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

REGULAR MEETING OF THE GOVERNING BOARD
AGENDA

TUESDAY, JANUARY 14, 2014 • 5:00 PM • PUBLIC MEETNG
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. Gail Coakley, Member
Mr. Dave Clark, Member
Mr. Rick Cassar, Member
Ms. Jill Vinson, Superintendent

D. Approval of agenda for January 14, 2014
All items are action unless labeled information

E. Approve minutes from the regular/organizational meeting of December 12, 2013 ***A***

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

Exhibit

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. Payroll Warrants, December, 2013, $490,468

B. Enrollment report as of 01/09/14 ***B***

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, 2013 ***C***

V. GENERAL FUNCTIONS

A. Approve Resolution 13-14-04, Live Well, San Diego Initiative ***D***

B. Review Board Protocols ***(Information)*** ***E***

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 12, 2013

The regular/organizational meeting of the Governing Board of the Cardiff School District was held on Thursday, December 12, 2013 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: Cassar, Clark, Coakley, Orr, Whitehouse

Members absent: None

Administrators present: Vinson, Parker, Kissell

Visitors: Siena Randall, SEA

Mark Whitehouse was re-elected President of the Board for 2014.

MOTION: Orr
SECOND: Coakley
AYES: Cassar, Clark, Coakley, 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 2014.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, 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. Dave Clark and Nancy Orr were appointed to the City of Encinitas School District Liaison Committee.

MOTION: Coakley
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The regular meetings of the Governing Board for 2014 were scheduled for 5:00 p.m. at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California on the following dates:

Tuesday, January 14, 2014
Tuesday, February 11, 2014
Thursday, March 13, 2014
Tuesday, April 15, 2014
Thursday, May 8, 2014
Thursday, June 5, 2014
Thursday, July 10, 2014
Thursday, August 14, 2014
Thursday, September 11, 2014
Thursday, October 9, 2014
Thursday, November 13, 2014
Thursday, December 11, 2014

The agenda for December 12, 2013 was approved as presented.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The minutes from the regular meeting of November 14, 2013 were approved as written.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

Hearing Session:

- Brian Kissell reported ELAC/DELAC discussed testing.
- School Site Council has two new parent members this year. The committee will be working on revising the Site Plan.
- Siena Randall reported the Halloween Carnival netted $19,500. SEA was able to provide twenty families with gift cards to use for the Thanksgiving Holiday. The Gala planning is moving forward. The goal this year is to raise $100,000. The annual campaign is going well.
- Brian Kissell reported the band did a great job at the Holiday Parade. The band is also performing tonight at the Winter Concert. The kids in the daycare program have been walking and tracking their miles and have completed a walk to Qualcomm. The digital studio is assembled and completed. Mark Grisafe will start working with students next week. The update on testing is that students will be taking both the math and language arts.
- Julie Parker reported that the Cardiff 3rd graders also participated in the Holiday Parade. It is a busy time of year for teachers. Mike Fitchett has been doing the math in-service days. Staff is looking forward to the break.
- Trustees reported on their attendance to the annual CSBA conference held in San Diego. They shared highlights from keynote speakers on Common Core and test scores.
- Superintendent Vinson reported the new finance and HR is being implemented in January. Staff trainings will also begin. The fields will be closed for some rest during the break.

The consent calendar was approved as presented.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

Sandie Luehrs, Director of Fiscal Services, reported she attended the CBO Symposium in November. She learned there is additional money available at the state level and is hopeful that they make more of it available for Common Core funding. Ms. Luehrs received the property tax money. Based on past tracking patterns, she is comfortable with her budgeting and will continue to monitor property taxes.

Budget assumptions for the 2014-15 school year were approved.

MOTION: Coakley
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The budget changes through 10/31/13 were approved.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The First Interim Budget State Report for the period ending October 31, 2013 was approved.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The request from certificated employee #350-239 for a job share assignment for the 2015-16 school year was deferred to closed session for discussion.

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 6:25 p.m.

The meeting was reconvened to open session at 7:30 p.m. The request from certificated employee #350-239 for a job share assignment for the 2015-16 school year was denied.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

There being no other business to come before the Board, the meeting was adjourned at 7:32 p.m.

Respectfully submitted,

_____ _____

Nancy Orr, Clerk Jill Vinson, Superintendent

CARDIFF SCHOOL DISTRICT

Enrollment Form

As of January 9, 2014

CARDIFF

		BOYS	GIRLS		
TK	Paccione	2	3	5	
K	Paccione	6	8	14	
K	Bjorstad	7	11	18	
K	Hall	8	11	19	
K	McNamara	8	10	18	
K	Stone	8	10	18	
				TOT K	92
1	Carter	11	10	21	
1	Easson	9	11	20	
1	Froke	11	11	22	
1	Kulbacki	8	13	21	
1	Sallans	11	10	21	
1	Doui/Boy	10	5	15	
				TOT 1	120
2	Gust/Stua	10	10	20	
2	Kavan	11	11	22	
2	Payte	12	11	23	
2	Redding	13	9	22	
2	Doui/Boy	8	6	14	
				TOT 2	101
3	Hamilton	10	11	21	
3	Pacetti/Paz	10	11	21	
3	Doui/Boy	7	7	14	
				TOT 3	56
	SDC	0	0	**TOT**	0
	Boy/Girl Subtotal		180		189
	SCHOOL TOTAL		369		

ADA HARRIS

		BOYS	GIRLS		
3	Green	11	9	20	
3	Peery	11	9	20	
3	Switzler	12	10	22	
				TOT 3	62
4	Ford	15	8	23	
4	Jacobson	11	9	20	
4	Trees	14	10	24	
4	Price/d'Entre	12	10	22	
				TOT 4	89
5	Ensberg	13	10	23	
5	Murray	11	12	23	
5	Therriault	14	10	24	
5	Yant	14	9	23	
5	Price/d'Entre	10	13	23	
				TOT 5	116
6	Brice	14	14	28	
6	Heyer	14	14	28	
6	Jewell	14	14	28	
6	Wenn	14	13	27	
				TOT 6	111
	SDC	1	1	**TOT**	2
	Boy/Girl Subtotal		205		175
	SCHOOL TOTAL		380		

DISTRICT TOTAL 749

Cardiff School District
Cardiff By The Sea, California 92007

January 14, 2014

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, 2013 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.

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, 2013.

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

AUDIT REPORT

JUNE 30, 2013

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

Introductory Section

Cardiff School District
Audit Report
For The Year Ended June 30, 2013

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Cardiff School District
Audit Report
For The Year Ended June 30, 2013

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Financial Section

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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, 2013, 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, 2013, 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

As described in Note A to the financial statements, in 2013, Cardiff School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* 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 2012-13,* published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of Cardiff School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cardiff School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

- Total net position is $6,531,384. This is an increase of $192,250 which is due to current year depreciation, bond repayment, and capital leases for iPads. *(See Table 1)*
- The District student enrollment decreased by 6 students from October 2011 to October 2012. *(See Table 2)*
- Property tax revenue increased by 7.46% 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				
		June 30, 2012	June 30, 2013	Change
Capital Assets		14,140,673	13,924,950	
Other Assets		3,650,973	3,957,813	
	TOTAL ASSETS	**17,791,646**	**17,882,763**	
Current Liabilities		204,482	159,507	
Long Term Liabilities		11,248,030	11,191,872	
	TOTAL LIABILITIES	**11,452,512**	**11,351,379**	
TOTAL NET POSITION		**6,339,134**	**6,531,384**	**192,250**
BUSINESS TYPE ACTIVITIES				
	TOTAL ASSETS	**13,260**	**39,871**	
	TOTAL LIABILITIES	**1,771**	**1,682**	
TOTAL NET POSITION		**11,489**	**38,189**	**26,700**

TABLE 2

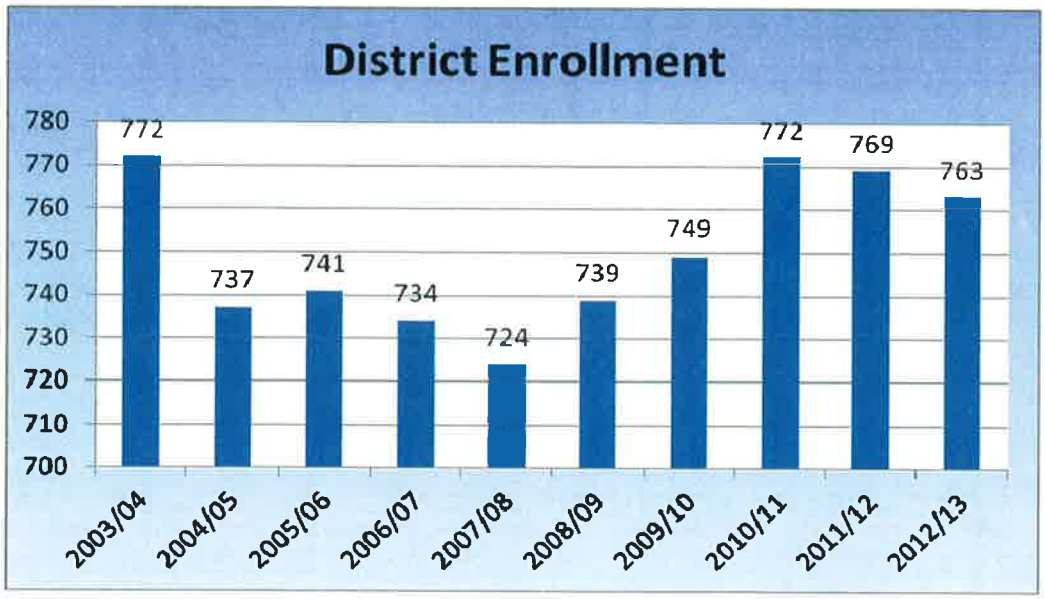


TABLE 3



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

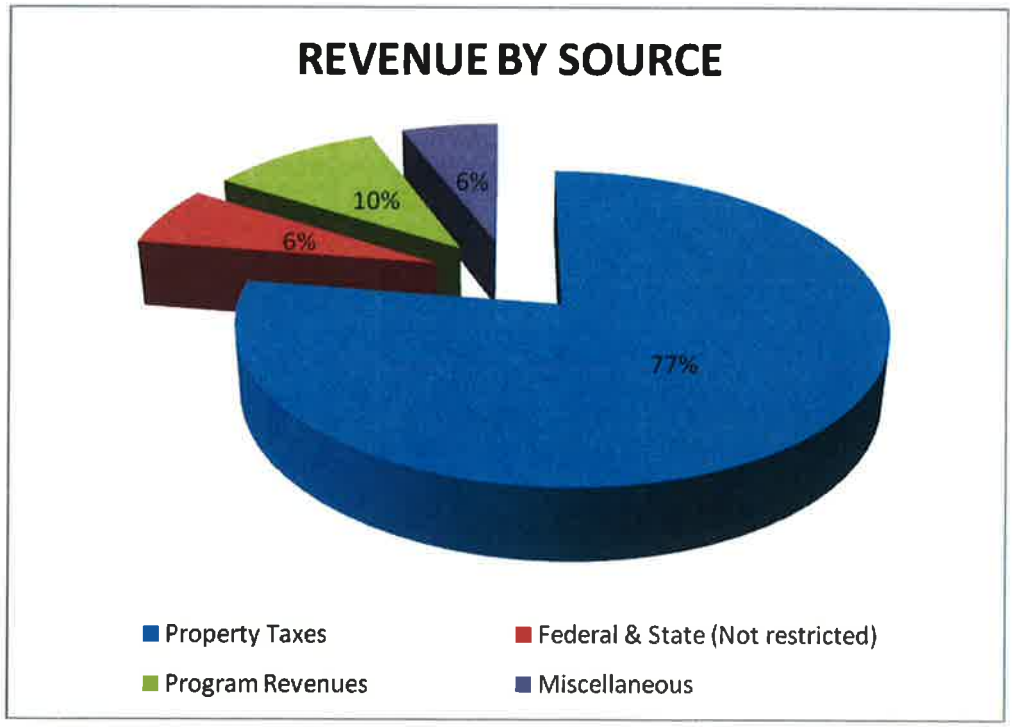
GOVERNMENTAL ACTIVITIES

REVENUES

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

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

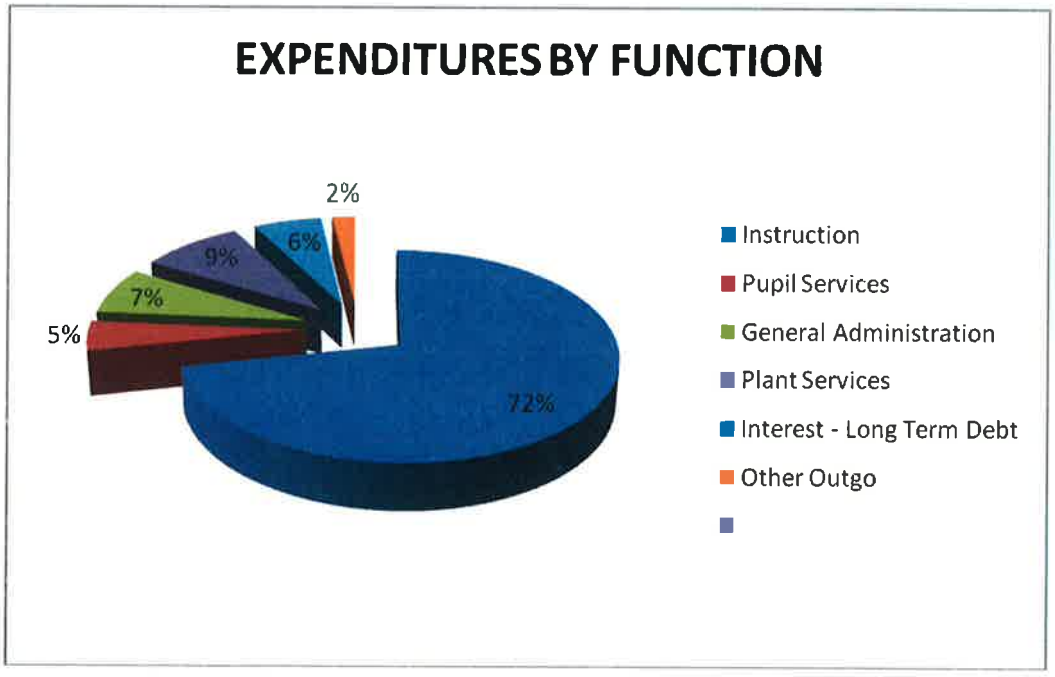
REVENUES	2011/12	2012/13
General Revenues:		
Property Taxes	6,277,841	6,755,491
Federal & State Not Restricted	405,410	562,519
Program Revenues	989,136	896,691
Miscellaneous	497,664	510,598
TOTAL	**8,170,051**	**8,725,299**



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	2011/12	2012/13
Instruction	5,661,210	6,115,231
Pupil Services	434,999	392,124
General Administration	600,912	619,384
Plant Services	649,205	748,731
Interest – Long Term Debt	485,637	491,165
Other Outgo	158,634	166,414
TOTAL	**7,990,597**	**8,533,049**



BUDGETARY HIGHLIGHTS

The General Fund accounts 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, 2013.

	ADOPTED BUDGET	YEAR END BUDGET	ACTUAL
REVENUES	6,803,538	7,864,798	7,920,850
EXPENDITURES	6,909,977	7,708,286	7,565,045

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 $11,191,872 in long term debt. The following is the breakdown for that amount.

GENERAL OBLIGATION BOND	10,514,228
BOND PREMIUM	396,350
OPEB	49,027
COMPENSATED ABSENCES	19,245
CAPITAL LEASES PAYABLE	213,022
TOTAL	**$11,191,872**

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Sandie Luehrs, Director of Fiscal Services at Cardiff School District, 1888 Montgomery Avenue, Cardiff, Ca. 92007 or e-mail to sandie.luehrs@cardiffschools.com

Basic Financial Statements

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	$ 3,243,193	$ 54,615	$ 3,297,808
Receivables	490,067	416	490,483
Due from (to) Other Funds	15,160	(15,160)	-
Stores	2,048	-	2,048
Prepaid Debt Issue Costs	207,345	-	207,345
Capital Assets:			
Land	787,808	-	787,808
Improvements	107,789	-	107,789
Buildings	16,932,625	-	16,932,625
Equipment	545,536	-	545,536
Less Accumulated Depreciation	(4,448,808)	-	(4,448,808)
Total Assets	17,882,763	39,871	17,922,634
LIABILITIES:			
Accounts Payable	159,507	1,682	161,189
Long-Term Liabilities:			
Due Within One Year	768,082	-	768,082
Due in More Than One Year	6,958,597	-	6,958,597
Accreted Interest Due in More Than One Year	3,465,193	-	3,465,193
Total Liabilities	11,351,379	1,682	11,353,061
NET POSITION:			
Net Investment in Capital Assets	3,197,699	-	3,197,699
Restricted for:			
Capital Projects	15,900	-	15,900
Educational Programs	95,238	-	95,238
Other Purposes (Expendable)	11,922	-	11,922
Other Purposes (Nonexpendable)	3,548	-	3,548
Unrestricted	3,207,077	38,189	3,245,266
Total Net Position	$ 6,531,384	$ 38,189	$ 6,569,573

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Governmental Activities:						
Instruction	$ 5,433,213	$ -	$ 483,996	$ (4,949,217)	$	$ (4,949,217)
Instruction-Related Services:						
Instructional Supervision and Administration	3,031	-	1,143	(1,888)		(1,888)
Instructional Library, Media and Technology	182,321	-	-	(182,321)		(182,321)
School Site Administration	496,666	-	49,218	(447,448)		(447,448)
Pupil Services:						
Home-to-School Transportation	58,059	-	877	(57,182)		(57,182)
Food Services	154,023	97,581	53,388	(3,054)		(3,054)
All Other Pupil Services	180,042	-	60,460	(119,582)		(119,582)
General Administration:						
Centralized Data Processing	138	-	-	(138)		(138)
All Other General Administration	619,246	-	4,512	(614,734)		(614,734)
Plant Services	748,731	34,102	4,318	(710,311)		(710,311)
Enterprise Activities	472	-	43,085	42,613		42,613
Interest on Long-Term Debt	491,165	-	-	(491,165)		(491,165)
Other Outgo	165,942	-	64,011	(101,931)		(101,931)
Business-Type Activities						
Enterprise Activities	299,353	-	-		(299,353)	(299,353)
Total Expenses	$ 8,832,402	$ 131,683	$ 765,008	$ (7,636,358)	$ (299,353)	$ (7,935,711)
General Revenues:						
Taxes and Subventions:						
Taxes Levied for General Purposes				5,876,624	-	5,876,624
Taxes Levied for Debt Service				878,966	-	878,966
Taxes Levied for Other Specific Purposes				(99)	-	(99)
Federal and State Aid, Not Restricted				562,519	-	562,519
Interest and Investment Earnings				15,809	143	15,952
Interagency Revenues				5,367	-	5,367
Miscellaneous				489,422	325,910	815,332
Total General Revenues				$ 7,828,608	$ 326,053	$ 8,154,661
Change in Net Position				192,250	26,700	218,950
Net Position Beginning				6,339,134	11,489	6,350,623
Net Position Ending				$ 6,531,384	$ 38,189	$ 6,569,573

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	$ 1,901,996	$ 1,019,645	$ 320,052	$ 3,241,693
Cash in Revolving Fund	1,500	-	-	1,500
Accounts Receivable	479,568	-	10,499	490,067
Due from Other Funds	15,160	-	663	15,823
Stores Inventories	-	-	2,048	2,048
Total Assets	2,398,224	1,019,645	333,262	3,751,131
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 90,803	$ -	$ 1,162	$ 91,965
Due to Other Funds	663	-	-	663
Total Liabilities	91,466	-	1,162	92,628
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	1,500	-	-	1,500
Stores Inventories	-	-	2,048	2,048
Restricted Fund Balances	95,238	-	27,821	123,059
Committed Fund Balances	1,082	-	302,231	303,313
Assigned Fund Balances	140,257	1,019,645	-	1,159,902
Unassigned:				
Reserve for Economic Uncertainty	1,040,229	-	-	1,040,229
Other Unassigned	1,028,452	-	-	1,028,452
Total Fund Balance	2,306,758	1,019,645	332,100	3,658,503
Total Liabilities and Fund Balances	$ 2,398,224	$ 1,019,645	$ 333,262	$ 3,751,131

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances, governmental funds			$ 3,658,503
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		18,373,758	
Accumulated depreciation		(4,448,808)	
	Net		13,924,950
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net position are:			207,346
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 unmatured interest owing at the end of the period was:			(67,543)
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		7,049,035	
Accreted interest		3,465,193	
Capital leases		213,022	
Net OPEB obligation		49,027	
Bond premium		396,350	
Compensated absences payable		19,245	
	Total		(11,191,872)
Total net position, governmental activities			$ 6,531,384

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Revenue Limit Sources:				
State Apportionments	$ 157,396	$ -	$ -	$ 157,396
Local Sources	5,876,623	-	-	5,876,623
Federal Revenue	255,502	-	50,359	305,861
Other State Revenue	537,472	6,178	28,416	572,066
Other Local Revenue	805,354	875,067	132,929	1,813,350
Total Revenues	7,632,347	881,245	211,704	8,725,296
Expenditures:				
Instruction	5,064,377	-	-	5,064,377
Instruction - Related Services	681,797	-	-	681,797
Pupil Services	237,548	-	153,688	391,236
General Administration	666,671	-	-	666,671
Plant Services	679,619	-	173,070	852,689
Other Outgo	124,520	-	-	124,520
Debt Service:				
Principal	75,484	615,000	-	690,484
Interest	-	172,825	-	172,825
Total Expenditures	7,530,016	787,825	326,758	8,644,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,331	93,420	(115,054)	80,697
Other Financing Sources (Uses):				
Transfers In	-	-	35,029	35,029
Transfers Out	(35,029)	-	-	(35,029)
Other Sources	288,506	-	-	288,506
Total Other Financing Sources (Uses)	253,477	-	35,029	288,506
Net Change in Fund Balance	355,808	93,420	(80,025)	369,203
Fund Balance, July 1	1,950,950	926,225	412,125	3,289,300
Fund Balance, June 30	$ 2,306,758	$ 1,019,645	$ 332,100	$ 3,658,503

The accompanying notes are an integral part of this statement.

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, 2013

Total change in fund balances, governmental funds		$ 369,203
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:	140,912	
Depreciation expense:	(356,635)	
Net		(215,723)
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:		690,484
Debt issue costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:		(25,077)
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:		(288,506)
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:		(381,215)
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:		(20,099)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:		62,877
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		306
Change in net assets of governmental activities - statement of activities		$ 192,250

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2013

	Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 54,615
Accounts Receivable	416
Total Current Assets	55,031
Total Assets	55,031
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 1,682
Due to Other Funds	15,160
Total Current Liabilities	16,842
Total Liabilities	16,842
NET POSITION:	
Unrestricted	38,189
Total Net Position	$ 38,189

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, 2013

	Enterprise Fund
	Enterprise Fund
Operating Revenues:	
Local Revenue	$ 326,053
Total Revenues	326,053
Operating Expenses:	
Classified Personnel Salaries	213,143
Employee Benefits	43,889
Books and Supplies	22,437
Services and Other Operating Expenses	19,884
Total Expenses	299,353
Income (Loss) before Contributions and Transfers	26,700
Change in Net Position	26,700
Total Net Position - Beginning	11,489
Total Net Position - Ending	$ 38,189

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, 2013

	Enterprise Fund
	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 325,510
Cash Payments to Employees for Services	(257,352)
Cash Payments to Other Suppliers for Goods and Services	(39,442)
Net Cash Provided (Used) by Operating Activities	28,716
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	143
Net Cash Provided (Used) for Investing Activities	143
Net Increase (Decrease) in Cash and Cash Equivalents	28,859
Cash and Cash Equivalents at Beginning of Year	25,756
Cash and Cash Equivalents at End of Year	$ 54,615
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 26,700
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	840
Increase (Decrease) in Accounts Payable	(89)
Increase (Decrease) in Due To	1,408
Total Adjustments	2,159
Net Cash Provided (Used) by Operating Activities	$ 28,859

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Fund Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 36,910
Total Assets	36,910
LIABILITIES:	
Due to Student Groups	$ 36,910
Total Liabilities	36,910
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

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.

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.

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.

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. 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.

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
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. Deferred Revenue

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

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 conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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

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.

k. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement #54, Fund 20 (Special Reserve Fund for Postemployment Benefits) is merged with the General Fund for purposes of presentation in the audit report.

l. 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.

m. GASB 63 Implementation

The District has implemented GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The purpose of this pronouncement is to improve financial reporting by standardizing the presentation of deferred inflows and outflows of resources and their effects on a government's net position. Transactions that result in consumption or acquisition of net assets in one period that are applicable to future periods as deferred outflows and inflows of resources are distinguished from assets and liabilities. Net position is the difference between 1) assets and deferred outflows of resources; and 2) liabilities and deferred inflows of resources. For the year ended June 30, 2013 the District did not have any items which would be considered deferred outflows and inflows of resources.

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:

Violation	Action Taken
None reported	Not applicable

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

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

Fund Name	Deficit Amount	Remarks
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 ($3,296,308 as of June 30, 2013). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $3,296,308. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($36,910 as of June 30, 2013) and in the revolving fund ($1,500) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. 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 by Standard & Poors.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, 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 Treasury. The District maintains an investment with the San Diego Investment Pool with a fair value of $3,296,308 and a book value of $3,296,308. The weighted average days to maturity for this investment pool is 370 days.

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.

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.

D. Accounts Receivable

Accounts receivable at June 30, 2013 consisted of:

	General Fund	Special Revenue Funds	Capital Projects Funds	Other Funds	Total
Federal Government:					
Federal programs	$ 93,367	$ 9,608	$ -	$ -	$ 102,975
State Government:					
Lottery	60,020	-	-	-	60,020
Other state programs	296,248	617	-	-	296,865
Local Sources:					
Interest	1,946	263	11	370	2,590
Other local sources	27,987	-	-	46	28,033
Totals	$ 479,568	$ 10,488	$ 11	$ 416	$ 490,483

E. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 787,808	$ -	$ -	$ 787,808
Total capital assets not being depreciated	787,808	-	-	787,808
Capital assets being depreciated:				
Buildings	16,840,882	91,743	-	16,932,625
Improvements	107,789	-	-	107,789
Equipment	496,367	49,169	-	545,536
Total capital assets being depreciated	17,445,038	140,912	-	17,585,950
Less accumulated depreciation for:				
Buildings	(3,581,670)	(340,796)	-	(3,922,466)
Improvements	(51,496)	(4,183)	-	(55,679)
Equipment	(459,007)	(11,656)	-	(470,663)
Total accumulated depreciation	(4,092,173)	(356,635)	-	(4,448,808)
Total capital assets being depreciated, net	13,352,865	(215,723)	-	13,137,142
Governmental activities capital assets, net	$ 14,140,673	$ (215,723)	$ -	$ 13,924,950

Depreciation was charged to functions as follows:

Instruction	$ 354,242
Plant Services	2,393
	$ 356,635

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2013 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Cafeteria Fund	General Fund	$ 663	OPEB payments
General Fund	Enterprise Fund	15,160	OPEB and direct cost charges
	Total	$ 15,823	

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, 2013 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Deferred Maintenance Fund	$ 35,029	District match
	Total	$ 35,029	

G. Accounts Payable

Accounts payable at June 30, 2013 consisted of:

	General Fund	Special Revenue Funds	Other Funds	Total
Vendor payables	$ 14,097	$ -	$ 1,682	$ 15,779
Payroll and related benefits	76,706	1,162	-	77,868
Totals	$ 90,803	$ 1,162	$ 1,682	$ 93,647

H. 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 2012, the District entered into the San Diego County School Districts 2021 Pooled Tax and Revenue Anticipation Notes (TRANS) in the amount of $440,000. The notes matured on January 31, 2013 and were sold to supplement the District's cash flows and bore interest at a rate of 2.00%.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 440,000	$ 440,000	$ -

I. 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, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 7,664,035	$ -	$ 615,000	$ 7,049,035	$ 680,000
Accreted interest	3,076,289	388,904	-	3,465,193	-
Bond premium	459,227	-	62,877	396,350	-
Capital leases	-	288,506	75,484	213,022	68,837
Compensated absences *	19,551	-	306	19,245	19,245
Net OPEB obligation	28,928	44,954	24,855	49,027	-
Total governmental activities	$ 11,248,030	$ 722,364	$ 778,522	$ 11,191,872	768,082

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt, net of bond premium, accreted interest, and OPEB obligation, at June 30, 2013, are as follows:

	Governmental Activities			
Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2014	$ 768,082	$ -	$ 158,551	$ 926,633
2015	820,985	-	134,954	955,939
2016	893,200	-	105,089	998,289
2017	910,000	-	68,200	978,200
2018	1,000,000	-	25,000	1,025,000
2019-2023	1,845,762	4,669,238	-	6,515,000
2024-2028	1,043,273	3,741,727	-	4,785,000
Totals	$ 7,281,302	$ 8,410,965	$ 491,794	$ 16,184,061

3. General Obligation Bonds

General obligation bonds at June 30, 2013 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				$ 16,329,035

	Beginning Balance	Increases	Decreases	Ending Balance
2000 Election Series A	$ 2,889,035	$ -	$ -	$ 2,889,035
2000-A Accreted Interest	3,076,289	388,904	-	3,465,193
2000-A Bond Premium	143,432	-	10,245	133,187
2010 Refunding Bonds	4,775,000	-	615,000	4,160,000
2010 Bond Premium	315,795	-	52,632	263,163
Total GO Bonds	$ 11,199,551	$ 388,904	$ 677,877	$ 10,910,578

The annual requirements to amortize the bonds outstanding at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2013	$ 680,000	$ -	$ 151,900	$ 831,900
2014	750,000	-	130,450	880,450
2015	820,000	-	102,800	922,800
2016	910,000	-	68,200	978,200
2017	1,000,000	-	25,000	1,025,000
2018-2022	1,845,762	4,669,238	-	6,515,000
2023-2027	1,043,273	3,741,727	-	4,785,000
Totals	$ 7,049,035	$ 8,410,965	$ 478,350	$ 15,938,350

Amounts for accreted interest in table represent amounts accrued as of June 30, 2013. 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, 2013 are as follows:

Year Ending June 30:		
2014	$	75,489
2015		75,489
2016		75,489
Total Minimum Lease Payments		226,467
Less Amounts Representing Interest		(13,445)
Net Present Value of Minimum Lease Payments	$	213,022

J. 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, 2013 is as follows:

Total Assets	$	124,778
Total Liabilities		19,207
Total Fund Balance		105,571
Total Cash Receipts		60,574
Total Cash Disbursements		61,972
Net Change in Fund Balance		(1,398)

K. 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 2012-13 was 11.417% 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, 2013, 2012 and 2011 were $155,720, $141,016 and $134,290, respectively, and equal 100% of the required contributions for each year.

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 2012-13 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, 2013, 2012 and 2011 were $295,383, $297,875 and $300,631, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was $184,128.

L. 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 consecitive 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.

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, 2013 is $44,954.

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, 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution (ARC)	$ 45,484
Interest on Net OPEB obligation	1,446
Adjustment to ARC	(1,976)
Annual OPEB cost	44,954
Contributions made	(24,855)
Increase in net OPEB obligation	20,099
Net OPEB obligations-beginning of year	28,928
Net OPEB obligations-end of year	$ 49,027

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, 2013 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 44,954	55.29%	$ 49,027

Funded Status and Funding Progress: As of June 30, 2013, the accrued liability for benefits was $368,455, of which $368,455 is unfunded. The 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.

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.

M. 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.

N. Construction Commitments

As of June 30, 2013 the District had no commitments with respect to unfinished projects.

O. Subsequent Events

Effective for the fiscal year beginning July 1, 2013 the District is implementing GASB Statement Number 65, Items Previously Reported as Assets and Liabilities. The purpose of this pronouncement is to improve financial reporting by clarifying the appropriate use of the financial statement elements of deferred inflows and outflows of resources to ensure consistency in financial reporting. With implementation of this pronouncement, the District will recognize certain items prevously reported as assets or liabilities as outflows of resources or inflows of 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 mature on January 31, 2013 and were sold to supplement the District's cash flows and bear interest at a rate of 2.00%.

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, 2013

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Revenue Limit Sources:				
State Apportionments	$ 10,099	$ 157,113	$ 157,396	$ 283
Local Sources	5,512,110	5,868,069	5,876,623	8,554
Federal Revenue	257,339	258,138	255,502	(2,636)
Other State Revenue	445,875	516,757	537,472	20,715
Other Local Revenue	578,115	776,219	805,350	29,131
Total Revenues	6,803,538	7,576,296	7,632,343	56,047
Expenditures:				
Current:				
Certificated Salaries	3,493,731	3,612,604	3,607,086	5,518
Classified Salaries	1,243,555	1,334,137	1,333,581	556
Employee Benefits	1,040,369	1,077,166	1,075,214	1,952
Books And Supplies	269,596	639,876	580,303	59,573
Services And Other Operating Expenditures	684,767	757,689	684,659	73,030
Other Outgo	115,395	126,939	124,520	2,419
Capital Outlay	27,532	49,362	49,169	193
Debt Service:				
Principal	-	75,484	75,484	-
Total Expenditures	6,874,945	7,673,257	7,530,016	143,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,407)	(96,961)	102,327	199,288
Other Financing Sources (Uses):				
Transfers Out	(35,029)	(35,029)	(35,029)	-
Other Sources	-	288,502	288,506	4
Total Other Financing Sources (Uses)	(35,029)	253,473	253,477	4
Net Change in Fund Balance	(106,436)	156,512	355,804	199,292
Fund Balance, July 1	1,949,872	1,949,872	1,949,872	-
Fund Balance, June 30	$ 1,843,436	$ 2,106,384	$ 2,305,676	$ 199,292

CARDIFF SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS-HEALTHCARE PLAN
YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial 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%

CARDIFF SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

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 for financial reporting purposes. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

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, 2013

	Special Revenue Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 304,163	$ 15,889	$ 320,052
Accounts Receivable	10,488	11	10,499
Due from Other Funds	663	-	663
Stores Inventories	2,048	-	2,048
Total Assets	317,362	15,900	333,262
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,162	$ -	$ 1,162
Total Liabilities	1,162	-	1,162
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	2,048	-	2,048
Restricted Fund Balances	11,921	15,900	27,821
Committed Fund Balances	302,231	-	302,231
Total Fund Balance	316,200	15,900	332,100
Total Liabilities and Fund Balances	$ 317,362	$ 15,900	$ 333,262

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	$ 50,359	$ -	$ 50,359
Other State Revenue	28,416	-	28,416
Other Local Revenue	98,724	34,205	132,929
Total Revenues	177,499	34,205	211,704
Expenditures:			
Pupil Services	153,688	-	153,688
Plant Services	69,343	103,727	173,070
Total Expenditures	223,031	103,727	326,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,532)	(69,522)	(115,054)
Other Financing Sources (Uses):			
Transfers In	35,029	-	35,029
Total Other Financing Sources (Uses)	35,029	-	35,029
Net Change in Fund Balance	(10,503)	(69,522)	(80,025)
Fund Balance, July 1	326,703	85,422	412,125
Fund Balance, June 30	$ 316,200	$ 15,900	$ 332,100

CARDIFF SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 2,181	$ 301,982	$ 304,163
Accounts Receivable	10,239	249	10,488
Due from Other Funds	663	-	663
Stores Inventories	2,048	-	2,048
Total Assets	15,131	302,231	317,362
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,162	$ -	$ 1,162
Total Liabilities	1,162	-	1,162
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	2,048	-	2,048
Restricted Fund Balances	11,921	-	11,921
Committed Fund Balances	-	302,231	302,231
Total Fund Balance	13,969	302,231	316,200
Total Liabilities and Fund Balances	$ 15,131	$ 302,231	$ 317,362

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	$ 50,359	$ -	$ 50,359
Other State Revenue	2,972	25,444	28,416
Other Local Revenue	97,637	1,087	98,724
Total Revenues	150,968	26,531	177,499
Expenditures:			
Pupil Services	153,688	-	153,688
Plant Services	-	69,343	69,343
Total Expenditures	153,688	69,343	223,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,720)	(42,812)	(45,532)
Other Financing Sources (Uses):			
Transfers In	-	35,029	35,029
Total Other Financing Sources (Uses)	-	35,029	35,029
Net Change in Fund Balance	(2,720)	(7,783)	(10,503)
Fund Balance, July 1	16,689	310,014	326,703
Fund Balance, June 30	$ 13,969	$ 302,231	$ 316,200

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, 2013

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
Gail Coakley	Member	Four year term 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, 2013

TABLE D-1

	Second Period Report *		Annual Report *	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	109.30	N/A	109.66	N/A
Grades 1 through 3	302.83	N/A	302.74	N/A
Grades 4 through 6	310.09	N/A	310.52	N/A
Special education	2.93	N/A	2.93	N/A
Elementary totals	725.15	N/A	725.85	N/A
ADA totals	725.15	N/A	725.85	N/A

* There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

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

CARDIFF SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2013

TABLE D-2

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,680	30,800	36,000	35,000	49,800	180	-	Complied
Grade 1	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 2	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 3	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 4	52,800	51,333	54,000	52,500	56,390	180	-	Complied
Grade 5	52,800	51,333	54,000	52,500	56,390	180	-	Complied
Grade 6	52,800	51,333	54,000	52,500	56,390	180	-	Complied

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

CARDIFF SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2013

TABLE D-3

General Fund	Budget 2014 (See Note 1)	2013	2012	2011
Revenues and other financial sources	$ 7,760,599	$ 7,920,849	$ 7,148,071	$ 7,210,999
Expenditures, other uses and transfers out	7,829,296	7,565,045	6,938,939	6,898,834
Change in fund balance (deficit)	(68,697)	355,804	209,132	312,165
Ending fund balance	$ 2,236,979	$ 2,305,676	$ 1,949,872	$ 1,740,740
Available reserves (See Note 2)	$ 2,141,742	$ 2,208,939	$ 1,894,647	$ 1,730,414
Available reserves as a percentage of total outgo	27.4%	29.2%	27.3%	25.1%
Total long-term debt	$ 10,423,790	$ 11,191,872	$ 11,248,030	$ 8,638,732
Average daily attendance at P-2	733	725	735	734

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 $877,102 over the past three years. The fiscal year 2013-14 budget projects a decrease of $68,697. 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 $2,019,192 over the past three years.

Average daily attendance (ADA) has increased by 13 over the past three years.

Notes:

1 Budget 2014 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 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, 2013

TABLE D-4

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2013, annual financial and budget report fund balances	$ 2,305,676	$ 1,082
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 presentation of Special Reserve Fund	1,082	(1,082)
June 30, 2013, audited financial statement fund balances	$ 2,306,758	$ -

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

CARDIFF SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2013

TABLE D-5

No charter schools are chartered by Cardiff School District.

Charter Schools	Included In Audit?
None	N/A

Other Independent Auditor's Reports

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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, 2013, and the related notes to the financial statements, which collectively comprise Cardiff School District's basic financial statements, and have issued our report thereon dated November 25, 2013.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Finding 2013-1.

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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 2012-13*, 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, 2013.

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 2012-13* 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 2012-13* 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. 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:		
School Districts	6	Yes
County Offices of Education	3	N/A
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
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	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

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, 2013.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

Findings and Recommendations Section

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Internal control over state programs:

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	

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

B. Financial Statement Findings

Finding 2013-1 (30000)
Cardiff Elementary Student Body

Criteria or Specific Requirement
Determine whether internal controls are in place over student body funds that will ensure all student accounts and activities are for the direct benefit of the students. All student body receipts and disbursements should be for student fundraising, student events, and other student related activities with no transactions or fund balances utilized for non-student purposes.

Condition
In our review of the student body funds for Cardiff Elementary School, we noted non-student related deposits and disbursements were being processed through the account, primarily as a benefit to the teachers. In addition, a separate fund had been created for all non-student related activities which was being utilized for teacher holiday gift cards, teacher appreciation expenses, and other related non-student activities. The student body fund is designed to account for all deposits, disbursements, and activities directly for the benefit of the students of that school site and should not be utilized for any other intended purposes.

Questioned Costs
None

Recommendation
Deposits, disbursements, and transactions not related as a direct benefit to the students of Cardiff Elementary School should not be processed through the student body account. Eliminate the non-student account balance from the student body fund and distribute or designate the funds accordingly. In future periods, monitor the student body account to ensure only student related deposits, disbursements, and transactions are being processed that have a direct correlation and benefit for the students at the school site. Under no circumstances should teacher gift cards or teacher appreciation expenses be processed through the student body account and no account balances should be designated for non-student funds or activities.

LEA's Response
The district has transferred the non-student balance to the student balance. Deposits that are not a direct benefit to the students are no longer being processed through the student body account, they are going directly to the district general fund. The district has reviewed all disbursements for 2012-13 as well as 2013-14 and determined that no student funds were incorrectly used for non-student disbursements. District staff will continue to monitor disbursements.

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Federal Award Findings and Questioned Costs

Not Applicable

D. State Award Findings and Questioned Costs

None

CARDIFF SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
There were no findings reported in the 2012 audit report.		

CARDIFF SCHOOL DISTRICT

RESOLUTION 13-14-04

LIVE WELL, SAN DIEGO! INITIATIVE

WHEREAS, it is known that poor nutrition, lack of exercise, tobacco use and environmental degradation pose harmful health implications such as heart disease, type 2 diabetes, obesity and respiratory ailments which account for a significant portion of deaths in San Diego County; and

WHEREAS, the Cardiff School District has accepted as a main objective a comprehensive health and wellness program that encourages multiple forms of physical activities, nutritional education and environmental stewardship practices; and

WHEREAS, the comprehensive health and wellness program developed for the students of the Cardiff School District is closely aligned with the County of San Diego *Live Well, San Diego! Initiative* encouraging healthy lifestyles for its students and families and ensuring a safer environment; and

WHEREAS, the District has formed both a Wellness Committee and a School Lunch Committee comprised of parents, staff and community stakeholders to support the District in promoting the health and wellness of its students and has a school garden program providing outdoor educational opportunities in the areas of Science and Nutrition and providing fresh, organic produce for families and the District's lunch program; and

WHEREAS, the District's Child Nutrition Program has salad bars at both schools, five days a week, promoting good nutrition and healthy eating habits; and

WHEREAS, in an effort to fight childhood obesity and type 2 diabetes, CSD has removed high-sugar drinks from the lunch program, providing the option of unlimited fresh drinking water to all students; and

WHEREAS, the District has introduced a standardized lunchtime waste management protocol that has students separating waste into recyclable materials and food scraps for composting and thereby reducing lunchtime waste; and

WHEREAS, the District is investigating the use of renewable energy sources such as the placement of photovoltaic panels where feasible; and

WHEREAS, the District is collaborating with the City of Encinitas to ensure safe routes to school and promotes regular walk and bike to school programs including monthly events; and

NOW, THEREFORE, be it resolved that through these many efforts, the Cardiff School District Board of Trustees supports the adopted Building Better Health and Living strategies and joins in the County of San Diego *Live Well, San Diego! Initiative*.

PASSED AND ADOPTED, this 14th day of January, 2014 by the Board of Trustees of the Cardiff School District by the following vote:

Dave Clark	Nancy Orr
Gail Coakly	Rick Cassar

Mark Whitehouse, Board President

CARDIFF SCHOOL DISTRICT
Board Governance Protocols
2014

ISSUE	PROTOCOL
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

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

MINUTES

REGULAR/ORGANIZATIONAL MINUTES OF DECEMBER 12, 2013

The regular/organizational meeting of the Governing Board of the Cardiff School District was held on Thursday, December 12, 2013 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: Cassar, Clark, Coakley, Orr, Whitehouse

Members absent: None

Administrators present: Vinson, Parker, Kissell

Visitors: Siena Randall, SEA

Mark Whitehouse was re-elected President of the Board for 2014.

MOTION: Orr
SECOND: Coakley
AYES: Cassar, Clark, Coakley, 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 2014.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, 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. Dave Clark and Nancy Orr were appointed to the City of Encinitas School District Liaison Committee.

MOTION: Coakley
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The regular meetings of the Governing Board for 2014 were scheduled for 5:00 p.m. at the Cardiff School, 1888 Montgomery Avenue, Cardiff-by-the-Sea, California on the following dates:

Tuesday, January 14, 2014
Tuesday, February 11, 2014
Thursday, March 13, 2014
Tuesday, April 15, 2014
Thursday, May 8, 2014
Thursday, June 5, 2014
Thursday, July 10, 2014
Thursday, August 14, 2014
Thursday, September 11, 2014
Thursday, October 9, 2014
Thursday, November 13, 2014
Thursday, December 11, 2014

The agenda for December 12, 2013 was approved as presented.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The minutes from the regular meeting of November 14, 2013 were approved as written.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

Hearing Session:

- Brian Kissell reported ELAC/DELAC discussed testing.
- School Site Council has two new parent members this year. The committee will be working on revising the Site Plan.
- Siena Randall reported the Halloween Carnival netted $19,500. SEA was able to provide twenty families with gift cards to use for the Thanksgiving Holiday. The Gala planning is moving forward. The goal this year is to raise $100,000. The annual campaign is going well.
- Brian Kissell reported the band did a great job at the Holiday Parade. The band is also performing tonight at the Winter Concert. The kids in the daycare program have been walking and tracking their miles and have completed a walk to Qualcomm. The digital studio is assembled and completed. Mark Grisafe will start working with students next week. The update on testing is that students will be taking both the math and language arts.
- Julie Parker reported that the Cardiff 3rd graders also participated in the Holiday Parade. It is a busy time of year for teachers. Mike Fitchett has been doing the math in-service days. Staff is looking forward to the break.
- Trustees reported on their attendance to the annual CSBA conference held in San Diego. They shared highlights from keynote speakers on Common Core and test scores.
- Superintendent Vinson reported the new finance and HR is being implemented in January. Staff trainings will also begin. The fields will be closed for some rest during the break.

The consent calendar was approved as presented.

MOTION: Coakley
SECOND: Clark
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

Sandie Luehrs, Director of Fiscal Services, reported she attended the CBO Symposium in November. She learned there is additional money available at the state level and is hopeful that they make more of it available for Common Core funding. Ms. Luehrs received the property tax money. Based on past tracking patterns, she is comfortable with her budgeting and will continue to monitor property taxes.

Budget assumptions for the 2014-15 school year were approved.

MOTION: Coakley
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The budget changes through 10/31/13 were approved.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The First Interim Budget State Report for the period ending October 31, 2013 was approved.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

The request from certificated employee #350-239 for a job share assignment for the 2015-16 school year was deferred to closed session for discussion.

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 6:25 p.m.

The meeting was reconvened to open session at 7:30 p.m. The request from certificated employee #350-239 for a job share assignment for the 2015-16 school year was denied.

MOTION: Orr
SECOND: Cassar
AYES: Cassar, Clark, Coakley, Orr, Whitehouse
NOES: 0
ABSENT: 0

There being no other business to come before the Board, the meeting was adjourned at 7:32 p.m.

Respectfully submitted,

_____ _____

Nancy Orr, Clerk Jill Vinson, Superintendent

CARDIFF SCHOOL DISTRICT

Enrollment Form

As of January 9, 2014

CARDIFF

		BOYS	GIRLS		
TK	Paccione	2	3	5	
K	Paccione	6	8	14	
K	Bjorstad	7	11	18	
K	Hall	8	11	19	
K	McNamara	8	10	18	
K	Stone	8	10	18	
				TOT K	92
1	Carter	11	10	21	
1	Easson	9	11	20	
1	Froke	11	11	22	
1	Kulbacki	8	13	21	
1	Sallans	11	10	21	
1	Doui/Boy	10	5	15	
				TOT 1	120
2	Gust/Stua	10	10	20	
2	Kavan	11	11	22	
2	Payte	12	11	23	
2	Redding	13	9	22	
2	Doui/Boy	8	6	14	
				TOT 2	101
3	Hamilton	10	11	21	
3	Pacetti/Paz	10	11	21	
3	Doui/Boy	7	7	14	
				TOT 3	56
	SDC	0	0	**TOT**	0
	Boy/Girl Subtotal		180		189
	SCHOOL TOTAL		369		

ADA HARRIS

		BOYS	GIRLS		
3	Green	11	9	20	
3	Peery	11	9	20	
3	Switzler	12	10	22	
				TOT 3	62
4	Ford	15	8	23	
4	Jacobson	11	9	20	
4	Trees	14	10	24	
4	Price/d'Entre	12	10	22	
				TOT 4	89
5	Ensberg	13	10	23	
5	Murray	11	12	23	
5	Therriault	14	10	24	
5	Yant	14	9	23	
5	Price/d'Entre	10	13	23	
				TOT 5	116
6	Brice	14	14	28	
6	Heyer	14	14	28	
6	Jewell	14	14	28	
6	Wenn	14	13	27	
				TOT 6	111
	SDC	1	1	**TOT**	2
	Boy/Girl Subtotal		205		175
	SCHOOL TOTAL		380		

DISTRICT TOTAL 749

Cardiff School District
Cardiff By The Sea, California 92007

January 14, 2014

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, 2013 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.

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, 2013.

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

AUDIT REPORT

JUNE 30, 2013

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

Introductory Section

Cardiff School District
Audit Report
For The Year Ended June 30, 2013

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Cardiff School District
Audit Report
For The Year Ended June 30, 2013

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Financial Section

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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, 2013, 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, 2013, 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

As described in Note A to the financial statements, in 2013, Cardiff School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* 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 2012-13,* published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of Cardiff School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cardiff School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

- Total net position is $6,531,384. This is an increase of $192,250 which is due to current year depreciation, bond repayment, and capital leases for iPads. *(See Table 1)*
- The District student enrollment decreased by 6 students from October 2011 to October 2012. *(See Table 2)*
- Property tax revenue increased by 7.46% 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				
		June 30, 2012	June 30, 2013	Change
Capital Assets		14,140,673	13,924,950	
Other Assets		3,650,973	3,957,813	
	TOTAL ASSETS	**17,791,646**	**17,882,763**	
Current Liabilities		204,482	159,507	
Long Term Liabilities		11,248,030	11,191,872	
	TOTAL LIABILITIES	**11,452,512**	**11,351,379**	
TOTAL NET POSITION		**6,339,134**	**6,531,384**	**192,250**
BUSINESS TYPE ACTIVITIES				
	TOTAL ASSETS	**13,260**	**39,871**	
	TOTAL LIABILITIES	**1,771**	**1,682**	
TOTAL NET POSITION		**11,489**	**38,189**	**26,700**

TABLE 2

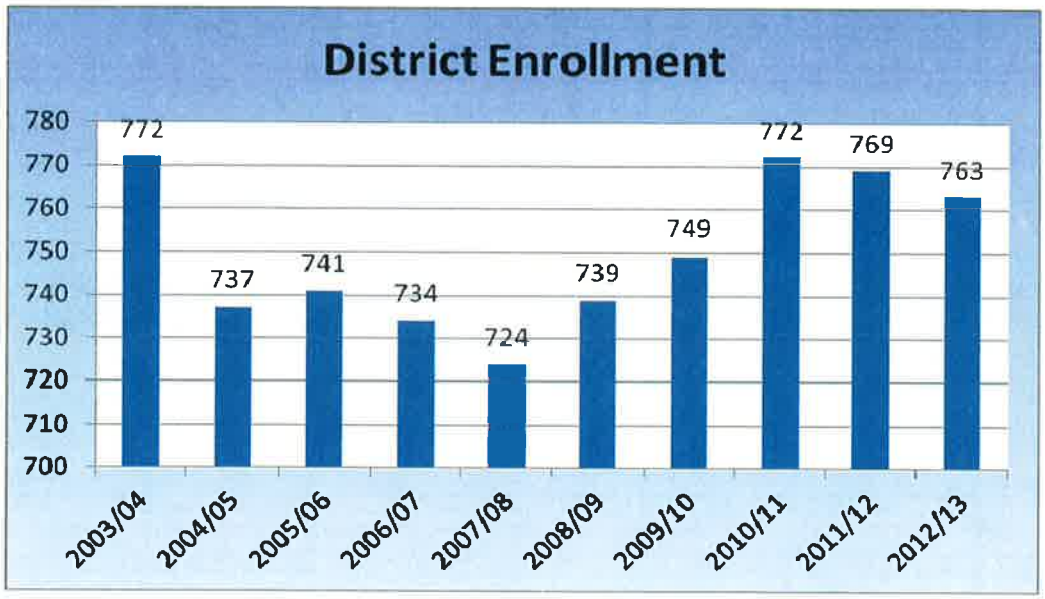


TABLE 3



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

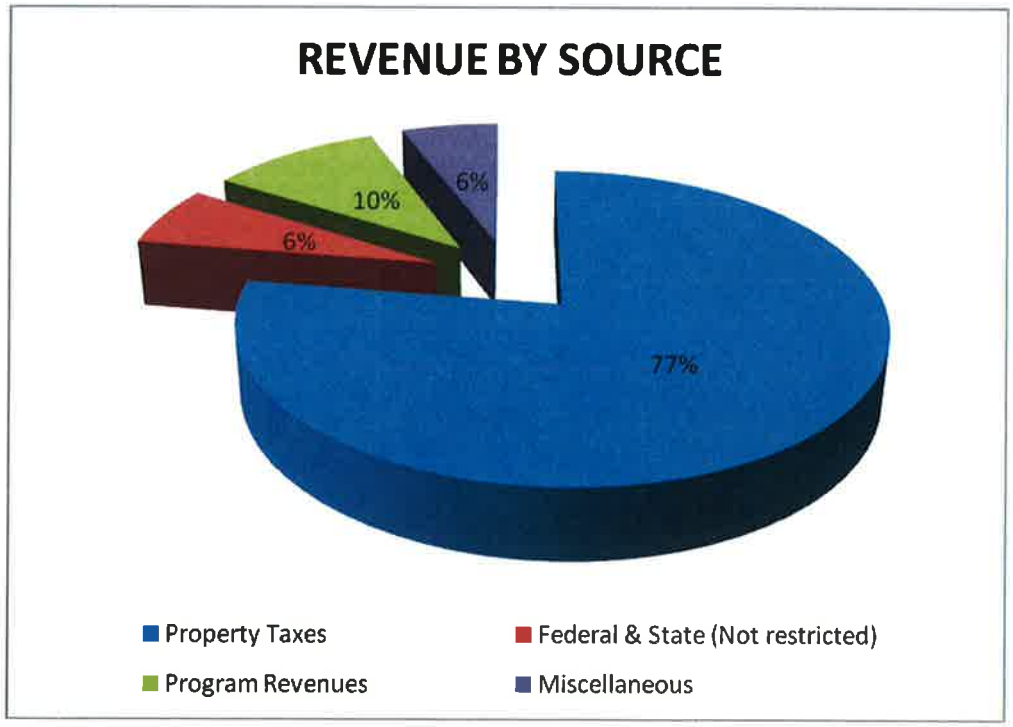
GOVERNMENTAL ACTIVITIES

REVENUES

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

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

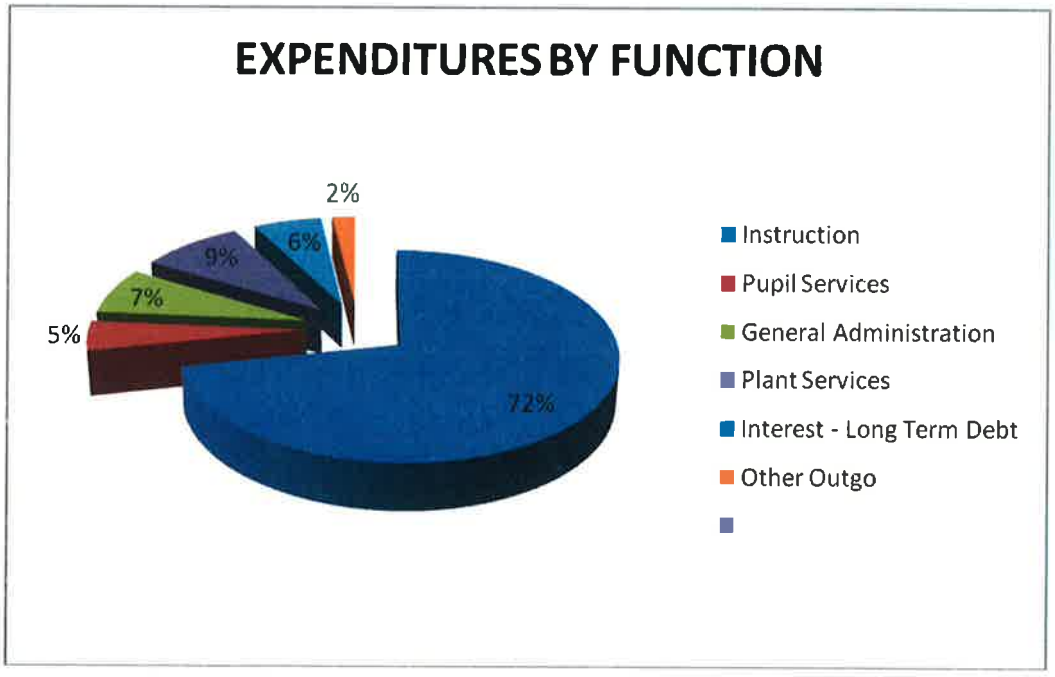
REVENUES	2011/12	2012/13
General Revenues:		
Property Taxes	6,277,841	6,755,491
Federal & State Not Restricted	405,410	562,519
Program Revenues	989,136	896,691
Miscellaneous	497,664	510,598
TOTAL	**8,170,051**	**8,725,299**



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	2011/12	2012/13
Instruction	5,661,210	6,115,231
Pupil Services	434,999	392,124
General Administration	600,912	619,384
Plant Services	649,205	748,731
Interest – Long Term Debt	485,637	491,165
Other Outgo	158,634	166,414
TOTAL	**7,990,597**	**8,533,049**



BUDGETARY HIGHLIGHTS

The General Fund accounts 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, 2013.

	ADOPTED BUDGET	YEAR END BUDGET	ACTUAL
REVENUES	6,803,538	7,864,798	7,920,850
EXPENDITURES	6,909,977	7,708,286	7,565,045

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 $11,191,872 in long term debt. The following is the breakdown for that amount.

GENERAL OBLIGATION BOND	10,514,228
BOND PREMIUM	396,350
OPEB	49,027
COMPENSATED ABSENCES	19,245
CAPITAL LEASES PAYABLE	213,022
TOTAL	**$11,191,872**

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Sandie Luehrs, Director of Fiscal Services at Cardiff School District, 1888 Montgomery Avenue, Cardiff, Ca. 92007 or e-mail to sandie.luehrs@cardiffschools.com

Basic Financial Statements

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	$ 3,243,193	$ 54,615	$ 3,297,808
Receivables	490,067	416	490,483
Due from (to) Other Funds	15,160	(15,160)	-
Stores	2,048	-	2,048
Prepaid Debt Issue Costs	207,345	-	207,345
Capital Assets:			
Land	787,808	-	787,808
Improvements	107,789	-	107,789
Buildings	16,932,625	-	16,932,625
Equipment	545,536	-	545,536
Less Accumulated Depreciation	(4,448,808)	-	(4,448,808)
Total Assets	17,882,763	39,871	17,922,634
LIABILITIES:			
Accounts Payable	159,507	1,682	161,189
Long-Term Liabilities:			
Due Within One Year	768,082	-	768,082
Due in More Than One Year	6,958,597	-	6,958,597
Accreted Interest Due in More Than One Year	3,465,193	-	3,465,193
Total Liabilities	11,351,379	1,682	11,353,061
NET POSITION:			
Net Investment in Capital Assets	3,197,699	-	3,197,699
Restricted for:			
Capital Projects	15,900	-	15,900
Educational Programs	95,238	-	95,238
Other Purposes (Expendable)	11,922	-	11,922
Other Purposes (Nonexpendable)	3,548	-	3,548
Unrestricted	3,207,077	38,189	3,245,266
Total Net Position	$ 6,531,384	$ 38,189	$ 6,569,573

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Governmental Activities:						
Instruction	$ 5,433,213	$ -	$ 483,996	$ (4,949,217)	$	$ (4,949,217)
Instruction-Related Services:						
Instructional Supervision and Administration	3,031	-	1,143	(1,888)		(1,888)
Instructional Library, Media and Technology	182,321	-	-	(182,321)		(182,321)
School Site Administration	496,666	-	49,218	(447,448)		(447,448)
Pupil Services:						
Home-to-School Transportation	58,059	-	877	(57,182)		(57,182)
Food Services	154,023	97,581	53,388	(3,054)		(3,054)
All Other Pupil Services	180,042	-	60,460	(119,582)		(119,582)
General Administration:						
Centralized Data Processing	138	-	-	(138)		(138)
All Other General Administration	619,246	-	4,512	(614,734)		(614,734)
Plant Services	748,731	34,102	4,318	(710,311)		(710,311)
Enterprise Activities	472	-	43,085	42,613		42,613
Interest on Long-Term Debt	491,165	-	-	(491,165)		(491,165)
Other Outgo	165,942	-	64,011	(101,931)		(101,931)
Business-Type Activities						
Enterprise Activities	299,353	-	-		(299,353)	(299,353)
Total Expenses	$ 8,832,402	$ 131,683	$ 765,008	$ (7,636,358)	$ (299,353)	$ (7,935,711)
General Revenues:						
Taxes and Subventions:						
Taxes Levied for General Purposes				5,876,624	-	5,876,624
Taxes Levied for Debt Service				878,966	-	878,966
Taxes Levied for Other Specific Purposes				(99)	-	(99)
Federal and State Aid, Not Restricted				562,519	-	562,519
Interest and Investment Earnings				15,809	143	15,952
Interagency Revenues				5,367	-	5,367
Miscellaneous				489,422	325,910	815,332
Total General Revenues				$ 7,828,608	$ 326,053	$ 8,154,661
Change in Net Position				192,250	26,700	218,950
Net Position Beginning				6,339,134	11,489	6,350,623
Net Position Ending				$ 6,531,384	$ 38,189	$ 6,569,573

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	$ 1,901,996	$ 1,019,645	$ 320,052	$ 3,241,693
Cash in Revolving Fund	1,500	-	-	1,500
Accounts Receivable	479,568	-	10,499	490,067
Due from Other Funds	15,160	-	663	15,823
Stores Inventories	-	-	2,048	2,048
Total Assets	2,398,224	1,019,645	333,262	3,751,131
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 90,803	$ -	$ 1,162	$ 91,965
Due to Other Funds	663	-	-	663
Total Liabilities	91,466	-	1,162	92,628
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	1,500	-	-	1,500
Stores Inventories	-	-	2,048	2,048
Restricted Fund Balances	95,238	-	27,821	123,059
Committed Fund Balances	1,082	-	302,231	303,313
Assigned Fund Balances	140,257	1,019,645	-	1,159,902
Unassigned:				
Reserve for Economic Uncertainty	1,040,229	-	-	1,040,229
Other Unassigned	1,028,452	-	-	1,028,452
Total Fund Balance	2,306,758	1,019,645	332,100	3,658,503
Total Liabilities and Fund Balances	$ 2,398,224	$ 1,019,645	$ 333,262	$ 3,751,131

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances, governmental funds			$ 3,658,503
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		18,373,758	
Accumulated depreciation		(4,448,808)	
	Net		13,924,950
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net position are:			207,346
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 unmatured interest owing at the end of the period was:			(67,543)
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		7,049,035	
Accreted interest		3,465,193	
Capital leases		213,022	
Net OPEB obligation		49,027	
Bond premium		396,350	
Compensated absences payable		19,245	
	Total		(11,191,872)
Total net position, governmental activities			$ 6,531,384

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Revenue Limit Sources:				
State Apportionments	$ 157,396	$ -	$ -	$ 157,396
Local Sources	5,876,623	-	-	5,876,623
Federal Revenue	255,502	-	50,359	305,861
Other State Revenue	537,472	6,178	28,416	572,066
Other Local Revenue	805,354	875,067	132,929	1,813,350
Total Revenues	7,632,347	881,245	211,704	8,725,296
Expenditures:				
Instruction	5,064,377	-	-	5,064,377
Instruction - Related Services	681,797	-	-	681,797
Pupil Services	237,548	-	153,688	391,236
General Administration	666,671	-	-	666,671
Plant Services	679,619	-	173,070	852,689
Other Outgo	124,520	-	-	124,520
Debt Service:				
Principal	75,484	615,000	-	690,484
Interest	-	172,825	-	172,825
Total Expenditures	7,530,016	787,825	326,758	8,644,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,331	93,420	(115,054)	80,697
Other Financing Sources (Uses):				
Transfers In	-	-	35,029	35,029
Transfers Out	(35,029)	-	-	(35,029)
Other Sources	288,506	-	-	288,506
Total Other Financing Sources (Uses)	253,477	-	35,029	288,506
Net Change in Fund Balance	355,808	93,420	(80,025)	369,203
Fund Balance, July 1	1,950,950	926,225	412,125	3,289,300
Fund Balance, June 30	$ 2,306,758	$ 1,019,645	$ 332,100	$ 3,658,503

The accompanying notes are an integral part of this statement.

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, 2013

Total change in fund balances, governmental funds		$ 369,203
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:	140,912	
Depreciation expense:	(356,635)	
Net		(215,723)
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:		690,484
Debt issue costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:		(25,077)
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:		(288,506)
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:		(381,215)
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:		(20,099)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:		62,877
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		306
Change in net assets of governmental activities - statement of activities		$ 192,250

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2013

	Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 54,615
Accounts Receivable	416
Total Current Assets	55,031
Total Assets	55,031
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 1,682
Due to Other Funds	15,160
Total Current Liabilities	16,842
Total Liabilities	16,842
NET POSITION:	
Unrestricted	38,189
Total Net Position	$ 38,189

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, 2013

	Enterprise Fund
	Enterprise Fund
Operating Revenues:	
Local Revenue	$ 326,053
Total Revenues	326,053
Operating Expenses:	
Classified Personnel Salaries	213,143
Employee Benefits	43,889
Books and Supplies	22,437
Services and Other Operating Expenses	19,884
Total Expenses	299,353
Income (Loss) before Contributions and Transfers	26,700
Change in Net Position	26,700
Total Net Position - Beginning	11,489
Total Net Position - Ending	$ 38,189

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, 2013

	Enterprise Fund
	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 325,510
Cash Payments to Employees for Services	(257,352)
Cash Payments to Other Suppliers for Goods and Services	(39,442)
Net Cash Provided (Used) by Operating Activities	28,716
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	143
Net Cash Provided (Used) for Investing Activities	143
Net Increase (Decrease) in Cash and Cash Equivalents	28,859
Cash and Cash Equivalents at Beginning of Year	25,756
Cash and Cash Equivalents at End of Year	$ 54,615
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 26,700
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	840
Increase (Decrease) in Accounts Payable	(89)
Increase (Decrease) in Due To	1,408
Total Adjustments	2,159
Net Cash Provided (Used) by Operating Activities	$ 28,859

The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Fund Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 36,910
Total Assets	36,910
LIABILITIES:	
Due to Student Groups	$ 36,910
Total Liabilities	36,910
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

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.

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.

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.

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. 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.

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
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. Deferred Revenue

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

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 conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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

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.

k. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement #54, Fund 20 (Special Reserve Fund for Postemployment Benefits) is merged with the General Fund for purposes of presentation in the audit report.

l. 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.

m. GASB 63 Implementation

The District has implemented GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The purpose of this pronouncement is to improve financial reporting by standardizing the presentation of deferred inflows and outflows of resources and their effects on a government's net position. Transactions that result in consumption or acquisition of net assets in one period that are applicable to future periods as deferred outflows and inflows of resources are distinguished from assets and liabilities. Net position is the difference between 1) assets and deferred outflows of resources; and 2) liabilities and deferred inflows of resources. For the year ended June 30, 2013 the District did not have any items which would be considered deferred outflows and inflows of resources.

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:

Violation	Action Taken
None reported	Not applicable

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

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

Fund Name	Deficit Amount	Remarks
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 ($3,296,308 as of June 30, 2013). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $3,296,308. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($36,910 as of June 30, 2013) and in the revolving fund ($1,500) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. 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 by Standard & Poors.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, 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 Treasury. The District maintains an investment with the San Diego Investment Pool with a fair value of $3,296,308 and a book value of $3,296,308. The weighted average days to maturity for this investment pool is 370 days.

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.

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.

D. Accounts Receivable

Accounts receivable at June 30, 2013 consisted of:

	General Fund	Special Revenue Funds	Capital Projects Funds	Other Funds	Total
Federal Government:					
Federal programs	$ 93,367	$ 9,608	$ -	$ -	$ 102,975
State Government:					
Lottery	60,020	-	-	-	60,020
Other state programs	296,248	617	-	-	296,865
Local Sources:					
Interest	1,946	263	11	370	2,590
Other local sources	27,987	-	-	46	28,033
Totals	$ 479,568	$ 10,488	$ 11	$ 416	$ 490,483

E. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 787,808	$ -	$ -	$ 787,808
Total capital assets not being depreciated	787,808	-	-	787,808
Capital assets being depreciated:				
Buildings	16,840,882	91,743	-	16,932,625
Improvements	107,789	-	-	107,789
Equipment	496,367	49,169	-	545,536
Total capital assets being depreciated	17,445,038	140,912	-	17,585,950
Less accumulated depreciation for:				
Buildings	(3,581,670)	(340,796)	-	(3,922,466)
Improvements	(51,496)	(4,183)	-	(55,679)
Equipment	(459,007)	(11,656)	-	(470,663)
Total accumulated depreciation	(4,092,173)	(356,635)	-	(4,448,808)
Total capital assets being depreciated, net	13,352,865	(215,723)	-	13,137,142
Governmental activities capital assets, net	$ 14,140,673	$ (215,723)	$ -	$ 13,924,950

Depreciation was charged to functions as follows:

Instruction	$ 354,242
Plant Services	2,393
	$ 356,635

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2013 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Cafeteria Fund	General Fund	$ 663	OPEB payments
General Fund	Enterprise Fund	15,160	OPEB and direct cost charges
	Total	$ 15,823	

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, 2013 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Deferred Maintenance Fund	$ 35,029	District match
	Total	$ 35,029	

G. Accounts Payable

Accounts payable at June 30, 2013 consisted of:

	General Fund	Special Revenue Funds	Other Funds	Total
Vendor payables	$ 14,097	$ -	$ 1,682	$ 15,779
Payroll and related benefits	76,706	1,162	-	77,868
Totals	$ 90,803	$ 1,162	$ 1,682	$ 93,647

H. 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 2012, the District entered into the San Diego County School Districts 2021 Pooled Tax and Revenue Anticipation Notes (TRANS) in the amount of $440,000. The notes matured on January 31, 2013 and were sold to supplement the District's cash flows and bore interest at a rate of 2.00%.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 440,000	$ 440,000	$ -

I. 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, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 7,664,035	$ -	$ 615,000	$ 7,049,035	$ 680,000
Accreted interest	3,076,289	388,904	-	3,465,193	-
Bond premium	459,227	-	62,877	396,350	-
Capital leases	-	288,506	75,484	213,022	68,837
Compensated absences *	19,551	-	306	19,245	19,245
Net OPEB obligation	28,928	44,954	24,855	49,027	-
Total governmental activities	$ 11,248,030	$ 722,364	$ 778,522	$ 11,191,872	768,082

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt, net of bond premium, accreted interest, and OPEB obligation, at June 30, 2013, are as follows:

	Governmental Activities			
Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2014	$ 768,082	$ -	$ 158,551	$ 926,633
2015	820,985	-	134,954	955,939
2016	893,200	-	105,089	998,289
2017	910,000	-	68,200	978,200
2018	1,000,000	-	25,000	1,025,000
2019-2023	1,845,762	4,669,238	-	6,515,000
2024-2028	1,043,273	3,741,727	-	4,785,000
Totals	$ 7,281,302	$ 8,410,965	$ 491,794	$ 16,184,061

3. General Obligation Bonds

General obligation bonds at June 30, 2013 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				$ 16,329,035

	Beginning Balance	Increases	Decreases	Ending Balance
2000 Election Series A	$ 2,889,035	$ -	$ -	$ 2,889,035
2000-A Accreted Interest	3,076,289	388,904	-	3,465,193
2000-A Bond Premium	143,432	-	10,245	133,187
2010 Refunding Bonds	4,775,000	-	615,000	4,160,000
2010 Bond Premium	315,795	-	52,632	263,163
Total GO Bonds	$ 11,199,551	$ 388,904	$ 677,877	$ 10,910,578

The annual requirements to amortize the bonds outstanding at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2013	$ 680,000	$ -	$ 151,900	$ 831,900
2014	750,000	-	130,450	880,450
2015	820,000	-	102,800	922,800
2016	910,000	-	68,200	978,200
2017	1,000,000	-	25,000	1,025,000
2018-2022	1,845,762	4,669,238	-	6,515,000
2023-2027	1,043,273	3,741,727	-	4,785,000
Totals	$ 7,049,035	$ 8,410,965	$ 478,350	$ 15,938,350

Amounts for accreted interest in table represent amounts accrued as of June 30, 2013. 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, 2013 are as follows:

Year Ending June 30:		
2014	$	75,489
2015		75,489
2016		75,489
Total Minimum Lease Payments		226,467
Less Amounts Representing Interest		(13,445)
Net Present Value of Minimum Lease Payments	$	213,022

J. 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, 2013 is as follows:

Total Assets	$	124,778
Total Liabilities		19,207
Total Fund Balance		105,571
Total Cash Receipts		60,574
Total Cash Disbursements		61,972
Net Change in Fund Balance		(1,398)

K. 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 2012-13 was 11.417% 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, 2013, 2012 and 2011 were $155,720, $141,016 and $134,290, respectively, and equal 100% of the required contributions for each year.

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 2012-13 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, 2013, 2012 and 2011 were $295,383, $297,875 and $300,631, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was $184,128.

L. 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 consecitive 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.

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, 2013 is $44,954.

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, 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution (ARC)	$ 45,484
Interest on Net OPEB obligation	1,446
Adjustment to ARC	(1,976)
Annual OPEB cost	44,954
Contributions made	(24,855)
Increase in net OPEB obligation	20,099
Net OPEB obligations-beginning of year	28,928
Net OPEB obligations-end of year	$ 49,027

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, 2013 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 44,954	55.29%	$ 49,027

Funded Status and Funding Progress: As of June 30, 2013, the accrued liability for benefits was $368,455, of which $368,455 is unfunded. The 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.

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.

M. 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.

N. Construction Commitments

As of June 30, 2013 the District had no commitments with respect to unfinished projects.

O. Subsequent Events

Effective for the fiscal year beginning July 1, 2013 the District is implementing GASB Statement Number 65, Items Previously Reported as Assets and Liabilities. The purpose of this pronouncement is to improve financial reporting by clarifying the appropriate use of the financial statement elements of deferred inflows and outflows of resources to ensure consistency in financial reporting. With implementation of this pronouncement, the District will recognize certain items prevously reported as assets or liabilities as outflows of resources or inflows of 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 mature on January 31, 2013 and were sold to supplement the District's cash flows and bear interest at a rate of 2.00%.

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, 2013

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Revenue Limit Sources:				
State Apportionments	$ 10,099	$ 157,113	$ 157,396	$ 283
Local Sources	5,512,110	5,868,069	5,876,623	8,554
Federal Revenue	257,339	258,138	255,502	(2,636)
Other State Revenue	445,875	516,757	537,472	20,715
Other Local Revenue	578,115	776,219	805,350	29,131
Total Revenues	6,803,538	7,576,296	7,632,343	56,047
Expenditures:				
Current:				
Certificated Salaries	3,493,731	3,612,604	3,607,086	5,518
Classified Salaries	1,243,555	1,334,137	1,333,581	556
Employee Benefits	1,040,369	1,077,166	1,075,214	1,952
Books And Supplies	269,596	639,876	580,303	59,573
Services And Other Operating Expenditures	684,767	757,689	684,659	73,030
Other Outgo	115,395	126,939	124,520	2,419
Capital Outlay	27,532	49,362	49,169	193
Debt Service:				
Principal	-	75,484	75,484	-
Total Expenditures	6,874,945	7,673,257	7,530,016	143,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,407)	(96,961)	102,327	199,288
Other Financing Sources (Uses):				
Transfers Out	(35,029)	(35,029)	(35,029)	-
Other Sources	-	288,502	288,506	4
Total Other Financing Sources (Uses)	(35,029)	253,473	253,477	4
Net Change in Fund Balance	(106,436)	156,512	355,804	199,292
Fund Balance, July 1	1,949,872	1,949,872	1,949,872	-
Fund Balance, June 30	$ 1,843,436	$ 2,106,384	$ 2,305,676	$ 199,292

CARDIFF SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS-HEALTHCARE PLAN
YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial 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%

CARDIFF SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

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 for financial reporting purposes. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

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, 2013

	Special Revenue Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 304,163	$ 15,889	$ 320,052
Accounts Receivable	10,488	11	10,499
Due from Other Funds	663	-	663
Stores Inventories	2,048	-	2,048
Total Assets	317,362	15,900	333,262
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,162	$ -	$ 1,162
Total Liabilities	1,162	-	1,162
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	2,048	-	2,048
Restricted Fund Balances	11,921	15,900	27,821
Committed Fund Balances	302,231	-	302,231
Total Fund Balance	316,200	15,900	332,100
Total Liabilities and Fund Balances	$ 317,362	$ 15,900	$ 333,262

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	$ 50,359	$ -	$ 50,359
Other State Revenue	28,416	-	28,416
Other Local Revenue	98,724	34,205	132,929
Total Revenues	177,499	34,205	211,704
Expenditures:			
Pupil Services	153,688	-	153,688
Plant Services	69,343	103,727	173,070
Total Expenditures	223,031	103,727	326,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,532)	(69,522)	(115,054)
Other Financing Sources (Uses):			
Transfers In	35,029	-	35,029
Total Other Financing Sources (Uses)	35,029	-	35,029
Net Change in Fund Balance	(10,503)	(69,522)	(80,025)
Fund Balance, July 1	326,703	85,422	412,125
Fund Balance, June 30	$ 316,200	$ 15,900	$ 332,100

CARDIFF SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 2,181	$ 301,982	$ 304,163
Accounts Receivable	10,239	249	10,488
Due from Other Funds	663	-	663
Stores Inventories	2,048	-	2,048
Total Assets	15,131	302,231	317,362
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,162	$ -	$ 1,162
Total Liabilities	1,162	-	1,162
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	2,048	-	2,048
Restricted Fund Balances	11,921	-	11,921
Committed Fund Balances	-	302,231	302,231
Total Fund Balance	13,969	302,231	316,200
Total Liabilities and Fund Balances	$ 15,131	$ 302,231	$ 317,362

CARDIFF SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	$ 50,359	$ -	$ 50,359
Other State Revenue	2,972	25,444	28,416
Other Local Revenue	97,637	1,087	98,724
Total Revenues	150,968	26,531	177,499
Expenditures:			
Pupil Services	153,688	-	153,688
Plant Services	-	69,343	69,343
Total Expenditures	153,688	69,343	223,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,720)	(42,812)	(45,532)
Other Financing Sources (Uses):			
Transfers In	-	35,029	35,029
Total Other Financing Sources (Uses)	-	35,029	35,029
Net Change in Fund Balance	(2,720)	(7,783)	(10,503)
Fund Balance, July 1	16,689	310,014	326,703
Fund Balance, June 30	$ 13,969	$ 302,231	$ 316,200

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, 2013

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
Gail Coakley	Member	Four year term 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, 2013

TABLE D-1

	Second Period Report *		Annual Report *	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	109.30	N/A	109.66	N/A
Grades 1 through 3	302.83	N/A	302.74	N/A
Grades 4 through 6	310.09	N/A	310.52	N/A
Special education	2.93	N/A	2.93	N/A
Elementary totals	725.15	N/A	725.85	N/A
ADA totals	725.15	N/A	725.85	N/A

* There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

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

CARDIFF SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2013

TABLE D-2

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,680	30,800	36,000	35,000	49,800	180	-	Complied
Grade 1	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 2	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 3	51,920	50,478	50,400	45,733	52,560	180	-	Complied
Grade 4	52,800	51,333	54,000	52,500	56,390	180	-	Complied
Grade 5	52,800	51,333	54,000	52,500	56,390	180	-	Complied
Grade 6	52,800	51,333	54,000	52,500	56,390	180	-	Complied

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

CARDIFF SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2013

TABLE D-3

General Fund	Budget 2014 (See Note 1)	2013	2012	2011
Revenues and other financial sources	$ 7,760,599	$ 7,920,849	$ 7,148,071	$ 7,210,999
Expenditures, other uses and transfers out	7,829,296	7,565,045	6,938,939	6,898,834
Change in fund balance (deficit)	(68,697)	355,804	209,132	312,165
Ending fund balance	$ 2,236,979	$ 2,305,676	$ 1,949,872	$ 1,740,740
Available reserves (See Note 2)	$ 2,141,742	$ 2,208,939	$ 1,894,647	$ 1,730,414
Available reserves as a percentage of total outgo	27.4%	29.2%	27.3%	25.1%
Total long-term debt	$ 10,423,790	$ 11,191,872	$ 11,248,030	$ 8,638,732
Average daily attendance at P-2	733	725	735	734

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 $877,102 over the past three years. The fiscal year 2013-14 budget projects a decrease of $68,697. 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 $2,019,192 over the past three years.

Average daily attendance (ADA) has increased by 13 over the past three years.

Notes:

1 Budget 2014 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 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, 2013

TABLE D-4

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2013, annual financial and budget report fund balances	$ 2,305,676	$ 1,082
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 presentation of Special Reserve Fund	1,082	(1,082)
June 30, 2013, audited financial statement fund balances	$ 2,306,758	$ -

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

CARDIFF SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2013

TABLE D-5

No charter schools are chartered by Cardiff School District.

Charter Schools	Included In Audit?
None	N/A

Other Independent Auditor's Reports

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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, 2013, and the related notes to the financial statements, which collectively comprise Cardiff School District's basic financial statements, and have issued our report thereon dated November 25, 2013.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Finding 2013-1.

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

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 2012-13*, 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, 2013.

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 2012-13* 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 2012-13* 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. 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:		
School Districts	6	Yes
County Offices of Education	3	N/A
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
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	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

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, 2013.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 25, 2013

Findings and Recommendations Section

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Internal control over state programs:

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	

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

B. Financial Statement Findings

Finding 2013-1 (30000)
Cardiff Elementary Student Body

Criteria or Specific Requirement
Determine whether internal controls are in place over student body funds that will ensure all student accounts and activities are for the direct benefit of the students. All student body receipts and disbursements should be for student fundraising, student events, and other student related activities with no transactions or fund balances utilized for non-student purposes.

Condition
In our review of the student body funds for Cardiff Elementary School, we noted non-student related deposits and disbursements were being processed through the account, primarily as a benefit to the teachers. In addition, a separate fund had been created for all non-student related activities which was being utilized for teacher holiday gift cards, teacher appreciation expenses, and other related non-student activities. The student body fund is designed to account for all deposits, disbursements, and activities directly for the benefit of the students of that school site and should not be utilized for any other intended purposes.

Questioned Costs
None

Recommendation
Deposits, disbursements, and transactions not related as a direct benefit to the students of Cardiff Elementary School should not be processed through the student body account. Eliminate the non-student account balance from the student body fund and distribute or designate the funds accordingly. In future periods, monitor the student body account to ensure only student related deposits, disbursements, and transactions are being processed that have a direct correlation and benefit for the students at the school site. Under no circumstances should teacher gift cards or teacher appreciation expenses be processed through the student body account and no account balances should be designated for non-student funds or activities.

LEA's Response
The district has transferred the non-student balance to the student balance. Deposits that are not a direct benefit to the students are no longer being processed through the student body account, they are going directly to the district general fund. The district has reviewed all disbursements for 2012-13 as well as 2013-14 and determined that no student funds were incorrectly used for non-student disbursements. District staff will continue to monitor disbursements.

CARDIFF SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Federal Award Findings and Questioned Costs

Not Applicable

D. State Award Findings and Questioned Costs

None

CARDIFF SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
There were no findings reported in the 2012 audit report.		

CARDIFF SCHOOL DISTRICT

RESOLUTION 13-14-04

LIVE WELL, SAN DIEGO! INITIATIVE

WHEREAS, it is known that poor nutrition, lack of exercise, tobacco use and environmental degradation pose harmful health implications such as heart disease, type 2 diabetes, obesity and respiratory ailments which account for a significant portion of deaths in San Diego County; and

WHEREAS, the Cardiff School District has accepted as a main objective a comprehensive health and wellness program that encourages multiple forms of physical activities, nutritional education and environmental stewardship practices; and

WHEREAS, the comprehensive health and wellness program developed for the students of the Cardiff School District is closely aligned with the County of San Diego *Live Well, San Diego! Initiative* encouraging healthy lifestyles for its students and families and ensuring a safer environment; and

WHEREAS, the District has formed both a Wellness Committee and a School Lunch Committee comprised of parents, staff and community stakeholders to support the District in promoting the health and wellness of its students and has a school garden program providing outdoor educational opportunities in the areas of Science and Nutrition and providing fresh, organic produce for families and the District's lunch program; and

WHEREAS, the District's Child Nutrition Program has salad bars at both schools, five days a week, promoting good nutrition and healthy eating habits; and

WHEREAS, in an effort to fight childhood obesity and type 2 diabetes, CSD has removed high-sugar drinks from the lunch program, providing the option of unlimited fresh drinking water to all students; and

WHEREAS, the District has introduced a standardized lunchtime waste management protocol that has students separating waste into recyclable materials and food scraps for composting and thereby reducing lunchtime waste; and

WHEREAS, the District is investigating the use of renewable energy sources such as the placement of photovoltaic panels where feasible; and

WHEREAS, the District is collaborating with the City of Encinitas to ensure safe routes to school and promotes regular walk and bike to school programs including monthly events; and

NOW, THEREFORE, be it resolved that through these many efforts, the Cardiff School District Board of Trustees supports the adopted Building Better Health and Living strategies and joins in the County of San Diego *Live Well, San Diego! Initiative*.

PASSED AND ADOPTED, this 14th day of January, 2014 by the Board of Trustees of the Cardiff School District by the following vote:

Dave Clark	Nancy Orr
Gail Coakly	Rick Cassar

Mark Whitehouse, Board President

CARDIFF SCHOOL DISTRICT
Board Governance Protocols
2014

ISSUE	PROTOCOL
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