minutes from the regular meeting of November 13, 2014 were approved as written.

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

Hearing Session:

- SEA is busy planning for the Gala event, taking place at the Lux Institute on March 14, 2015. The fundraising thermometer banners have been updated to reflect the current amounts.
- Julie Parker reported that since the last meeting, parent conferences took place. The new report cards were introduced. There were minimal questions but overall well received by parents. Ms. Parker also reported the third graders and their recorders participated in this year's Holiday Parade.
- Brian Kissell reported the Wildcat Band also marched in the Holiday Parade and did a fantastic job. Catherine Gold did a terrific job preparing the students. The band will be performing their Winter Concert tomorrow at 6 p.m. Third grade had been experimenting with genius hour. Both MAC classes go together 1st and 5th grade collaborated with each other. The sixth grade toy fair will come to a climax next week. The sixth grade team did a great job of modeling the process.
- Superintendent Vinson announced Cardiff Soccer donated \$2,000 toward the maintenance of the fields. The CSBA Policy workshop is taking place January 7-9. Ms. Vinson updated the Board on the staffing beginning January 5th. Barb Miller requested a transfer to Cardiff School. Margaret Clune has been hired at Ada Harris; Diana Roeck has decided to retire after 28 years of service to the district. Ms. Vinson reported visitors from Canada were here observing the MAC program.

The consent calendar was approved as presented.

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

The budget changes through 10/31/14 were approved.

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

The First Interim Budget State Report for the period ending October 31, 2014 was approved.

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

The rate increase for the North County Coastal Substitute Teacher Consortium (NCCSTC) was approved.

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

The annual district membership to CalSTRS Funding Coalition was tabled to the next meeting.

Future agenda items:

1. Accept audit
2. Board protocols

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 5:50 p.m. The meeting was reconvened at 7:10 p.m. President Whitehouse reported the following action was taken during the closed session:

An amendment to the superintendent's contract was made. Ms. Vinson's contract, at the salary of \$150,000, was extended to June 2018.

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

There being no other business to come before the Board, the meeting was adjourned at 7:12 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 18, 2014

The special meeting of the Governing Board of the Cardiff School District was held on Thursday, December 18, 2014 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. The meeting was called to order by President Whitehouse at 5:02 p.m. and led Trustees and visitors in the pledge of allegiance.

Members present: Clark, Randall, Orr, Whitehouse

Members absent: None

Administrators
present: Vinson

Visitors: Greta Ott

The agenda for December 18, 2014 was approved as presented.

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

Trustees interviewed Todd Davis, David Ross, and Rhea Stewart for the vacant position.

Trustees then deliberated but were unable to reach consensus . President Whitehouse adjourned the meeting to 5:00 p.m. on Monday, December 22, 2014.

There being no other business to come before the Board, the meeting was adjourned at 6:58 p.m.

Respectfully submitted,

Nancy Orr, Clerk

Jill Vinson, Superintendent

CARDIFF SCHOOL DISTRICT
1888 Montgomery Avenue
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MINUTES
SPECIAL MEETING OF DECEMBER 22, 2014

The special meeting of the Governing Board of the Cardiff School District was held on Monday, December 22, 2014 at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California. The meeting was called to order by President Whitehouse at 5:00 p.m. and led Trustees and visitors in the pledge of allegiance.

Members present: Clark, Randall, Orr, Whitehouse

Members absent: None

Administrators
present: Vinson

President Whitehouse called the meeting to order to continue the process for selecting a candidate to fill the Governing Board vacancy.

After further deliberation, David Ross was appointed to fill the vacant seat until the election in November 2016. Mr. Ross was sworn in.

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

There being no other business to come before the Board, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,

Nancy Orr, Clerk

Jill Vinson, Superintendent

2014-2015 Purchase Order Listing

Date	PO#	Fund	Resource	Goal	Unctid	Object	Site	Vendor	Description	Amt. Paid
2-Dec		0100	8150000	0000	8110	4300000	000	DUGMORE AND DUNCAN OF CA	key blanks	267.09
6-Dec	19910	0100	0000000	0000	7100	4300000	000	ROTARY CLUB OF ENCINITAS	meals	16.00
9-Dec	140	0100	0000000	0000	8200	4300000	000	HYDRO-SCAPE PRODUCTS, INC.	October	1,810.86
18-Dec		0100	0000000	0000	2700	4300000	111	BRIAN KISSELL	food for teacher appreciation	65.95
18-Dec		0100	0000000	0000	7100	4300000	000	APPLE INC.	Political Compliance Counsel brie	188.82
18-Dec	139	0100	8150000	0000	8110	4300000	000	HOME DEPOT CREDIT SERVICES	maintenance supplies	2,126.66
19-Dec	325	0100	0000000	0000	7100	4300000	000	TOSHIBA BUSINESS SOLUTIONS	rerite license	322.92
19-Dec	19922	0100	8150000	0000	8110	4300000	000	SHELL	gas for truck	452.38
23-Dec	385	0100	0000000	0000	2420	4300000	222	SYNCB/AMAZON	Image transfer kit-hp laserjet	629.92
23-Dec		0100	0000000	0000	7100	4300000	000	SYNCB/AMAZON	Books for principals	58.89
23-Dec		0100	0000000	0000	7100	4300000	000	MISSION FEDERAL CREDIT UNION	lunch for teacher eval. Comit.	76.27
23-Dec		0100	0000000	0000	7100	4300000	000	BRIAN SCHLEDORN	holiday staff party food	269.91
24-Dec		0100	0000000	0000	2700	4300000	111	BRIAN KISSELL	pizza for buddy program	51.78
24-Dec		0100	0000000	0000	7100	4300000	000	SAN DIEGUITO TROPHY	Diane Roeck retirement gift	66.96
24-Dec	140	0100	0000000	0000	8200	4300000	000	HYDRO-SCAPE PRODUCTS, INC.	November	2,913.32
										9,317.73
2-Dec	359	0100	0000000	1110	1000	4300000	111	SYNCB/AMAZON	Math supplies	296.03
2-Dec	364	0100	0000000	1110	1000	4300000	111	TIME FOR KIDS	kids magazine	107.04
2-Dec	376	0100	0000000	1110	1000	4300000	111	SPELLINGCITY.COM, INC.	spelling app membership	79.95
4-Dec	365	0100	0000000	1110	1000	4300000	222	APPLE INC.	macbook, apple tv	1,403.16
6-Dec		0100	0000000	1110	1000	4300000	111	VERONICA NGUYEN	supplies	183.43
6-Dec		0100	0000000	1110	1000	4300000	111	DEBORAH HEYER	supplies	46.49
9-Dec	357	0100	0000000	1110	1000	4300000	111	NASCO MODESTO	Fiskars Compass	136.33
9-Dec	373	0100	0000000	1110	1000	4300000	111	USI INC.	lamine film	557.93
17-Dec		0100	0000000	1110	1000	4300000	111	Accucut	Roller tray kit	64.00
18-Dec		0100	0000000	1110	1000	4300000	111	Continental Mathematics League	instructional materials	229.00
19-Dec	388	0100	0000000	1110	1000	4300000	111	LIBERTY PAPER	paper	1,153.44
19-Dec	387	0100	0000000	1110	1000	4300000	111	WAXIE SANITARY SUPPLY	custodial supplies	281.90
20-Dec		0100	0000000	1110	1000	4300000	000	CYNTHIA JENSON ELLIOT	garden supplies	102.03
24-Dec	383	0100	0000066	1110	1000	4300000	222	MUSIC IS ELEMENTARY	bells	92.40
24-Dec	408	0100	0000000	1110	1000	4300000	222	Standard Stationery Supply Co.	classroom supplies	53.22
										4,786.35
2-Dec	347	0100	6500000	5770	1120	4300000	111	HOUGHTON MIFFLIN HARCOURT	Achievement Testing	859.35
2-Dec	374	0100	6500000	5770	3120	4300000	000	ASEBA	handscoring	62.00
2-Dec	378	0100	6500000	5770	3120	4300000	000	SYNCB/AMAZON	ipad screen protector	49.99
2-Dec	341	0100	6500000	5770	3120	4300000	000	NCS PEARSON, INC.	Wechsler Intelligence scale	372.78
20-Dec	382	0100	6500000	5770	3120	4300000	000	SCHOOL OUTFITTERS	Wheel chair accessible desk	454.46
24-Dec	239	0100	6500000	5770	1110	4300000	111	MCGRAW-HILL	Intervention pkg, student material:	2,982.61

									4,781.19	
2-Dec	377	0100	0000000	0000	2420	4300005	111	The Tree House, Inc.	ink, toner	1,209.60
2-Dec	379	0100	6300000	1110	1000	4300005	222	RASIX COMPUTER CENTER, INC.	ink, photo paper	84.74
2-Dec	325	0100	6300000	1110	1000	4300005	111	The Tree House, Inc.	ink, toner	591.84
2-Dec	366	0100	0000000	0000	2420	4300008	111	SYNCB/AMAZON	easel pads	85.68
2-Dec	361	0100	0000000	0000	2420	4300008	111	SYNCB/AMAZON	library books	205.92
2-Dec	360	0100	0000000	0000	2420	4300008	111	SYNCB/AMAZON	library books	111.23
2-Dec		0100	0000000	0000	2420	4300008	111	SYNCB/AMAZON	library books	43.03
2-Dec	371	0100	0000000	0000	2420	4300008	222	SYNCB/AMAZON	library books	154.70
6-Dec	355	0100	0000000	0000	2420	4300008	111	MINDWARE	library	186.44
9-Dec		0100	6300000	1110	1000	4300006	111	NICK CATALDO	supplies	4.47
9-Dec	362	0100	6300000	1110	1000	4300012	000	BLICK ART MATERIALS	Print Foam	46.03
17-Dec		0100	6300000	1110	1000	4300006	111	NICK CATALDO	supplies	16.96
18-Dec	354	0100	0000000	0000	2420	4300008	111	BOUND TO STAY BOUND BOOKS IN	library books	168.94
23-Dec	372	0100	0000000	0000	2420	4300008	222	SYNCB/AMAZON	library books	110.80
23-Dec	360	0100	0000000	0000	2420	4300008	111	SYNCB/AMAZON	library books	29.26
23-Dec	370	0100	0000000	0000	2420	4300008	222	SYNCB/AMAZON	library books	80.92
23-Dec	404	0100	0000068	1110	1000	4300005	222	SYNCB/AMAZON	audio cables, printer ink	207.49
24-Dec	358	0100	6300000	1110	1000	4300005	111	PCM-G	printer ink	372.18
									3,710.23	
4000 BALANCE: \$377,147			ACCUMULATED BALANCE: \$267,750			REMAINING BALANCE 109,397				
6-Dec	180	0100	0000000	5001	3600	5100000	000	CARE-A-VAN TRANSPORT	service for 11/17-11/26	4,470.20
17-Dec	180	0100	0000000	5001	3600	5100000	000	CARE-A-VAN TRANSPORT	service for 12/1-12/12	6,592.00
									11,062.20	
2-Dec	292	0100	0000000	0000	2700	5200000	111	SAN DIEGO COUNTY	Student records issues	255.00
2-Dec		0100	0000000	0000	7100	5200000	000	MISSION FEDERAL CREDIT UNION	CSBA hotel accomadation	1,815.73
2-Dec		0100	0000000	0000	7100	5200000	000	MISSION FEDERAL CREDIT UNION	CSBA San Fran meals	279.31
2-Dec	300	0100	6500000	5770	3120	5200000	000	SAN DIEGO COUNTY	Miranda Sheilds workshop	15.00
9-Dec	281	0100	0000000	0000	2700	5200000	222	SAN DIEGO COUNTY	Leaders Forum: Julie Parker	50.00
9-Dec	281	0100	0000000	0000	2700	5200000	111	SAN DIEGO COUNTY	Leaders Forum: Brian Kissell	50.00
9-Dec	281	0100	0000000	0000	7100	5200000	000	SAN DIEGO COUNTY	Leaders Forum: Jill Vinson	50.00
16-Dec	309	0100	0000000	0000	2420	5200000	222	SAN DIEGO COUNTY	Prof growth: leigh jones	75.00
19-Dec		0100	0000000	0000	7100	5200000	000	DAVID CLARK	CSBA San Fran expense	841.40
19-Dec	367	0100	6500000	5770	3120	5200000	000	PUBLIC INFO RESC.	Training Seminar	229.00
23-Dec		0100	0000000	0000	7100	5200000	000	SIENA_RANDALL	CSBA San Fran flight expense	183.70
23-Dec		0100	0000000	0000	7100	5200000	000	MARK WHITEHOUSE	CSBA San Fran expense	297.93
									4,142.07	
2-Dec	19946	0100	0000000	0000	2700	5600000	222	PITNEY BOWES GLOBAL	Postage machine lease	420.14
2-Dec	19909	0100	0000000	0000	7200	5600000	000	TOSHIBA FINANCIAL SERVICES	service for November	625.88
2-Dec		0100	0000000	0000	2140	5800000	000	MISSION FEDERAL CREDIT UNION	prof dev supplies	1,499.57
2-Dec	19929	0100	0000000	0000	7200	5800000	000	STATE OF CALIFORNIA	fingerprints	32.00
2-Dec		0100	8150000	0000	8110	5800000	000	DEPT. OF INDUSTRIAL RELATIONS	conveyance lisence	125.00

2-Dec	19974	0100	6500000	5770	1190	5800000	000	LEAPS-N-BOUNDS	October services	4,860.00
2-Dec		0100	0000000	0000	7200	5900002	000	FEDEX	computer return	24.57
4-Dec	19894	0100	0000000	0000	7191	5800000	000	WILKINSON HADLEY KING & CO.	2013-14 annual audit	6,640.00
4-Dec		0100	8150000	0000	8110	5800000	000	GRADY LOGAN GLASS	broken window room 12	295.20
5-Dec	19953	0100	6500000	5770	1190	5800000	000	PREMIER HEALTHCARE SERVICES	October services	1,634.00
6-Dec	19930	0100	0000000	0000	8200	5500003	111	SAN DIEGUITO WATER DISTRICT	services 9/22-11/24	4,115.62
6-Dec	398	0100	0000003	1110	1000	5600000	000	PC REPAIR CENTER	ipad repairs	364.20
6-Dec	262	0100	0000000	0000	8200	5800000	222	J.M.D.LANDSCAPE INC.	retro fit for garden & fruit trees	1,172.00
6-Dec	368	0100	0000000	0000	8200	5800000	000	J.M.D.LANDSCAPE INC.	repair irrigation	366.50
6-Dec	215	0100	0000000	0000	8200	5800000	000	J.M.D.LANDSCAPE INC.	services for October	3,360.00
6-Dec		0100	0000000	0000	7200	5900001	000	AT&T	service for oct 20-Nov 20	2,979.82
9-Dec	19956	0100	0000000	0000	7100	5800000	000	TECHMASTERS	consulting services	812.50
9-Dec	343	0100	3327000	5770	3110	5800000	000	ABA EDUCATION FOUNDATION	parent training	819.00
10-Dec	402	0100	8150000	0000	8110	5800000	000	T.L. SHIELD & ASSOCIATES, INC.	5 year load test	1,257.00
12-Dec		0100	0000085	1110	1000	5800000	111	STEVE BROWN	music instructor	1,120.00
12-Dec	19	0100	0000085	1110	1000	5800000	111	CATHERINE GOLD	music instructor	1,540.00
16-Dec	399	0100	0000000	1110	1000	5800000	111	REUBEN H. FLEET SCIENCE CENT	field trip	761.76
17-Dec		0100	0000000	0000	7200	5900001	000	AT&T	service for mid nov-Dec	2,315.50
17-Dec	19935	0100	0000000	0000	8200	5500001	222	San Diego Gas & Electric	services for 11/6-12/9	368.95
17-Dec	19935	0100	0000000	0000	8200	5500001	111	San Diego Gas & Electric	services for 11/6-12/9	7,231.15
17-Dec	19939	0100	0000000	0000	8200	5500003	222	ARROWHEAD	water	105.80
17-Dec	19920	0100	0000000	0000	8200	5500004	222	AMERICAN PEST CONTROL	pest control	156.00
17-Dec	19	0100	0000085	1110	1000	5800000	111	CATHERINE GOLD	music instructor	1,140.00
18-Dec	236	0100	0000000	0000	8200	5500002	111	EDCO WASTE & RECYCLING SERV	service for November	853.28
18-Dec		0100	0000000	1110	1000	5600000	111	CANON SOLUTIONS AMERICA, INC	overage	64.66
18-Dec	19942	0100	0000000	0000	7200	5800000	000	CINTAS CORP.	service for November	153.75
19-Dec	19930	0100	0000000	0000	8200	5500003	111	SAN DIEGUITO WATER DISTRICT	services for 10/30-11/26	1,727.73
19-Dec	19909	0100	0000000	0000	7200	5600000	000	TOSHIBA FINANCIAL SERVICES	10/29-11/29	849.85
19-Dec		0100	0000000	0000	7200	5800000	000	SAN DIEGO UNION-TRIBUNE, LLC	Board opening listing	71.40
19-Dec		0100	8150000	0000	8110	5800000	000	LEUCADIA SHELL SMOG STATION	smog check for truck	59.95
19-Dec	19971	0100	8150000	0000	8110	5800000	000	WESTERN FIRE PROTECTION, INC	quarterly inspection	297.00
19-Dec		0100	0000000	1110	1000	5800000	111	MAD SCIENCE OF SAN DIEGO	Science program	1,155.15
19-Dec	19974	0100	6500000	5770	1190	5800000	000	LEAPS-N-BOUNDS	November servies	3,200.00
19-Dec		0100	6500000	5770	3120	5800000	000	Ashley Smithy, PsyD, LEP	Psycho-education evaluation	1,980.00
19-Dec	19955	0100	0000000	0000	7100	5800005	000	STUTZ, ARTIANO, SHINOFF & HOLT	legal servies October	1,336.54
19-Dec	19938	0100	0000000	0000	2700	5900002	222	UNITED PARCEL SERVICE	Flextronics return	10.12
20-Dec		0100	0000000	0000	7200	5300000	000	COSTCO MEMBERSHIP	membership renewal	110.00
20-Dec		0100	0000000	0000	8200	5800000	000	SAN DIEGO COUNTY	Vector control program	17.58
23-Dec	431	0100	0000000	0000	7100	5300000	000	SCHOOL SERVICES OF CA, INC.	School budget & fiscal services	2,580.00
23-Dec		0100	0000000	0000	7100	5800000	000	MISSION FEDERAL CREDIT UNION	craigslist ad, people search	27.94
23-Dec		0100	8150000	0000	8110	5800000	000	CARROLL PLUMBING	custodial room leak	125.00
23-Dec	215	0100	0000000	0000	8200	5800000	000	J.M.D.LANDSCAPE INC.	November Service + Veg. Garden	3,681.70

23-Dec	0100	6500000	5730	3600	5800000	000	BABAK YAZDANI	transport child-parent mileage	203.84	
24-Dec	0100	0000000	0000	7200	5600000	000	PRUDENTIAL OVERALL SUPPLY	November Services	296.68	
24-Dec	0100	8150000	0000	8110	5600000	000	STANDARD ELECTRONICS	replace battery fire alarm	159.80	
24-Dec	19934	0100	0000000	0000	8200	5600000	222	PRUDENTIAL OVERALL SUPPLY	November	210.24
24-Dec	188	0100	0000000	0000	2700	5800000	111	RANCHO SANTA FE	Foot patrol holidays + services 1/'	675.00
24-Dec	0100	8150000	0000	8110	5800000	000	RED TRUCK FIRE & SAFETY CO.	Quarterly sprkinler inspection	302.95	
									66,292.32	

5000 BALANCE: 863,599 ACCUMULATED BALANCE: 422,691 REMAINING BALANCE: 440,908

CARDIFF SCHOOL DISTRICT

Enrollment Form

As of January 13, 2015

CARDIFF				ADA HARRIS			
	BOYS	GIRLS			BOYS	GIRLS	
TK Paccione	<u>12</u>	<u>7</u>	19	3 Peery	<u>15</u>	<u>9</u>	24
			TOT TK	3 Switzler	<u>14</u>	<u>8</u>	22
K Bjorstad	<u>12</u>	<u>9</u>	21				TOT 3
K Kulbacki	<u>12</u>	<u>9</u>	21				<u>41</u>
K McNamara	<u>10</u>	<u>10</u>	20				
K Stone	<u>12</u>	<u>9</u>	21				
			TOT K				
			<u>83</u>				
1 Carter	<u>7</u>	<u>13</u>	20	4 Ford	<u>12</u>	<u>9</u>	21
1 Froke	<u>7</u>	<u>11</u>	18	4 Green	<u>11</u>	<u>12</u>	23
1 Hall	<u>8</u>	<u>11</u>	19	4 Price	<u>12</u>	<u>10</u>	22
1 Sallans	<u>8</u>	<u>10</u>	18	4 Trees	<u>13</u>	<u>10</u>	23
1 Doui/Boye	<u>7</u>	<u>8</u>	15	4 Herr/d'Entre	<u>11</u>	<u>14</u>	25
			TOT 1				TOT 4
			<u>90</u>				<u>114</u>
2 Easson	<u>7</u>	<u>13</u>	20	5 Ensberg	<u>14</u>	<u>10</u>	24
2 Gust/Stua	<u>9</u>	<u>11</u>	20	5 Murray	<u>14</u>	<u>9</u>	23
2 Kavan	<u>9</u>	<u>10</u>	19	5 Yant	<u>14</u>	<u>10</u>	24
2 Payte	<u>10</u>	<u>11</u>	21	5 Herr/d'Entre	<u>9</u>	<u>6</u>	15
2 Redding	<u>11</u>	<u>9</u>	20				TOT 5
2 Doui/Boy	<u>10</u>	<u>5</u>	15				<u>86</u>
			TOT 2				
			<u>115</u>				
3 Hamilton	<u>10</u>	<u>13</u>	23	6 Brice	<u>12</u>	<u>11</u>	23
3 Pacetti/Paz	<u>11</u>	<u>13</u>	24	6 Heyer	<u>14</u>	<u>10</u>	24
3 Doui/Boy	<u>8</u>	<u>6</u>	14	6 Jewell	<u>14</u>	<u>11</u>	25
			TOT 3	6 Nguyen	<u>11</u>	<u>11</u>	22
			<u>61</u>	6 Therriault	<u>13</u>	<u>10</u>	23
							TOT 6
							<u>117</u>
SDC	<u>0</u>	<u>0</u>	TOT	SDC	<u>5</u>	<u>1</u>	TOT
			<u>0</u>				<u>6</u>
Boy/Girl Subtotal	<u>180</u>		<u>188</u>	Boy/Girl Subtotal	<u>208</u>		<u>161</u>
SCHOOL TOTAL	<u>368</u>			SCHOOL TOTAL	<u>369</u>		
DISTRICT TOTAL	<u>737</u>						

Cardiff School District
Cardiff By The Sea, California 92007

January 21, 2015

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, 2014 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, 2014.

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

AUDIT REPORT

JUNE 30, 2014

**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, 2014

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Cardiff School District
Audit Report
For The Year Ended June 30, 2014

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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 Cardiff School District ("the District") as of and for the year ended June 30, 2014, 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, 2014, 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 2014, Cardiff School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 and schedule of funding progress for OPEB benefits 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 2013-14*, 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 December 10, 2014 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
December 10, 2014

CARDIFF SCHOOL DISTRICT
Management Discussion and Analysis
June 30, 2014
(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, 2014.

FINANCIAL HIGHLIGHTS

- Total net position is \$6,457,216. This is an increase of \$133,178 which is due to current year depreciation and bond repayment. (See Table 1)
- The District student enrollment decreased by 15 students from October 2012 to October 2013. (See Table 2)
- Property tax revenue increased by 3.79% 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, 2013</u>	<u>June 30, 2014</u>	<u>Change</u>
Capital Assets	13,924,950	13,573,626	
Other Assets	3,750,467	4,075,327	
TOTAL ASSETS	17,675,417	17,648,953	
Current Liabilities	159,507	164,921	
Long Term Liabilities	11,191,872	11,026,816	
TOTAL LIABILITIES	11,351,379	11,191,737	
TOTAL NET POSITION	6,324,038	6,457,216	133,178
BUSINESS TYPE ACTIVITIES			
TOTAL ASSETS	39,872	39,096	
TOTAL LIABILITIES	1,682	11,488	
TOTAL NET POSITION	38,190	27,608	(10,581)

TABLE 2

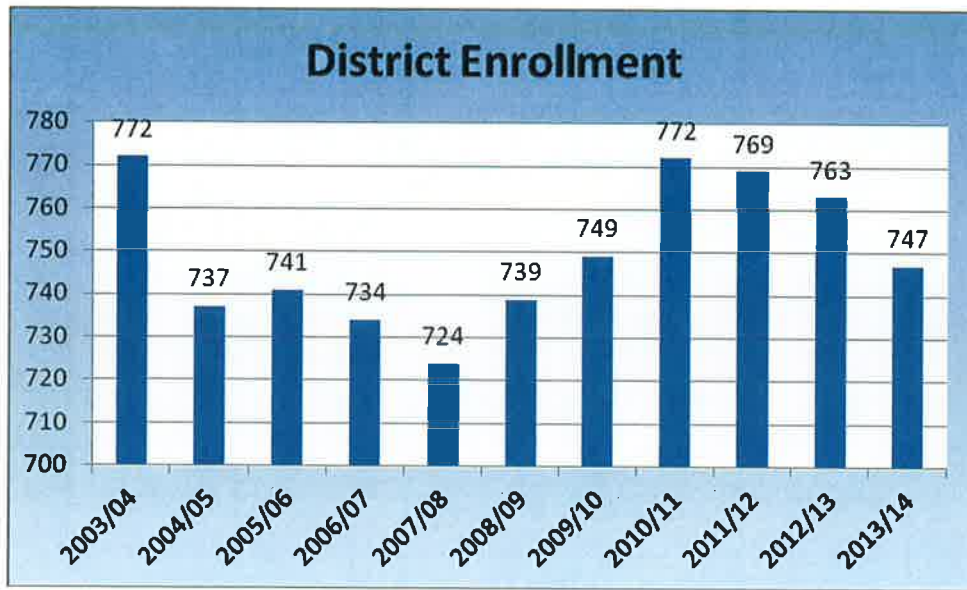
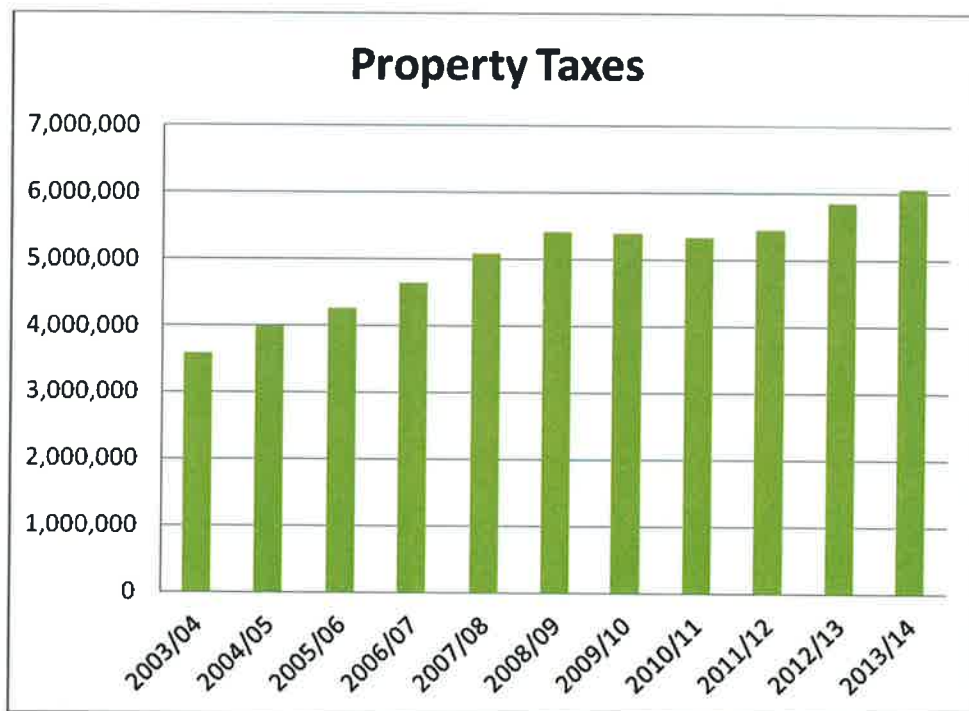


TABLE 3



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

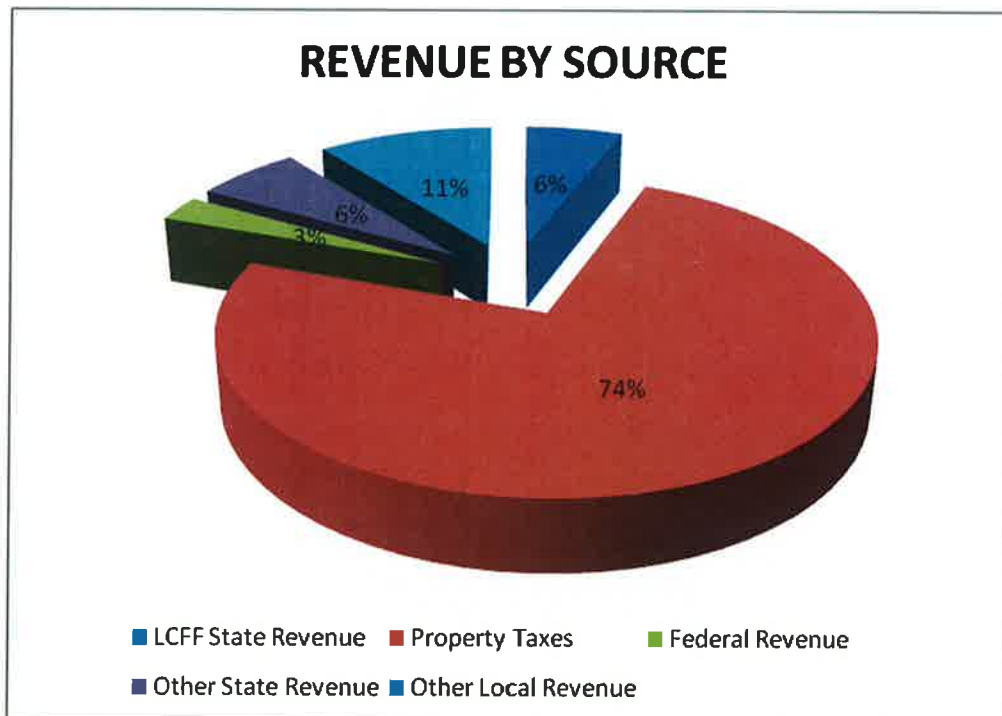
GOVERNMENTAL ACTIVITIES

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. In 2013/14 the categories were changed, so year to year comparisons will differ. Governmental funds revenues consists of:

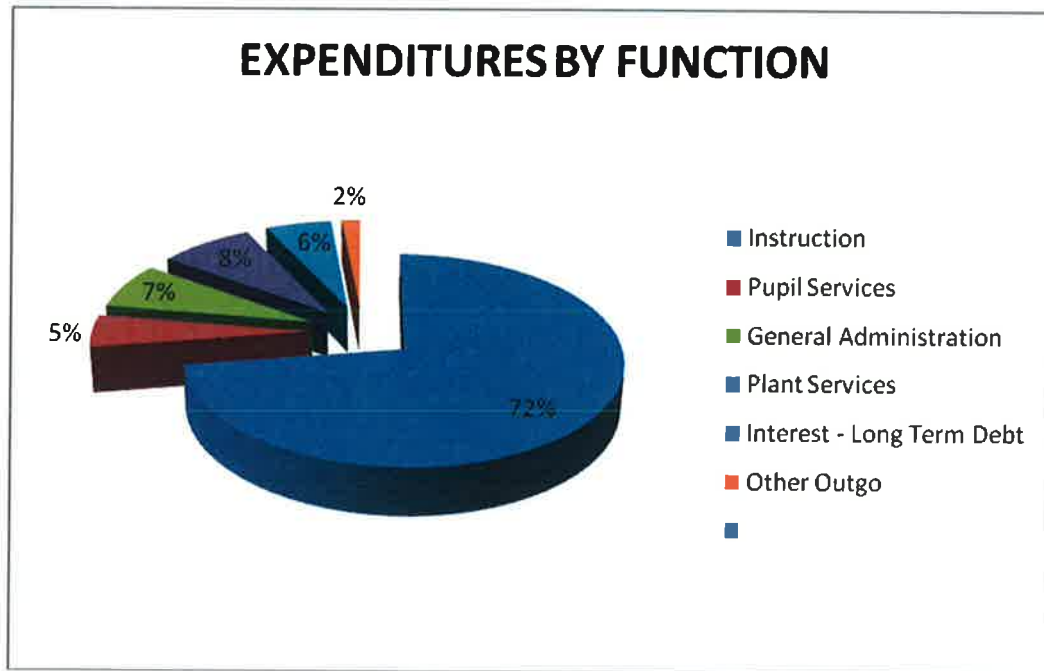
REVENUES	<u>2012/13</u>		<u>2013/14</u>
Property Taxes	6,755,491	Property Taxes	6,956,522
Federal Revenue	562,519	Federal Revenues	262,031
Program Revenues	896,691	Program Revenues	588,891
Miscellaneous	510,598	Miscellaneous	987,680
		State/LCFF	542,588
TOTAL	8,725,299		9,337,712



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>2012/13</u>	<u>2013/14</u>
Instruction	6,115,231	6,530,435
Pupil Services	392,124	455,865
General Administration	619,384	655,191
Plant Services	748,731	732,318
Interest – Long Term Debt	491,165	502,924
Other Outgo	166,414	141,184
TOTAL	8,533,049	9,017,917



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, 2014.

	ADOPTED BUDGET	YEAR END BUDGET	ACTUAL
REVENUES	7,501,283	8,034,606	8,034,606
EXPENDITURES	7,751,778	8,053,485	8,053,485

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 \$11,026,816 in long term debt. The following is the breakdown for that amount.

GENERAL OBLIGATION BOND	10,248,483
BOND PREMIUM	333,471
OPEB	81,899
COMPENSATED ABSENCES	33,202
CAPITAL LEASES PAYABLE	329,761
TOTAL	\$11,026,816

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, Fiscal Services at Cardiff School District, 1888 Montgomery Avenue, Cardiff, CA 92007.

Or you may email to sandie.luehrs@cardiffschools.com

Basic Financial Statements

CARDIFF SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 3,706,306	\$ 54,235	\$ 3,760,541
Receivables	351,644	1,081	352,725
Due from (to) Other Funds	16,220	(16,220)	-
Stores	1,157	-	1,157
Capital Assets:			
Land	787,808	-	787,808
Improvements	107,789	-	107,789
Buildings	16,932,625	-	16,932,625
Equipment	551,240	-	551,240
Less Accumulated Depreciation	(4,805,836)	-	(4,805,836)
Total Assets	<u>17,648,953</u>	<u>39,096</u>	<u>17,688,049</u>
LIABILITIES:			
Accounts Payable	157,655	11,488	169,143
Unearned Revenue	7,266	-	7,266
Long-Term Liabilities:			
Due Within One Year	914,302	-	914,302
Due in More Than One Year	6,233,066	-	6,233,066
Accreted Interest Due in More Than One Year	3,879,448	-	3,879,448
Total Liabilities	<u>11,191,737</u>	<u>11,488</u>	<u>11,203,225</u>
NET POSITION:			
Net Investment in Capital Assets	2,995,382	-	2,995,382
Restricted for:			
Capital Projects	451,598	-	451,598
Debt Service	1,049,472	-	1,049,472
Educational Programs	281,088	-	281,088
Other Purposes (Expendable)	1,679,676	-	1,679,676
Unrestricted	-	27,608	27,608
Total Net Position	<u>\$ 6,457,216</u>	<u>\$ 27,608</u>	<u>\$ 6,484,824</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 5,770,284	\$ -	\$ 466,055	\$ (5,304,229)	\$	\$ (5,304,229)
Instruction-Related Services:						
Instructional Supervision and Administration	26,244	-	78,379	52,135		52,135
Instructional Library, Media and Technology	227,827	-	-	(227,827)		(227,827)
School Site Administration	506,080	-	49,003	(457,077)		(457,077)
Pupil Services:						
Home-to-School Transportation	89,585	-	-	(89,585)		(89,585)
Food Services	176,794	113,072	53,678	(10,044)		(10,044)
All Other Pupil Services	189,486	-	56,786	(132,700)		(132,700)
General Administration:						
Centralized Data Processing	2,458	-	-	(2,458)		(2,458)
All Other General Administration	652,733	-	-	(652,733)		(652,733)
Plant Services	732,318	-	51,822	(680,496)		(680,496)
Enterprise Activities	2,139	-	42,262	40,123		40,123
Interest on Long-Term Debt	502,924	-	-	(502,924)		(502,924)
Other Outgo	139,045	85,360	46,010	(7,675)		(7,675)
Business-Type Activities						
Enterprise Activities	334,108	-	-		(334,108)	(334,108)
Total Expenses	<u>\$ 9,352,025</u>	<u>\$ 198,432</u>	<u>\$ 843,995</u>	<u>\$ (7,975,490)</u>	<u>\$ (334,108)</u>	<u>\$ (8,309,598)</u>
General Revenues:						
Taxes and Subventions:						
Taxes Levied for General Purposes				6,099,282	-	6,099,282
Taxes Levied for Debt Service				861,291	-	861,291
Taxes Levied for Other Specific Purposes				(319)	-	(319)
Federal and State Aid, Not Restricted				661,906	-	661,906
Interest and Investment Earnings				16,368	186	16,554
Interagency Revenues				-	-	-
Miscellaneous				470,140	323,340	793,480
Total General Revenues				<u>\$ 8,108,668</u>	<u>\$ 323,526</u>	<u>\$ 8,432,194</u>
Change in Net Position				133,178	(10,582)	122,596
Net Position Beginning-Restated (Note Q)				6,324,038	38,190	6,362,228
Net Position Ending				<u>\$ 6,457,216</u>	<u>\$ 27,608</u>	<u>\$ 6,484,824</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Cafeteria Fund
ASSETS:		
Cash in County Treasury	\$ 2,186,510	\$ 11,626
Cash in Revolving Fund	1,500	-
Accounts Receivable	347,742	3,545
Due from Other Funds	43,964	9,929
Stores Inventories	-	1,157
Total Assets	<u>2,579,716</u>	<u>26,257</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 97,490	\$ 1,123
Due to Other Funds	11,017	20,700
Unearned Revenue	7,266	-
Total Liabilities	<u>115,773</u>	<u>21,823</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	1,500	-
Stores Inventories	-	1,157
Restricted Fund Balances	281,088	3,277
Committed Fund Balances	1,085	-
Assigned Fund Balances	-	-
Unassigned:		
Other Unassigned	2,180,270	-
Total Fund Balance	<u>2,463,943</u>	<u>4,434</u>
Total Liabilities and Fund Balances	<u>\$ 2,579,716</u>	<u>\$ 26,257</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,049,472	\$ 457,199	\$ 3,704,807
-	-	1,500
-	355	351,642
-	-	53,893
-	-	1,157
<u>1,049,472</u>	<u>457,554</u>	<u>4,112,999</u>
\$ -	\$ -	\$ 98,613
-	5,956	37,673
-	-	7,266
<u>-</u>	<u>5,956</u>	<u>143,552</u>
-	-	1,500
-	-	1,157
-	98,858	383,223
-	352,740	353,825
1,049,472	-	1,049,472
-	-	2,180,270
<u>1,049,472</u>	<u>451,598</u>	<u>3,969,447</u>
\$ <u>1,049,472</u>	\$ <u>457,554</u>	\$ <u>4,112,999</u>

CARDIFF SCHOOL DISTRICT
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balances, governmental funds \$ 3,969,447

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	18,379,462		
Accumulated depreciation	(4,805,836)		
	Net		13,573,626

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 unmatu

(59,041)

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	6,369,035		
Accreted interest	3,879,448		
Capital leases	329,761		
Net OPEB obligation	81,899		
Bond premium	333,473		
Compensated absences payable	33,200		
	Total		(11,026,816)

Total net position, governmental activities \$ 6,457,216

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, 2014

	General Fund	Cafeteria Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 396,996	\$ -
Education Protection Account Funds	145,592	-
Local Sources	6,099,281	-
Federal Revenue	216,156	45,875
Other State Revenue	580,300	2,605
Other Local Revenue	782,902	118,270
Total Revenues	<u>8,221,227</u>	<u>166,750</u>
Expenditures:		
Instruction	5,581,504	-
Instruction - Related Services	755,920	-
Pupil Services	278,203	176,285
General Administration	641,265	-
Plant Services	718,518	-
Other Outgo	123,767	-
Debt Service:		
Principal	134,280	-
Interest	6,646	-
Total Expenditures	<u>8,240,103</u>	<u>176,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,876)</u>	<u>(9,535)</u>
Other Financing Sources (Uses):		
Transfers In	2,561	-
Transfers Out	(77,518)	-
Other Sources	251,018	-
Total Other Financing Sources (Uses)	<u>176,061</u>	<u>-</u>
Net Change in Fund Balance	157,185	(9,535)
Fund Balance, July 1	2,306,758	13,969
Fund Balance, June 30	<u>\$ 2,463,943</u>	<u>\$ 4,434</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 396,996
-	-	145,592
-	-	6,099,281
-	-	262,031
5,986	-	588,891
857,241	86,508	1,844,921
<u>863,227</u>	<u>86,508</u>	<u>9,337,712</u>
-	-	5,581,504
-	-	755,920
-	-	454,488
-	-	641,265
-	27,998	746,516
-	-	123,767
680,000	-	814,280
153,400	-	160,046
<u>833,400</u>	<u>27,998</u>	<u>9,277,786</u>
29,827	58,510	59,926
-	77,518	80,079
-	(2,561)	(80,079)
-	-	251,018
<u>-</u>	<u>74,957</u>	<u>251,018</u>
29,827	133,467	310,944
1,019,645	318,131	3,658,503
<u>\$ 1,049,472</u>	<u>\$ 451,598</u>	<u>\$ 3,969,447</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, 2014**

Total change in fund balances, governmental funds \$ 310,944

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:	5,704		
Depreciation expense:	(357,028)	Net	(351,324)

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: 814,280

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (251,018)

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: (405,755)

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: (32,872)

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: 62,878

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: (13,955)

Change in net assets of governmental activities - statement of activities \$ 133,178

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION

ENTERPRISE FUND

JUNE 30, 2014

	Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	\$ 54,235
Accounts Receivable	1,081
Due from Other Funds	700
Total Current Assets	56,016
Total Assets	56,016
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 11,488
Due to Other Funds	16,920
Total Current Liabilities	28,408
Total Liabilities	28,408
NET POSITION:	
Unrestricted	27,608
Total Net Position	\$ 27,608

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, 2014

	Enterprise Fund
	Enterprise Fund
Operating Revenues:	
Local Revenue	\$ 323,526
Total Revenues	323,526
Operating Expenses:	
Classified Personnel Salaries	234,963
Employee Benefits	47,109
Books and Supplies	29,346
Services and Other Operating Expenses	22,690
Total Expenses	334,108
Income (Loss) before Contributions and Transfers	(10,582)
Change in Net Position	(10,582)
Total Net Position - Beginning	38,190
Total Net Position - Ending	\$ 27,608

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, 2014

	Enterprise Fund
	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 370,846
Cash Payments to Employees for Services	(282,072)
Cash Payments to Other Suppliers for Goods and Services	(89,340)
Net Cash Provided (Used) by Operating Activities	<u>(566)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	186
Net Cash Provided (Used) for Investing Activities	<u>186</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(380)
Cash and Cash Equivalents at Beginning of Year	54,615
Cash and Cash Equivalents at End of Year	<u>\$ 54,235</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (10,582)
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(664)
Decrease (Increase) in Due From	(700)
Increase (Decrease) in Accounts Payable	9,806
Increase (Decrease) in Due To	1,760
Total Adjustments	<u>10,202</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (380)</u>

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 39,184
Total Assets	<u>39,184</u>
LIABILITIES:	
Due to Student Groups	\$ 39,184
Total Liabilities	<u>39,184</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, 2014

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, 2014

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, 2014

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.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

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. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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
Other Equipment	5-15

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District.

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 combined balance sheet and revenue is recognized.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 Balance Reserves and Designations

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

j. 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. At June 30, 2014 the District did not have any Deferred Inflows or Deferred Outflows of Resources.

8. 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.

9. Changes in Accounting Policies

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$3,759,041 as of June 30, 2014). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$3,763,881. 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 (\$39,184 as of June 30, 2014) and in the revolving fund (\$1,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

3. Investments

The District's investments at June 30, 2014 are shown below.

<u>Investment or Investment Type</u>	<u>Average Days to Maturity</u>	<u>Amount Reported</u>	<u>Fair Value</u>
San Diego County Pooled Investment Funds	366	\$ 3,759,041	\$ 3,763,881

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

4. General Authorizations

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

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

5. 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.

b. Custodial Credit Risk - Deposits

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.

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
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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 agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having value of 105% of the secured deposits.

As of June 30, 2014, the District's bank balances (including revolving cash) of \$40,684 was fully insured by the FDIC and 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.

6. 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, 2014

D. Accounts Receivable

Accounts receivable at June 30, 2014 consisted of:

	Major Governmental Funds		Nonmajor	Total	Enterprise
	General	Cafeteria	Governmental	Governmental	Fund
	Fund	Fund	Funds	Funds	
Federal Government:					
Federal programs	\$ 55,825	\$ 2,521	\$ -	\$ 58,346	\$ -
State Government:					
LCFF state aid	65,823	-	-	65,823	-
Lottery	57,108	-	-	57,108	-
Other state programs	83,156	109	-	83,265	-
Local Sources:					
Interest	3,056	25	355	3,436	63
Other local sources	82,774	890	-	83,664	1,018
Totals	<u>\$ 347,742</u>	<u>\$ 3,545</u>	<u>\$ 355</u>	<u>\$ 351,642</u>	<u>\$ 1,081</u>

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

E. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning	Increases	Decreases	Ending
	Balances			Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 787,808	\$ -	\$ -	\$ 787,808
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	545,536	5,704	-	551,240
Total capital assets being depreciated	<u>17,585,950</u>	<u>5,704</u>	<u>-</u>	<u>17,591,654</u>
Less accumulated depreciation for:				
Buildings	(3,922,466)	(338,588)	-	(4,261,054)
Improvements	(55,679)	(4,183)	-	(59,862)
Equipment	(470,663)	(14,257)	-	(484,920)
Total accumulated depreciation	<u>(4,448,808)</u>	<u>(357,028)</u>	<u>-</u>	<u>(4,805,836)</u>
Total capital assets being depreciated, net	<u>13,137,142</u>	<u>(351,324)</u>	<u>-</u>	<u>12,785,818</u>
Governmental activities capital assets, net	<u>\$ 13,924,950</u>	<u>\$ (351,324)</u>	<u>\$ -</u>	<u>\$ 13,573,626</u>

Depreciation was charged to functions as follows:

Instruction	\$ 352,034
General Administration	2,458
Plant Services	2,536
	<u>\$ 357,028</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2014 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Cafeteria Fund	General Fund	\$ 9,929	Deposit correction
General Fund	Enterprise Fund	16,920	Direct costs
Enterprise Fund	General Fund	700	Deposit correction
General Fund	General Fund	388	Deposit correction
General Fund	Cafeteria Fund	20,700	Temporary loan
General Fund	Capital Facilities Fund	5,956	Deposit correction
	Total	<u>\$ 54,593</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, 2014 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Deferred Maintenance Fund	\$ 77,518	District match
Capital Facilities Fund	General Fund	2,561	Administrative costs
	Total	<u>\$ 80,079</u>	

G. Accounts Payable

Accounts payable at June 30, 2014 consisted of:

	<u>Major Governmental Funds</u>		<u>Nonmajor</u>	<u>Total</u>	
	<u>General</u>	<u>Cafeteria</u>	<u>Governmental</u>	<u>Governmental</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Fund</u>
Vendor payables	\$ 36,366	\$ 32	\$ -	\$ 36,398	\$ -
Payroll and related benefits	61,124	1,091	-	62,215	11,488
Totals	<u>\$ 97,490</u>	<u>\$ 1,123</u>	<u>\$ -</u>	<u>\$ 98,613</u>	<u>\$ 11,488</u>

H. Unearned Revenue

Unearned Revenue at June 30, 2014 consisted of the following:

	<u>General</u>
	<u>Fund</u>
Federal Government:	
Categorical programs	<u>\$ 7,266</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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.

In July 2013, the District entered into the San Diego County School Districts 2013 Pooled Tax and Revenue Anticipation Notes (TRANS) in the amount of \$345,000. The notes matured on January 31, 2014 and were sold to supplement the District's cash flows and bore interest at a rate of 2.00%.

<u>Description</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax Anticipation Notes	\$ -	\$ 345,000	\$ 345,000	\$ -

J. 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, 2014 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 7,049,035	\$ -	\$ 680,000	\$ 6,369,035	\$ 750,000
Accreted interest	3,465,193	414,255	-	3,879,448	-
Bond premium	396,350	-	62,877	333,473	-
Capital leases	213,023	251,018	134,280	329,761	131,102
Compensated absences *	19,245	13,955	-	33,200	33,200
Net OPEB obligation	49,027	45,970	13,098	81,899	-
Total governmental activities	<u>\$ 11,191,873</u>	<u>\$ 725,198</u>	<u>\$ 890,255</u>	<u>\$ 11,026,816</u>	<u>\$ 914,302</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 and OPEB obligation, at June 30, 2014, are as follows:

	<u>Governmental Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 914,302	\$ -	\$ 140,280	\$ 1,054,582
2016	955,042	-	108,690	1,063,732
2017	973,617	-	70,026	1,043,643
2018	1,000,000	-	25,000	1,025,000
2019	383,837	791,163	-	1,175,000
2020-2024	1,814,163	5,040,837	-	6,855,000
2025-2029	691,035	2,578,965	-	3,270,000
Totals	<u>\$ 6,731,996</u>	<u>\$ 8,410,965</u>	<u>\$ 343,996</u>	<u>\$ 15,486,957</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

3. General Obligation Bonds

General obligation bonds at June 30, 2014 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	3,465,193	414,255	-	3,879,448
2000-A Bond Premium	133,187	-	10,245	122,942
2010 Refunding Bonds	4,160,000	-	680,000	3,480,000
2010 Bond Premium	263,163	-	52,632	210,531
Total GO Bonds	<u>\$ 10,910,578</u>	<u>\$ 414,255</u>	<u>\$ 742,877</u>	<u>\$ 10,581,956</u>

The annual requirements to amortize the bonds outstanding at June 30, 2014 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2015	\$ 750,000	\$ -	\$ 130,450	\$ 880,450
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
2020-2024	1,814,163	5,040,837	-	6,855,000
2025-2029	691,035	2,578,965	-	3,270,000
Totals	<u>\$ 6,369,035</u>	<u>\$ 8,410,965</u>	<u>\$ 326,450</u>	<u>\$ 15,106,450</u>

Amounts for accreted interest in the long-term debt schedule represent amounts accrued as of June 30, 2014. Amounts for accreted interest in the repayment schedule represents total payments of accreted interest over the life of the bonds.

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2014 are as follows:

<u>Year Ending June 30:</u>	
2015	\$ 140,932
2016	140,932
2017	65,443
Total Minimum Lease Payments	<u>347,307</u>
Less Amounts Representing Interest	<u>(17,546)</u>
Net Present Value of Minimum Lease Payments	<u>\$ 329,761</u>

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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.

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	8,144,591	561,510
Par Amount of Bonds	\$ 10,999,035	\$ 5,330,000
Periods	25	8
Effective Interest Rate	2.960%	1.310%

K. Components of Ending Fund Balance

As of June 30, 2014 ending fund balance consisted of the following:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Cafeteria Fund	Bond Redemption Fund		
Nonspendable Fund Balances					
Revolving Cash	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Stores Inventory	-	1,157	-	-	1,157
Restricted Fund Balances					
Educational Programs	281,088	-	-	-	281,088
Child Nutrition Program	-	3,277	-	-	3,277
Capital Projects	-	-	-	98,858	98,858
Committed Fund Balances					
Deferred Maintenance	-	-	-	352,740	352,740
Postemployment Benefits	1,085	-	-	-	1,085
Assigned Fund Balances					
Debt Service	-	-	1,049,472	-	1,049,472
Unassigned Fund Balances					
Unappropriated	2,180,270	-	-	-	2,180,270
Total Fund Balance	\$ 2,463,943	\$ 4,434	\$ 1,049,472	\$ 451,598	\$ 3,969,447
	Enterprise Fund				
Unassigned Fund Balances					
Unappropriated		\$ 27,608			

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

L. 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)

M. Employee Retirement Systems

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 State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

PERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.442% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2014, 2013 and 2012 were \$153,608, \$155,720 and \$141,015, respectively, and equal 100% of the required contributions for each year.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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STRS:

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2014, 2013 and 2012 were \$297,555, \$295,383 and \$297,875, respectively, and equal 100% of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to STRS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$186,618 (5.204002% of salaries subject to STRS). 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.

N. 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, 2014

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, 2014 is \$45,970.

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, 2014, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 46,500
Interest on Net OPEB obligation	1,446
Adjustment to ARC	(1,976)
Annual OPEB cost	45,970
Contributions made	(13,098)
Increase in net OPEB obligation	32,872
Net OPEB obligations-beginning of year	49,027
Net OPEB obligations-end of year	<u>\$ 81,899</u>

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 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

Funded Status and Funding Progress: As of June 30, 2014, 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
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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.

O. Commitments and Contingencies

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.

P. Construction Commitments

As of June 30, 2014 the District had no commitments with respect to unfinished projects.

Q. Adjustment to Beginning Net Position

The District implemented GASB Statement No. 65 during the current fiscal year which resulted in an accounting change in the treatment of the majority of debt issue costs. Under previous standards, debt issue costs were recorded as prepaid expenses and amortized over the life of the debt. Under newly implemented standards prepaid insurance is recorded as a deferred outflow of resources and all remaining debt issue costs are expensed in the period the debt is issued. The resulting accounting change required a restatement of beginning net position as follows:

Net Position, Beginning (As Originally Stated)	\$ 6,531,384
Change in accounting policy	<u>(207,346)</u>
Net Assets, Beginning (As Restated)	\$ <u>6,324,038</u>

R. Subsequent Events

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50 Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions are also addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for the purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans - pension plans in which pensions are provided to the employees of only one employer (as defined by this statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans - pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for the 2014-15 fiscal year.

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. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

CARDIFF SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

GASB Statement No. 71 amends paragraph 137 of Statement No. 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 No. 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 provisions of this statement are required to be applied with the provisions of Statement No. 68 which is effective for the 2014-15 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, 2014

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 10,099	\$ 396,996	\$ 396,996	\$ -
Education Protection Account Funds	146,680	145,592	145,592	-
Local Sources	5,965,299	6,099,281	6,099,281	-
Federal Revenue	226,111	216,156	216,156	-
Other State Revenue	477,618	393,682	393,682	-
Other Local Revenue	675,476	782,899	782,899	-
Total Revenues	<u>7,501,283</u>	<u>8,034,606</u>	<u>8,034,606</u>	<u>-</u>
Expenditures:				
Current:				
Certificated Salaries	3,756,853	3,891,592	3,891,592	-
Classified Salaries	1,314,907	1,389,662	1,389,662	-
Employee Benefits	1,036,267	1,104,891	1,104,891	-
Books And Supplies	531,366	510,096	510,096	-
Services And Other Operating Expenditures	749,450	892,551	892,551	-
Other Outgo	222,622	123,767	123,767	-
Debt Service:				
Principal	134,280	134,280	134,280	-
Interest	6,033	6,646	6,646	-
Total Expenditures	<u>7,751,778</u>	<u>8,053,485</u>	<u>8,053,485</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(250,495)</u>	<u>(18,879)</u>	<u>(18,879)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers In	-	2,561	2,561	-
Transfers Out	(77,518)	(77,518)	(77,518)	-
Other Sources	259,316	251,018	251,018	-
Total Other Financing Sources (Uses)	<u>181,798</u>	<u>176,061</u>	<u>176,061</u>	<u>-</u>
Net Change in Fund Balance	<u>(68,697)</u>	<u>157,182</u>	<u>157,182</u>	<u>-</u>
Fund Balance, July 1	2,305,676	2,305,676	2,305,676	-
Fund Balance, June 30	<u>\$ 2,236,979</u>	<u>\$ 2,462,858</u>	<u>\$ 2,462,858</u>	<u>\$ -</u>

CARDIFF SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT B-2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal Revenue	\$ 50,000	\$ 45,875	\$ 45,875	\$ -
Other State Revenue	3,550	2,605	2,605	-
Other Local Revenue	113,875	118,270	118,270	-
Total Revenues	167,425	166,750	166,750	-
Expenditures:				
Current:				
Classified Salaries	76,553	85,403	85,403	-
Employee Benefits	17,121	19,260	19,260	-
Books And Supplies	48,400	68,733	68,733	-
Services And Other Operating Expenditures	4,200	2,889	2,889	-
Total Expenditures	146,274	176,285	176,285	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,151	(9,535)	(9,535)	-
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	21,151	(9,535)	(9,535)	-
Fund Balance, July 1	13,969	13,969	13,969	-
Fund Balance, June 30	\$ 35,120	\$ 4,434	\$ 4,434	\$ -

CARDIFF SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS-OTHER POST EMPLOYMENT BENEFITS

YEAR ENDED JUNE 30, 2014

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)
6/30/10	\$ -	\$ 401,395	\$ 401,395	-	\$ 4,005,000	10.0%
6/30/11	-	401,395	401,395	-	4,135,000	9.7%
6/30/12	-	401,395	401,395	-	4,270,000	9.4%
6/30/13	-	368,455	368,455	-	4,045,000	9.1%
6/30/14	-	368,455	368,455	-	4,045,000	9.1%

CARDIFF SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 2,463,943
Less Fund 20 Fund Balance	<u>(1,085)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 2,462,958</u>
General Fund - Fund Financial Statements Net Change in Fund Balance	\$ 157,185
Change in Fund Balance attributed to Fund 20	<u>(3)</u>
General Fund - Budgetary Comparison Schedule Change in Fund Balance	<u>\$ 157,182</u>

In addition, the budgetary comparison schedule does not include revenue and expenses associated with on behalf payments made by the state for the fiscal year as follows:

General Fund - Fund Financial Statements Revenues and Other Financing Sources (Excluding Fund 20)	\$ 8,474,803
Less On Behalf Payments for year ended June 30, 2014	<u>(186,618)</u>
General Fund - Budgetary Comparison Schedule Revenues and Other Financing Sources	<u>\$ 8,288,185</u>
General Fund - Fund Financial Statements Expenditures and Other Financing Uses (Excluding Fund 20)	\$ 8,317,621
Less On Behalf Payments for year ended June 30, 2014	<u>(186,618)</u>
General Fund - Budgetary Comparison Schedule Expenditures and Other Financing Uses	<u>\$ 8,131,003</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, 2014

	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	\$ 352,458	\$ 104,741	\$ 457,199
Accounts Receivable	282	73	355
Total Assets	<u>352,740</u>	<u>104,814</u>	<u>457,554</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Due to Other Funds	\$ -	\$ 5,956	\$ 5,956
Total Liabilities	<u>-</u>	<u>5,956</u>	<u>5,956</u>
Fund Balance:			
Restricted Fund Balances	-	98,858	98,858
Committed Fund Balances	352,740	-	352,740
Total Fund Balance	<u>352,740</u>	<u>98,858</u>	<u>451,598</u>
Total Liabilities and Fund Balances	<u>\$ 352,740</u>	<u>\$ 104,814</u>	<u>\$ 457,554</u>

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Fund Deferred Maintenance Fund	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Other Local Revenue	\$ 989	\$ 85,519	\$ 86,508
Total Revenues	<u>989</u>	<u>85,519</u>	<u>86,508</u>
Expenditures:			
Plant Services	27,998	-	27,998
Total Expenditures	<u>27,998</u>	<u>-</u>	<u>27,998</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,009)</u>	<u>85,519</u>	<u>58,510</u>
Other Financing Sources (Uses):			
Transfers In	77,518	-	77,518
Transfers Out	-	(2,561)	(2,561)
Total Other Financing Sources (Uses)	<u>77,518</u>	<u>(2,561)</u>	<u>74,957</u>
Net Change in Fund Balance	50,509	82,958	133,467
Fund Balance, July 1	302,231	15,900	318,131
Fund Balance, June 30	<u>\$ 352,740</u>	<u>\$ 98,858</u>	<u>\$ 451,598</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, 2014

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 2014
Nancy Orr	Clerk	Four year term Expires December 2016
Siena Randall	Member	Appointed 5/20/14 Expires December 2014
Rick Casser	Member	Four year term Expires December 2016
Dave Clark	Member	Four year term Expires December 2014

Administration
Jill Vinson Superintendent
Sandie Luehrs Chief Business Official

CARDIFF SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2014

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	409.60	N/A	410.30	N/A
TK/K-3 Totals	409.60	N/A	410.30	N/A
Grades 4-6:				
Regular ADA	305.39	N/A	305.46	N/A
Grades 4-6 Totals	305.39	N/A	305.46	N/A
ADA Totals	714.99	N/A	715.76	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, 2014

TABLE D-2

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>Ed. Code 46207 Adjusted & Reduced</u>	<u>2013-14 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	49,120	178	-	Complied
Grade 1	50,400	49,000	51,930	178	-	Complied
Grade 2	50,400	49,000	51,930	178	-	Complied
Grade 3	50,400	49,000	51,930	178	-	Complied
Grade 4	54,000	52,500	55,710	178	-	Complied
Grade 5	54,000	52,500	55,710	178	-	Complied
Grade 6	54,000	52,500	55,710	178	-	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, 2014

TABLE D-3

General Fund	Budget 2015 (See Note 1)	2014	2013	2012
Revenues and other financial sources	\$ 7,943,545	\$ 8,474,803	\$ 8,104,977	\$ 7,321,983
Expenditures, other uses and transfers out	7,920,500	8,317,621	7,749,173	7,112,851
Change in fund balance (deficit)	23,045	157,182	355,804	209,132
Ending fund balance	\$ 2,485,903	\$ 2,462,858	\$ 2,305,676	\$ 1,949,872
Available reserves (See Note 2)	\$ 2,161,064	\$ 2,180,271	\$ 2,208,939	\$ 1,894,647
Available reserves as a percentage of total outgo	27.3%	26.8%	28.5%	27.3%
Total long-term debt	\$ 10,112,514	\$ 11,026,816	\$ 11,191,872	\$ 11,248,030
Average daily attendance at P-2	704	715	725	735

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 \$722,118 over the past three years. The fiscal year 2014-15 budget projects a decrease of \$23,045. 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 \$2,388,084 over the past three years.

Average daily attendance (ADA) has decreased by 19 over the past three years.

Notes:

- 1 Budget 2015 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 \$186,618, \$184,128, and \$173,912, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2014, 2013, and 2012.
- 4 As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement #54, the District's Special Reserve Fund for Postemployment Benefits (Fund 20) was included with the general fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

CARDIFF SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

TABLE D-4

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2014, annual financial and budget report fund balances	\$ 2,462,858	\$ 1,085
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 presentation of Special Reserve Fund	1,085	(1,085)
June 30, 2014, audited financial statement fund balances	\$ 2,463,943	\$ -
	Schedule of Long-Term Debt	
June 30, 2014 annual financial and budget report total liabilities	\$ 10,989,143	
Adjustments and reclassifications:		
Increase (decrease) in total liabilities:		
Net OPEB obligation understatement	45,970	
Capital leases overstatement	(8,297)	
Net adjustments and reclassifications	37,673	
June 30, 2014 audited financial statement total liabilities	\$ 11,026,816	

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, 2014, and the related notes to the financial statements, which collectively comprise Cardiff School District's basic financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Cardiff School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2.

Cardiff School District's Response to Findings

Cardiff School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cardiff School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2014

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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, 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, 2014.

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, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14* 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, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14* 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:

Description	Procedures In Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	N/A
Continuation Education	10	N/A
Instructional Time for School Districts	10	Yes
Instructional Materials, General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	N/A

GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	N/A
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
For Charter Schools:		
Contemporaneous Records of Attendance	8	N/A
Mode of Instruction	1	N/A
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom-Based Instruction	3	N/A
Annual Instructional Minutes - Classroom Based	4	N/A
Facility Grant Program	1	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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which is required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, published by the Education Audit Appeals Panel and which is described in the accompanying schedule of findings and questioned costs as item 2014-2.

Cardiff School District's Response to Findings

Cardiff School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Cardiff School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2014

Findings and Recommendations Section

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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? X Yes 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, 2014

B. Financial Statement Findings

Finding 2014-1 (30000)
Associated Student Body Accounts

Criteria or Specific Requirement

Determine that the district has sufficient controls in place to safeguard the assets of the district, including associated student body accounts that will allow management or employees in the normal course of performing their assigned duties to prevent or detect and correct misstatements on a timely basis, whether due to error or fraud.

Condition

In our review of associated student body funds at Ada Harris Elementary School, we noted the jogathon deposits tested did not have sufficient supporting documentation that verify the amount and timeliness of the deposit. We were not able to perform a test to ensure that all proceeds were properly turned in and accounted for.

Cause

Controls over ASB funds have not been established and monitored. Management is not reviewing all activities of the ASB account.

Effect

The ASB fund could be exposed to significant risk of material misstatement whether due to error or fraud.

Questioned Costs

None

Recommendation

We recommend the District implement policies and procedures that allow for all proceeds to be tied back to the specific fundraiser that they were generated from and to ensure that all proceeds from an event are properly turned in and accounted for. These procedures include ticket control procedures, inventory procedures, proper cash handling, physical chain of custody for all cash receipts, and other controls as deemed necessary for each event.

LEA's Response

During the annual jogathon, students and parents will bring in their payments directly to the school office. The school office staff will use class lists to record the payments and issue individual receipts for all payments that come in. Management will review all deposits as well as continuing the review of expenditures.

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

C. State Award Findings and Questioned Costs

Finding 2014-2 (10000)
Attendance Reporting

Criteria or Specific Requirement

Determine that class rosters are being verified in a timely manner as proper verification of pupil attendance based on the guidelines and provisions under Education Code Sections 46000 and 46303.

Condition

In our review of on-line class verification for the period December 31 through January 25, which was the sixth month of attendance, we noted that several teachers were not verifying attendance in a timely manner. Based on our review, we determined there are no questioned costs or loss of attendance to be identified as absences were properly verified and accounted for; however, procedures need to be implemented to ensure that all teachers are verifying pupil attendance on a timely basis.

Questioned Costs

None

Effect

If attendance reports are not verified by the teachers on a timely basis, the accuracy of the attendance records is jeopardized due to time lapse.

Cause

Teachers are not approving and signing attendance rosters timely due to lack of District oversight and proper instruction.

Recommendation

Implement procedures to ensure that pupil attendance is verified on a timely basis. Under no circumstances should pupil attendance be verified months after the end of an appropriate attendance period. Pupil attendance should be verified immediately after the end of each attendance period in a timely manner.

LEA's Response

School office staff has instituted procedures for teachers to turn in their reports each week. Management will periodically review the attendance sheets to ensure they are being verified.

CARDIFF SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Finding 2013-1 Cardiff Elementary Student Body Non-student related deposits and disbursements were being processed through the account, primarily as a benefit to teachers. In addition, a separate fund had been created for all non-related student activities. Ensure non-related student body transactions are not being processed through the student body account and close the separate fund that was created for teacher activities. In future periods, only allow transactions that have a direct correlation to student activities being deposited or disbursed from the account.	Implemented	

Cardiff School District Budget Assumptions 2015-16

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 expenditures.
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.

Revised November 14, 2013



November 14, 2014

Ms. Jill Vinson
Superintendent
Cardiff School District
1888 Montgomery Avenue
Cardiff-by-the-Sea, CA 92007

1121 L Street

•
Suite 1060

•
Sacramento

•
California 95814

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TEL: 916 . 446-7517

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FAX: 916 . 446-2011

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www.sscal.com

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Company*

Dear Ms. Vinson:

The purpose of this letter is to request that your district become part of a coalition to advocate for a separate appropriation to fully fund the California State Teachers' Retirement System (CalSTRS). The CalSTRS rate increases, when fully implemented, will result in local educational agency (LEA) costs that are virtually double what they are today and will impair the ability of your district to implement the goals of the Local Control Funding Formula (LCFF) for your community.

While the CalSTRS unfunded liability was critical to resolve, we believe there is a better approach to address these cost increases before they negatively affect the important reforms that are underway within the LCFF framework. Without such action, we believe several events are inevitable:

- LEAs facing higher CalSTRS costs will scale back programs to pay for retirement costs
- The LCFF audits will find that LEAs adjusted their plans to pay for CalSTRS costs instead of completing their goals as stated in their respective LCAPs
- Communities will lose trust in their districts because the promised improvements of the LCFF will not be realized

In the first year of implementation—the smallest of the scheduled employer rate increases—your district's CalSTRS costs are estimated to increase by \$22,598; these are dollars that your community expects to go towards implementation of the LCFF. In the final year of the increase, Cardiff School District's estimated costs will be at least \$389,000 higher than those costs in 2013-14—all of which would be absorbed into the LCFF under the current funding mechanism.

We are forming a coalition in support of providing school districts a dedicated appropriation to fund CalSTRS increases over the next several years to deal with the extraordinary costs required to fully fund CalSTRS. Please consider joining us in seeking a change to the law that will improve the method of funding CalSTRS for all districts.

Sincerely,

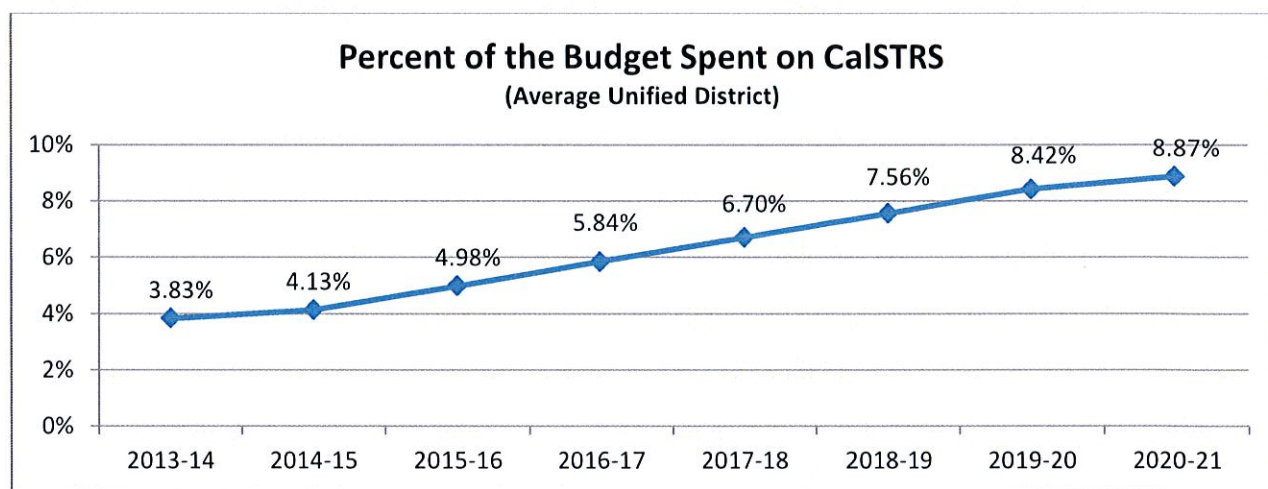

JOHN D. GRAY
President

CalSTRS Funding Coalition

The rate increases to fully fund the California State Teachers' Retirement System were never discussed or contemplated when the Local Control Funding Formula (LCFF) was being developed. The CalSTRS rate increases, when fully implemented, will result in local educational agency (LEA) costs that are virtually double what they are today and will impair the ability of your district to implement the goals of the LCFF for your community.

The Issue

Many school districts will have CalSTRS cost increases that will significantly outstrip the additional funding provided through the LCFF—but this is not an issue just for districts that “win” or “lose” under the LCFF. As retirement benefit costs outpace LCFF base grant increases, LEAs will have little alternative but cut programs for all students to pay for the increases in CalSTRS contributions. For the average unified district, CalSTRS costs will increase from 3.8% to nearly 9% of the district's budget.



Effect on Cardiff School District

In the first year of implementation—the smallest of the scheduled employer rate increases—we estimate your district's CalSTRS costs are increasing by \$22,598; these are dollars that your community expects to go towards implementation of the LCFF. In the final year of the increase, we estimate Cardiff School District's costs will be at least \$389,000 higher than those costs in 2013-14—all of which would be absorbed into the LCFF under the current funding mechanism.

While the promise of the LCFF is to restore base funding to the 2007-08 levels adjusted for inflation, this will be insufficient with retirement costs doubling over the implementation of the LCFF.

The Solution

We believe there is a better way to address these cost increases before they negatively affect the important reforms that are underway within the LCFF framework. We believe that a separate, targeted appropriation within Proposition 98 to address the increases in CalSTRS employer contribution costs will alleviate the need for LEAs to redirect LCFF funding to pay retirement costs.

Please join us in seeking a change that will improve the method of funding CalSTRS for all districts and maintains the integrity of the Local Control Funding Formula.

Chair

Megan Reilly
Los Angeles USD

Board Members

Scott Siegel
Ceres USD

Jim Novak
Desert Sands USD

Scott Patterson
Grossmont Union
HSD

CalSTRS Funding Coalition



Guiding Principles

Executing a plan to address the long-standing need to provide a stable funding mechanism for the California State Teachers' Retirement System (CalSTRS) is vitally important. All three parties—the state, the employer, and the employee—should be responsible for increased contributions to fund the system. We applaud the resources being provided by the state outside of Proposition 98 for the benefit structure it has created and believe that the state's contribution should not be supplanted by increases to the employers or employees.

The rate increases to fully fund CalSTRS were never discussed or contemplated when the Local Control Funding Formula (LCFF) was being developed. The CalSTRS employer rate increases, when fully implemented, will result in local educational agency (LEA) costs that are virtually double what they are today and will impair the ability of districts to implement the goals of the LCFF for their communities.

While the promise of the LCFF is to restore base funding to the 2007-08 levels adjusted for inflation, this will be insufficient with retirement costs doubling over the implementation of the LCFF. We believe the requirement for LEAs to fund the CalSTRS contribution increases within the LCFF undermines the reform's goals and the promise of increased services for students in California.

By merely increasing the contributions required of the employers—school districts, county offices of education, and community college districts—without providing a dedicated funding source, the state is placing LEAs in a squeeze that can only result in a reduction in services to students while expectations for those services are increasing.

We are not asking for the state to change how much funding is provided in Proposition 98, nor are we asking for employers to pay less to fully fund CalSTRS. We are seeking a different funding method to deal with the extraordinary cost to bring CalSTRS back to a fully funded level and maintain transparency in the LCFF.

An appropriation within Proposition 98 that would be set aside to address the increases in CalSTRS employer contribution costs could ensure that LEAs are provided a dedicated fund source for this required expenditure that will grow at a predictable rate for all districts and alleviate the need for LEAs to disrupt the existing LCFF funding to pay retirement costs.

We believe this is a better way to address the CalSTRS cost increases imposed on LEAs before they negatively affect the important reforms that are underway through the LCFF.

Consultants

Jeff Bell

Michelle McKay
Underwood

School Services of
California, Inc.

Chair

Megan Reilly
Los Angeles USD

Board Members

Scott Siegel
Ceres USD

Jim Novak
Desert Sands USD

Scott Patterson
Grossmont Union
HSD

CalSTRS Funding Coalition



2014-15 Membership Application

Membership Fees

District ADA	Regular Annual Dues
0-999 ADA	\$500
1,000-9,999 ADA	\$1,000
More than 10,000 ADA	\$3,000

Yes! I want to join the CalSTRS Funding Coalition.

Please fill in the following information:

Name:	Title:	District	District ADA
		Cardiff School District	725

Email address:	Phone:	Fax:

District Mailing Address:

Invoice Number:	Invoice Amount:
2014CalSTRS-5	\$ 500

Consultants

Jeff Bell

Michelle McKay
Underwood

School Services of
California, Inc.

Please return this form to Marianne Richardson at marianner@sscal.com or fax to 916-446-2011.

Resolution on Local Reserves Cap
SB 858, Section 27/California Education Code 42127.01
(Rev. 09.22.14)

WHEREAS, School district governing boards have the obligation to provide a quality education that is essential for an informed citizenry, a competitive economy, a fulfilling life for all students, and the foundation of our democratic society; and

WHEREAS, School district governing boards are responsible for maintaining fiscal solvency of the school systems they govern; and

WHEREAS, The Local Control Funding Formula (LCFF), based on the principle of subsidiarity, provides governing boards, working with interested stakeholders, with the authority to prioritize funds in order to provide quality education for all students, especially those who are English learners, from low income households and who are Foster Youth; and

WHEREAS, Funds for crucial services for school operations, such as payroll, classroom materials, school construction projects, technology, home-to-school transportation, deferred maintenance, etc. often require successful ongoing cash-flow management and disciplined planning, including the creation and maintenance of prudent financial reserves; and

WHEREAS, School district reserve levels, as well as their fund balances, are determined by governing boards to meet local priorities and allow districts to save for potential future expected and unexpected expenditures and for eventual economic downturns; and

WHEREAS, community funded schools (Basic Aid Districts) receive funds only twice a year and must rely on adequate reserves to manage cash flow for normal daily operations and for future purchases and unforeseen events; and

WHEREAS, the statutory minimum for school district reserves for economic uncertainties ranges from 1 to 5 percent, depending on district enrollment, and covers between one to five weeks of payroll, or less than 20 days of total cash flow; and

WHEREAS, Prudent budgeting raises expectations for school districts to establish and maintain reserves above the statutory minimum; and

WHEREAS, the governing board of the Cardiff School District currently maintains a reserve of approximately 20-25% for purposes of our inability to forecast predictable revenue and expenditures due to our status as a community funded school district.

WHEREAS, On June 20, 2014, the Governor signed into law SB 858 (Committee on Budget and Fiscal Review, Chapter 32, Statutes of 2014), now embodied in California Education Code 42127.10, and

WHEREAS, SB 858, Sec. 27 Education Code 42127.01, will become operative should voters pass Proposition 2 on the November 2014 state ballot, and will require school districts to spend their assigned and unassigned account balances down to no more than two to-three times the minimum level of the statutory reserve for economic uncertainties (depending on district size) in the fiscal year following the fiscal year in which the State of California makes a payment of any amount to the Public School System Stabilization Account; and

WHEREAS, Under SB 858 this provision, a deposit by the State of California of even \$1 to the Public School System Stabilization Account would result in school districts throughout California having to spend down billions of dollars in their reserves and ending balances; and

WHEREAS, It could take many years for the State of California to build up an adequate Public School System Stabilization Account; yet, in one year, school districts would be forced to spend down their reserves and ending balances to levels that could jeopardize fiscal solvency; and

WHEREAS, The LCFF is not fully implemented, many school districts are still funded below their 2007-08 levels, and districts cannot survive another downturn without fiscally responsible reserves; now, therefore, be it Resolved, That the Board of Education of the Cardiff School District calls upon the Legislature and the Governor to repeal the language contained in Sec. 27 of SB 858 (Chapter 32, Statutes of 2014) now in Education Code 42127.01 immediately.

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