



Hosaka, Nagel & Company

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

ROY T. HOSAKA, C.P.A.
JAMES C. NAGEL, C.P.A.

MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

DEHESA SCHOOL DISTRICT

COUNTY OF SAN DIEGO

EL CAJON, CALIFORNIA

AUDIT REPORT

JUNE 30, 2009

DEHESA SCHOOL DISTRICT

INTRODUCTORY SECTION

JUNE 30, 2009

**DEHESA SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2009**

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL SECTION	
Independent Auditors' Report	2 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17 - 35
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Budgetary Comparison Schedules:	
General Fund	37
Charter School Fund	38
Deferred Maintenance Fund	39
Special Reserve Fund for Other Than Capital Outlay Projects	40
OTHER SUPPLEMENTARY INFORMATION SECTION	
Budgetary Comparison Schedules as Supplementary Information:	
Special Revenue Funds:	
Child Development Fund	42
Cafeteria Fund	43

**DEHESA SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2009**

	<u>Page Number</u>
Capital Projects Funds:	
Capital Facilities Fund	44
State School Building Lease-Purchase Fund	45
Special Reserve Fund for Capital Outlay Projects	46
Local Education Agency Organization Structure	47
Schedule of Average Daily Attendance	48
Schedule of Instructional Time	49
Schedule of Financial Trends and Analysis	50
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	51
Schedule of Charter Schools	52
OTHER INDEPENDENT AUDITORS' REPORTS SECTION	53
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54 - 55
Independent Auditors' Report on State Compliance	56 - 58
/ FINDINGS AND QUESTIONED COSTS SECTION	59
Schedule of Findings and Questioned Costs	60 - 61
Summary Schedule of Prior Audit Findings	62

DEHESA SCHOOL DISTRICT

FINANCIAL SECTION

JUNE 30, 2009

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dehesa School District
El Cajon, California

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 11, 2009, on our consideration of Dehesa School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT
Page 2

The Management's Discussion and Analysis, on pages 4 through 10, and the budgetary comparison information identified as Required Supplementary Information in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the Dehesa School District's basic financial statements. The supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hosaka, Nagel & Company

San Diego, California
September 11, 2009

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

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

FINANCIAL HIGHLIGHTS

- Total Net Assets was \$2,721,483, a decrease of \$591,269 from prior year. This included a prior period adjustment for obsolete Capital Assets.
- Total Revenues were \$2,429,916 and total cost of basic programs was \$2,495,391.
- Excess program costs over revenues totaled \$65,475.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. The basic financials statements present different views of the District as follows:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financials statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provides more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Below summarizes the major features of the District's financials statements, including a portion of the District's activities they cover and the types of information they contain.

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Fund Statements	
		Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student activities monies (ASB)
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements

The District-Wide Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

District-Wide Statements (Continued)

The two District-Wide Statements report the District's net assets and how they have changed. Net assets (*the difference between the District's assets and liabilities*) is one way to measure the District's financial health or position.

- Over time, increases and decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The District's activities are represented in the district-wide financial statements.

- *Governmental Activities* – All of the District's basic services are included, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The Fund Financials Statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like Federal grants).

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The District has two kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's combined net assets as of June 30, 2009, were \$2,721,483. (See Table A-1.)

**Table A-1
Condensed Statement of Net Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>\$ Change</u>
Current and Other Assets	\$ 1,883,084	\$ 1,756,218	\$ 126,866
Capital assets, Net of Depreciation	1,153,808	1,752,383	(598,575)
Total assets	<u>\$ 3,036,892</u>	<u>\$ 3,508,601</u>	<u>\$ (471,709)</u>
Current Liabilities	\$ 123,945	\$ 181,776	\$ (57,831)
General Long-Term Debt, Net of Current Portion	191,464	14,073	177,391
Total liabilities	<u>\$ 315,409</u>	<u>\$ 195,849</u>	<u>\$ 119,560</u>
Net assets:			
Invested in capital assets	\$ 1,153,808	\$ 1,752,383	\$ (598,575)
Restricted	700,982	783,617	(82,635)
Unrestricted	866,693	776,752	89,941
Total Net Assets	<u>\$ 2,721,483</u>	<u>\$ 3,312,752</u>	<u>\$ (591,269)</u>

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Assets. The District's total revenues were \$2,429,916. (See Table A-2). The total cost of all programs and services was \$2,495,391. Total expenses surpassed revenue by \$65,475.

**Table A-2
Condensed Statement of Activities**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>\$ Change</u>
Revenues			
Program Revenues			
Charges for Services	\$ 33,429	\$ 31,939	\$ 1,490
Operating Grants and Contributions	998,144	862,239	135,905
Capital Grants and Contributions	63	384	(321)
General Revenues			
Revenue Limit Sources	921,651	1,087,219	(165,568)
Federal and State Revenue	242,690	252,981	(10,291)
Local Revenue	233,939	341,260	(107,321)
Total Revenues	<u>2,429,916</u>	<u>2,576,022</u>	<u>(146,106)</u>
Expenses			
Instruction	1,134,740	1,181,500	(46,760)
Instruction-Related Services	278,128	182,740	95,388
Pupil Services	254,400	321,530	(67,130)
General Administration	258,640	257,665	975
Plant Services	231,025	295,916	(64,891)
Other Outgo	338,458	286,582	51,876
Total Expenses	<u>2,495,391</u>	<u>2,525,933</u>	<u>(30,542)</u>
Change in Net Assets	<u>\$ (65,475)</u>	<u>\$ 50,089</u>	<u>\$ (115,564)</u>

Governmental Activities

The Statement of Activities categorizes the activities presented in Table A-2 by revenue source:

- The cost of all governmental activities this year was \$2,495,391.
- Revenues from users of the District's programs amounted to \$33,429.
- Federal and State Governments subsidized programs contributions was \$998,144.
- Revenue from Revenue Limit Sources was \$921,651.
- Local and miscellaneous revenues account for \$233,939.
- Net assets decreased by \$65,475.

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. The District closed fiscal year 2008-2009 with a total combined, governmental fund balance of \$1,842,472.

General Fund Budgetary Highlights

Over the course of the year, the Board approves five versions of the operating budget. These budget revisions fall into the categories of Preliminary, Adopted, First Interim, Second Interim, and Final Adopted.

Major budget amendments in revenue for the year include changes in Revenue Limit; Federal Grants such as IDEA Special Ed, Title I, Safe and Drug Free Schools; state amounts such as Special Ed Master Plan, ETA, Class Size Reduction, Lottery, and Instructional Materials.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Total investments in capital assets remain at \$1,153,808. These investments include Land, Land Improvements, Building Construction and Equipment. Total depreciation expense for the year was \$105,782. Prior year total assets were adjusted by \$599,530, and total new assets purchased during the year was \$161,250, which included installation of fiber-optic cabling and the purchase of a 32-Rack Apple Mobil Lab.

**Table A-4
Capital Assets**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>\$ Change</u>
Land	\$ 3,000	\$ 3,000	\$ -
Buildings	2,028,798	2,028,798	-
Land Improvements	9,900	9,900	-
Equipment	533,325	372,075	161,250
Less: Accumulated Depreciation	<u>(1,421,215)</u>	<u>(1,315,433)</u>	<u>(105,782)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 1,153,808</u>	<u>\$ 1,098,340</u>	<u>\$ 55,468</u>

**DEHESA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2009**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

Long-Term Debt for year ended 2008-2009 was \$274,797 (\$19,838 accrued vacation, plus an added 25% benefit and a Charter School Revolving Loan).

**Table A-5
Long-Term Debt**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>\$ Change</u>
Charter School Revolving Loan	\$ 250,000	\$ -	\$ 250,000
Compensated Absences	24,797	12,612	12,185
Total Long-Term Debt	<u>\$ 274,797</u>	<u>\$ 12,612</u>	<u>\$ 262,185</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the only known circumstances that could significantly affect its financial health in the future would be the District's declining ADA for the third year, the increased number of Special Needs students that the District is unable to educate, and the State's continuing economic decline and its impact on the State budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Daniel B. Menyon, Business Manager, Dehesa School District, 4612 Dehesa Road, El Cajon, California 92019.

DEHESA SCHOOL DISTRICT

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

	Governmental Activities
ASSETS:	
Cash in County Treasury	\$ 1,334,686
Cash on Hand and in Banks	24,024
Cash in Revolving Fund	1,000
Accounts Receivable	523,374
Capital Assets:	
Land	3,000
Land Improvements	9,900
Buildings	2,028,798
Equipment	533,325
Less: Accumulated Depreciation	(1,421,215)
Total Assets	3,036,892
LIABILITIES:	
Accounts Payable	40,612
Noncurrent Liabilities:	
Due Within One Year	83,333
Due in More Than One Year	191,464
Total Liabilities	315,409
NET ASSETS:	
Invested in Capital Assets	1,153,808
Restricted For:	
Capital Projects	406,410
Specific Programs	294,572
Unrestricted	866,693
Total Net Assets	\$ 2,721,483

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense), Revenues and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instructional Services:					
Instruction	\$ 1,134,740	-	\$ 415,071	\$ 63	\$ (719,606)
Instruction-Related Services	278,128	-	147,505	-	(130,623)
Pupil Services	254,400	32,286	156,055	-	(66,059)
General Administration	258,640	1,143	26,593	-	(230,904)
Plant Services	231,025	-	5,007	-	(226,018)
Other Outgo	338,458	-	247,913	-	(90,545)
Total Governmental Activities	\$ 2,495,391	\$ 33,429	\$ 998,144	\$ 63	(1,463,755)
General Revenues:					
Revenue Limit Sources					921,651
Federal Revenues					88,440
State Revenues					154,250
Local Revenues					233,939
Total General Revenues					1,398,280
Changes in Net Assets					(65,475)
Net Assets - Beginning					3,362,087
Prior Period Adjustment					(575,129)
Net Assets - Ending					\$ 2,721,483

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Charter School Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Capital Facilities Fund	Other Governmental Funds	Total
ASSETS:							
Cash in County Treasury	\$ 163,617	\$ 4,182	\$ 226,720	\$ 470,332	\$ 397,795	\$ 72,040	\$ 1,334,686
Cash on Hand and in Banks	21,024	-	-	-	-	3,000	24,024
Cash in Revolving Fund	1,000	-	-	-	-	-	1,000
Accounts Receivable	267,861	250,008	822	1,711	1,425	1,547	523,374
Due from Other Funds	15,259	-	-	-	-	-	15,259
Total Assets	\$468,761	\$254,190	\$ 227,542	\$ 472,043	\$399,220	\$ 76,587	\$ 1,898,343
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts Payable	\$ 38,504	\$ -	\$ -	\$ -	\$ -	\$ 2,108	\$ 40,612
Due to Other Funds	-	15,000	-	-	-	259	15,259
Total Liabilities	38,504	15,000	-	-	-	2,367	55,871
Fund Balance:							
Reserved Fund Balances:	1,000	-	-	-	-	-	1,000
Reserve for Revolving Cash	-	-	-	-	-	-	-
Designated Fund Balance:	114,396	-	-	-	-	-	114,396
Designated for Economic Uncertainties	302,469	-	-	-	-	-	302,469
Other Designations	12,392	239,190	227,542	472,043	399,220	-	1,350,387
Unreserved	-	-	-	-	-	-	-
Unreserved, Reported in Nonmajor:	-	-	-	-	-	67,030	67,030
Special Revenue Funds	-	-	-	-	-	7,190	7,190
Capital Projects Funds	-	-	-	-	-	-	-
Total Fund Balance	430,257	239,190	227,542	472,043	399,220	74,220	1,842,472
Total Liabilities and Fund Balances	\$468,761	\$254,190	\$ 227,542	\$ 472,043	\$399,220	\$ 76,587	\$ 1,898,343

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total Fund Balances - Governmental Fund Balance Sheet	\$ 1,842,472
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not reported in the funds.	1,153,808
Payables for compensated absences which are not due in the current period are not reported in the funds.	(24,797)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(250,000)</u>
Net Assets of Governmental Activities - Statement of Net Assets	<u><u>\$ 2,721,483</u></u>

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Charter School Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Capital Facilities Fund	Other Governmental Funds	Total
Revenues:							
Revenue Limit Sources:							
State Apportionments	\$ 736,123	-	-	\$ -	-	\$ -	\$ 736,123
Local Sources	185,528	-	-	-	-	-	185,528
Federal Revenue	351,981	100,000	-	-	-	24,780	476,761
Other State Revenue	302,037	-	6,413	-	-	4,235	312,685
Other Local Revenue	600,793	284	5,007	11,498	18,115	83,122	718,819
Total Revenues	<u>2,176,462</u>	<u>100,284</u>	<u>11,420</u>	<u>11,498</u>	<u>18,115</u>	<u>112,137</u>	<u>2,429,916</u>
Expenditures:							
Instruction	1,023,101	111,094	-	-	-	545	1,134,740
Instruction - Related Services	278,128	-	-	-	-	-	278,128
Pupil Services	122,639	-	-	-	-	131,761	254,400
General Administration	125,660	-	-	-	-	3,616	129,276
Plant Services	381,677	-	13,633	-	202	8,160	403,672
Other Outgo	338,458	-	-	-	-	-	338,458
Total Expenditures	<u>2,269,663</u>	<u>111,094</u>	<u>13,633</u>	<u>-</u>	<u>202</u>	<u>144,082</u>	<u>2,538,674</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,201)	(10,810)	(2,213)	11,498	17,913	(31,945)	(108,758)
Other Financing Sources (Uses):							
Transfers In	35,000	-	18,254	-	534	-	53,788
Transfers Out	(18,254)	-	-	(35,000)	-	(534)	(53,788)
Proceeds from Revolving Loan	-	250,000	-	-	-	-	250,000
Total Other Financing Sources (Uses)	<u>16,746</u>	<u>250,000</u>	<u>18,254</u>	<u>(35,000)</u>	<u>534</u>	<u>(534)</u>	<u>250,000</u>
Net Change in Fund Balance	(76,455)	239,190	16,041	(23,502)	18,447	(32,479)	141,242
Fund Balance, July 1	506,712	-	211,501	495,545	380,773	106,699	1,701,230
Fund Balance, June 30	<u>\$ 430,257</u>	<u>\$ 239,190</u>	<u>\$ 227,542</u>	<u>\$ 472,043</u>	<u>\$ 399,220</u>	<u>\$ 74,220</u>	<u>\$ 1,842,472</u>

The accompanying notes are an integral part of this statement.

**DEHESA 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, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$	141,242
<p>Amounts reported for governmental activities in the statement of activities ("SOA") are different because:</p>		
Capital Outlays are not reported as expenses in the SOA.		161,250
The depreciation of capital assets used in governmental activities is not reported in the funds.		(105,782)
Compensated Absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(12,185)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.		<u>(250,000)</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$	<u><u>(65,475)</u></u>

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of accounting policies and other necessary disclosure of pertinent matters relating to financial position and results of operations of Dehesa School District (the District). The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this report.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity
2. Basis of Presentation, Basis of Accounting
 - a. Basis of Presentation
 - b. Measurement Focus, Basis of Accounting
3. Encumbrances
4. Budgets and Budgetary Accounting
5. Assets, Liabilities, and Equity
 - a. Deposits and Investments
 - b. Stores Inventories and Prepaid Expenditures
 - c. Capital Assets
 - d. Compensated Absences
 - e. Deferred Revenue
 - f. Interfund Activity
 - g. Property Taxes
 - h. Fund Balance Reserves and Designations
 - i. Use of Estimates

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions
2. Deficit Fund Balance or Fund Net Assets of Individual Funds

C. CASH AND INVESTMENTS

1. Cash in County Treasury
2. Cash on Hand, in Banks, and in Revolving Fund
3. Analysis of Specific Deposits and Investments

D. INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds
2. Transfers To and From Other Funds

E. ACCOUNTS RECEIVABLE

F. CAPITAL ASSETS

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

G. LONG-TERM OBLIGATIONS

1. Long-Term Obligation Activity
2. Charter School Revolving Loan

H. OPERATING LEASES

I. JOINT VENTURES (JOINT POWER AGREEMENTS)

J. EMPLOYEE RETIREMENT SYSTEM

K. COMMITMENTS AND CONTINGENCIES

L. PRIOR PERIOD ADJUSTMENT

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies

The 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," as amended by GASB Statement NO. 39 "Determining Whether Certain Organizations are Component Units", 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
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

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 assets 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues 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 government funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

The Charter School Fund is used to account separately for federal, state, and local resources to operate the Ecademy California Charter.

The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes.

The Special Reserve Fund for Other than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies to be used at the discretion of the Board of Trustees.

The Capital Facilities Fund is used to account for resources received from the developer impact fees assessed under the provisions of the California Environmental Quality Act (CEQA).

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

Non-Major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following special revenue funds are utilized by the District:

The Child Development Fund is used to account separately for federal, state, and local resources to operate the child development program.

The Cafeteria Fund is used to account separately for federal, state, and local resources to operate the food service program.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The following capital projects funds are utilized by the District:

The State School Building Lease-Purchase Fund is used to receive funds for a lease buy-back from the State School Facilities Fund authorized by the State allocation Board.

The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes.

b. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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 the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

b. Measurement Focus, Basis of Accounting (Continued)

Government 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.

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

4. Budgets and Budgetary Accounting (Continued)

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

5. Assets, Liabilities, and Equity

a. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains 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. 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 indicates the amount was less than 1% for the year ended June 30, 2009.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchase 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. Inventories of the General Fund are immaterial and have been omitted from these statements.

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 purchased.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

5. Assets, Liabilities, and Equity (Continued)

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 the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Site Improvements	20
Equipment	5-20

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as long-term 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

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred Revenue is recorded to the extent cash, received on specific projects and programs, exceeds qualified expenditures.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

A. Summary of Significant Accounting Policies (Continued)

5. Assets, Liabilities, and Equity (Continued)

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. 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 assets.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. 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

Reservations of the ending fund balance indicate the portions of fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund, reserve for stores inventory, and reserve for prepaid expenditures, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

i. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net 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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None Reported	Not Applicable	Not Applicable

C. Cash and Investments

1. Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$1,334,686 as of June 30, 2009). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$1,344,963. 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 (\$24,024 as of June 30, 2009) and in the revolving fund (\$1,000) 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 Deposits and Investments

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

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

C. Cash and Investments (Continued)

3. Analysis of Specific Deposits and Investments (Continued)

Statement of Net Assets:

	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Cash in County Treasury	Not Rated	\$ 1,334,686
Cash on Hand and in Banks	Not Applicable	24,024
Cash in Revolving Fund	Not Applicable	<u>1,000</u>
Total		<u><u>\$ 1,359,710</u></u>

Cash and Investments as of June 30, 2009, consist of the following:

Cash in County Treasury	\$ 1,334,686
Deposits with Financial Institutions	<u>25,024</u>
Total	<u><u>\$ 1,359,710</u></u>

Investments Authorized by the District's Investment Policy

Education Code Section 41001 and the District's investment policy require operating funds to be deposited into the County Treasury and invested in accordance with the current investment policy of the San Diego County Treasurer. Education Code Section 41015 authorizes the investment of surplus moneys, not required for the immediate necessities of the District in any of the investments specified in Section 16430 or 53601 of the Government Code. Additionally, a variety of operational bank accounts are authorized, including but not limited to: Scholarship Accounts, Clearing Accounts and Revolving Cash Accounts. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. The District held no investments at June 30, 2009.

Disclosures Relating to Interest Rate Risk

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

C. Cash and Investments (Continued)

3. Analysis of Specific Deposits and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District held no investments at June 30, 2009.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total District investments. The District held no investments at June 30, 2009.

Custodial Credit Risk

Custodial Credit Risk for investments is the risk that, in the event of the failure of a depository financial institute, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Custodial Credit Risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

C. Cash and Investments (Continued)

3. Analysis of Specific Deposits and Investments (Continued)

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-earnings 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 investment 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. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Charter School Fund	General Fund	\$ 15,000	Short-Term Loans
Other Governmental Fund	General Fund	<u>259</u>	Short-Term Loans
	Total	<u>\$ 15,259</u>	

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

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

D. Interfund Balances and Activities (Continued)

2. Transfers To and From Other Funds

Transfers To and From Other Funds at June 30, 2009, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Special Reserve Fund for Other Than Capital Outlay Projects General Fund	General Fund	\$ 35,000	Purchase Apple Mobil Lab and install historical display shelf
	Deferred Maintenance Fund	18,254	Annual Contribution
Other Governmental Fund	Capital Facilities Fund	534	Cash-Flow Purposes
	Total	<u>\$ 53,788</u>	

E. Accounts Receivable

Accounts Receivable as of June 30, 2009, consist of the following:

	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Special Reserve Fund for Other Than Capital Outlay Projects</u>	<u>Capital Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Federal Government:							
Federal Programs	\$ 47,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,445
State Government							
Lottery	8,432	-	-	-	-	-	8,432
Lottery - Instructional Materials	2,168	-	-	-	-	-	2,168
Special Education	46,704	-	-	-	-	-	46,704
Arts & Music Block Grant	2,000	-	-	-	-	-	2,000
Gifted & Talented (GATE)	3,234	-	-	-	-	-	3,234
Transportation - Home to School	24,399	-	-	-	-	-	24,399
State Aid	130,772	-	-	-	-	-	130,772
Child Nutrition Program	-	-	-	-	-	1,337	1,337
Charter School Revolving Loan	-	250,000	-	-	-	-	250,000
Total State Government	217,709	250,000	-	-	-	1,337	469,046
Local	2,707	8	822	1,711	1,425	210	6,883
Total Accounts Receivable	<u>\$ 267,861</u>	<u>\$ 250,008</u>	<u>\$ 822</u>	<u>\$ 1,711</u>	<u>\$ 1,425</u>	<u>\$ 1,547</u>	<u>\$ 523,374</u>

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

F. Capital Assets

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

	Beginning Balances*	Additions	Deletions	Ending Balances
Capital Assets, Not Being Depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total Capital Assets, Not Being Depreciated	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Capital Assets, Being Depreciated:				
Buildings	2,028,798	-	-	2,028,798
Improvement of Sites	9,900	-	-	9,900
Equipment	372,075	161,250	-	533,325
Total Capital Assets, Being Depreciated	<u>2,410,773</u>	<u>161,250</u>	<u>-</u>	<u>2,572,023</u>
Less Accumulated Depreciation for:				
Buildings	(980,792)	(73,610)	-	(1,054,402)
Improvement of Sites	(9,900)	-	-	(9,900)
Equipment	(324,741)	(32,172)	-	(356,913)
Total Accumulated Depreciation	<u>(1,315,433)</u>	<u>(105,782)</u>	<u>-</u>	<u>(1,421,215)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,095,340</u>	<u>55,468</u>	<u>-</u>	<u>1,150,808</u>
Capital Assets, Net of Depreciation	<u>\$ 1,098,340</u>	<u>\$ 55,468</u>	<u>\$ -</u>	<u>\$ 1,153,808</u>

* Beginning Balances were restated to reflect an overstatement of capital assets and accumulated depreciation as of June 30, 2008.

Depreciation was charged to functions as follows:

General Administration	<u>\$ 105,782</u>
Total	<u>\$ 105,782</u>

G. 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, 2009, are as follows.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

G. Long-Term Obligations (Continued)

1. Long-Term Obligation Activity (Continued)

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Charter School					
Revolving Loan	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ 83,333
Compensated					
Absences *	12,612	24,972	(12,787)	24,797	-
Total Governmental Activities	<u>\$ 12,612</u>	<u>\$ 274,972</u>	<u>\$ (12,787)</u>	<u>\$ 274,797</u>	<u>\$ 83,333</u>

* Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity for compensated absences has not been presented.

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Charter School		
Revolving Loan	Governmental	Charter School Fund
Compensated		
Absences	Governmental	General Fund

2. Charter School Revolving Loan

On June 25, 2009, the Charter School, Ecademy California Charter, took out a three year Charter School Revolving Loan in the principal amount of \$250,000 with interest at 1.26% per annum. The Loan matures on February 29, 2012 with annual principal payments of \$83,333 plus annual interest. Payments will be made by the State Controller's Office by deducting principal and interest payments from the Charter School's monthly apportionment revenues. Debt service requirements for this loan as of June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 83,333	\$ 1,776	\$ 85,109
2011	83,333	1,828	85,161
2012	83,334	810	84,144
	<u>\$ 250,000</u>	<u>\$ 4,414</u>	<u>\$ 254,414</u>

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

H. Operating Leases

The District has entered into an operating lease for copier equipment with a lease term in excess of one year. The costs of this lease for the fiscal year ended June 30, 2009, are listed below.

Commitments under operating lease agreements for copier equipment provide for minimum future rental payments as of June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 3,293
2011	3,293
2012	3,293
2013	3,293
2014	<u>2,195</u>
	<u><u>\$ 15,367</u></u>

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. Total lease payments for the fiscal year ended June 30, 2009, was \$1,098.

I. Joint Ventures (Joint Powers Agreements)

The District entered into a Joint Powers Agreement (JPA) known as and designated "San Diego County Schools Risk Management Joint Powers Authority", a self-insurance plan for workers' compensation, liability, property, damage, fire damage, or any other risk or plan authorized by law. The County Superintendent of Schools for San Diego County, California is the administrator of the JPA. The County Superintendent has created a special fund under his control to facilitate the financial transactions.

Previously, programs which provide medical, dental, and vision services to District employees were covered under the same agreement. These programs are now covered under separate agreements and are reported on separately as the San Diego County Schools Fringe Benefits Consortium (the Consortium).

The JPA and the Consortium are separate entities which are independently audited. The financial transactions of the JPA and the Consortium are not included in this report because the District has a minority voting interest and no administrative authority.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

J. Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certified employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

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 2008-2009 was 8.25% of annual payroll. The contributions to STRS for the fiscal year ending June 30, 2009, 2008 and 2007, were \$57,669, \$69,921 and \$68,856, respectively, and equal 100% of the required contributions for each year.

PERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement Systems (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.

**DEHESA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

J. Employee Retirement Systems (Continued)

PERS (Continued)

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 2008-2009 was 9.428% 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, 2009, 2008 and 2007, were \$34,842, \$38,952 and \$29,095, respectively, and equal 100% of the required contributions for each year.

K. 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 grant, it is believed that any required reimbursement will not be material.

L. Prior Period Adjustment

A Prior Period Adjustment in the Governmental Statement of Activities reflects an overstatement of Capital Assets of \$599,530 and an overstatement of Accumulated Depreciation of \$24,401, for a net prior period adjustment of \$575,129, at June 30, 2008.

DEHESA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SECTION
JUNE 30, 2009

**DEHESA SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Revenue Limit Sources				
State Apportionments	\$ 762,233	\$ 704,088	\$ 736,123	\$ 32,035
Local Sources	182,340	181,733	185,528	3,795
Federal Revenue	254,203	351,979	351,981	2
Other State Revenue	261,869	280,368	302,037	21,669
Other Local Revenue	581,884	599,981	600,793	812
Total Revenues	<u>2,042,529</u>	<u>2,118,149</u>	<u>2,176,462</u>	<u>58,313</u>
Expenditures				
Instruction	934,749	1,322,850	1,023,101	299,749
Instruction - Related Services	198,572	293,444	278,128	15,316
Pupil Services	127,470	134,333	122,639	11,694
General Administration	250,590	133,095	125,660	7,435
Plant Services	351,584	381,913	381,677	236
Other Outgo	303,218	338,458	338,458	-
Total Expenditures	<u>2,166,183</u>	<u>2,604,093</u>	<u>2,269,663</u>	<u>334,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(123,654)</u>	<u>(485,944)</u>	<u>(93,201)</u>	<u>392,743</u>
Other Financing Sources (Uses)				
Transfers In	-	35,000	35,000	-
Transfers Out	-	(18,254)	(18,254)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>16,746</u>	<u>16,746</u>	<u>-</u>
Net Change in Fund Balance	(123,654)	(469,198)	(76,455)	392,743
Fund Balance, July 1	506,712	506,712	506,712	-
Fund Balance, June 30	<u>\$ 383,058</u>	<u>\$ 37,514</u>	<u>\$ 430,257</u>	<u>\$ 392,743</u>

**DEHESA SCHOOL DISTRICT
CHARTER SCHOOL FUND - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ -	\$ 100,000	\$ 100,000	\$ -
Other Local Revenue	-	284	284	-
Total Revenues	<u>-</u>	<u>100,284</u>	<u>100,284</u>	<u>-</u>
Expenditures				
Instruction	-	111,095	111,094	1
Total Expenditures	<u>-</u>	<u>111,095</u>	<u>111,094</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(10,811)</u>	<u>(10,810)</u>	<u>1</u>
Other Financing Sources (Uses)				
Proceeds from Revolving Loan		250,000	250,000	
Total Other Financing Sources (Uses)	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balance	-	239,189	239,190	1
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 239,189</u>	<u>\$ 239,190</u>	<u>\$ 1</u>

**DEHESA SCHOOL DISTRICT
 DEFERRED MAINTENANCE FUND - SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other State Revenue	\$ -	\$ 6,413	\$ 6,413	\$ -
Other Local Revenue	7,300	5,007	5,007	-
Total Revenues	<u>7,300</u>	<u>11,420</u>	<u>11,420</u>	<u>-</u>
Expenditures				
Plant Services	10,000	13,633	13,633	-
Total Expenditures	<u>10,000</u>	<u>13,633</u>	<u>13,633</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,700)</u>	<u>(2,213)</u>	<u>(2,213)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	8,400	18,254	18,254	-
Total Other Financing Sources (Uses)	<u>8,400</u>	<u>18,254</u>	<u>18,254</u>	<u>-</u>
Net Change in Fund Balance	5,700	16,041	16,041	-
Fund Balance, July 1	211,501	211,501	211,501	-
Fund Balance, June 30	<u>\$ 217,201</u>	<u>\$ 227,542</u>	<u>\$ 227,542</u>	<u>\$ -</u>

**DEHESA SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR OTHER THAN CAPITAL
OUTLAY PROJECTS - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Other Local Revenue	\$ 18,000	\$ 18,000	\$ 11,498	\$ (6,502)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>11,498</u>	<u>(6,502)</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,000</u>	<u>18,000</u>	<u>11,498</u>	<u>(6,502)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(8,400)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(8,400)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net Change in Fund Balance	9,600	(17,000)	(23,502)	(6,502)
Fund Balance, July 1	<u>495,545</u>	<u>495,545</u>	<u>495,545</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 505,145</u>	<u>\$ 478,545</u>	<u>\$ 472,043</u>	<u>\$ (6,502)</u>

DEHESA SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION SECTION
JUNE 30, 2009

**DEHESA SCHOOL DISTRICT
CHILD DEVELOPMENT FUND - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other Local Revenue	\$ 56,000	\$ 49,181	\$ 49,182	\$ 1
Total Revenues	<u>56,000</u>	<u>49,181</u>	<u>49,182</u>	<u>1</u>
Expenditures				
Instruction	-	550	545	5
Pupil Services	54,003	71,174	71,179	(5)
General Administration	-	1,473	1,472	1
Plant Services	-	16	15	1
Total Expenditures	<u>54,003</u>	<u>73,213</u>	<u>73,211</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,997</u>	<u>(24,032)</u>	<u>(24,029)</u>	<u>3</u>
Net Change in Fund Balance	1,997	(24,032)	(24,029)	3
Fund Balance, July 1	68,276	68,276	68,276	-
Fund Balance, June 30	<u>\$ 70,273</u>	<u>\$ 44,244</u>	<u>\$ 44,247</u>	<u>\$ 3</u>

**DEHESA SCHOOL DISTRICT
CAFETERIA FUND - SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Federal Revenue	\$ 21,500	\$ 21,500	\$ 24,780	\$ 3,280
Other State Revenue	1,000	1,000	4,235	3,235
Other Local Revenue	38,800	38,800	33,710	(5,090)
Total Revenues	<u>61,300</u>	<u>61,300</u>	<u>62,725</u>	<u>1,425</u>
Expenditures				
Pupil Services	60,172	60,583	60,582	1
General Administration	-	2,144	2,144	-
Total Expenditures	<u>60,172</u>	<u>62,727</u>	<u>62,726</u>	<u>1</u>
Net Change in Fund Balance	1,128	(1,427)	(1)	1,426
Fund Balance, July 1	22,784	22,784	22,784	-
Fund Balance, June 30	<u>\$ 23,912</u>	<u>\$ 21,357</u>	<u>\$ 22,783</u>	<u>\$ 1,426</u>

**DEHESA SCHOOL DISTRICT
CAPITAL FACILITIES FUND - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Other Local Revenue	\$ 29,000	\$ 29,000	\$ 18,115	\$ (10,885)
Total Revenues	<u>29,000</u>	<u>29,000</u>	<u>18,115</u>	<u>(10,885)</u>
Expenditures				
Plant Services	5,000	5,000	202	4,798
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>202</u>	<u>4,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,000</u>	<u>24,000</u>	<u>17,913</u>	<u>(6,087)</u>
Other Financing Sources (Uses)				
Transfers In	-	534	534	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>534</u>	<u>534</u>	<u>-</u>
Net Change in Fund Balance	24,000	24,534	18,447	(6,087)
Fund Balance, July 1	<u>380,773</u>	<u>380,773</u>	<u>380,773</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 404,773</u>	<u>\$ 405,307</u>	<u>\$ 399,220</u>	<u>\$ (6,087)</u>

**DEHESA SCHOOL DISTRICT
STATE SCHOOL BUILDING LEASE - PURCHASE
FUND - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other Local Revenue	\$ 350	\$ 63	\$ 63	\$ -
Total Revenues	<u>350</u>	<u>63</u>	<u>63</u>	<u>-</u>
Expenditures				
Plant Services	350	8,146	8,145	1
Total Expenditures	<u>350</u>	<u>8,146</u>	<u>8,145</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(8,083)</u>	<u>(8,082)</u>	<u>1</u>
Other Financing Sources (Uses)				
Transfers Out	-	(534)	(534)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(534)</u>	<u>(534)</u>	<u>-</u>
Net Change in Fund Balance	-	(8,617)	(8,616)	1
Fund Balance, July 1	8,616	8,616	8,616	-
Fund Balance, June 30	<u>\$ 8,616</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

**DEHESA SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY
PROJECTS - CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other Local Revenue	\$ 250	\$ 250	\$ 167	\$ (83)
Total Revenues	<u>250</u>	<u>250</u>	<u>167</u>	<u>(83)</u>
Expenditures				
Plant Services	250	250	-	250
Total Expenditures	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Net Change in Fund Balance	-	-	167	167
Fund Balance, July 1	7,023	7,023	7,023	-
Fund Balance, June 30	<u>\$ 7,023</u>	<u>\$ 7,023</u>	<u>\$ 7,190</u>	<u>\$ 167</u>

**DEHESA SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY:		
Kindergarten	17.91	19.56
Grades 1 through 3	81.56	82.02
Grades 4 through 6	54.60	54.85
Home and Hospital	<u>0.90</u>	<u>0.90</u>
TOTAL ELEMENTARY	<u><u>154.97</u></u>	<u><u>157.33</u></u>
<u>Supplemental Programs</u>	<u>Hours of Attendance</u>	
Elementary	2,289	

The District's operation is classroom based with no full-time independent study program.

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.

**DEHESA SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>2008-09 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	34,905	36,000	59,220	181	In Compliance
Grade 1	47,505	50,400	55,620	181	In Compliance
Grade 2	47,505	50,400	55,620	181	In Compliance
Grade 3	47,505	50,400	55,620	181	In Compliance
Grade 4	55,245	54,000	55,620	181	In Compliance
Grade 5	55,245	54,000	55,620	181	In Compliance
Grade 6	55,245	54,000	55,620	181	In Compliance

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 the 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.

**DEHESA SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>General Fund</u>	<u>(Budget)</u> <u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues and other financial sources	<u>\$ 2,027,880</u>	<u>\$ 2,211,462</u>	<u>\$ 2,382,358</u>	<u>\$ 2,952,987</u>
Expenditures	<u>2,153,518</u>	<u>2,269,663</u>	<u>2,312,876</u>	<u>2,747,361</u>
Other uses and transfers out	<u>18,254</u>	<u>18,254</u>	<u>-</u>	<u>99,750</u>
Total outgo	<u>2,171,772</u>	<u>2,287,917</u>	<u>2,312,876</u>	<u>2,847,111</u>
Change in fund balance (deficit)	<u>(143,892)</u>	<u>(76,455)</u>	<u>69,482</u>	<u>105,876</u>
Ending fund balance	<u>\$ 286,365</u>	<u>\$ 430,257</u>	<u>\$ 506,712</u>	<u>\$ 95,876</u>
Available Reserves	<u>273,979</u>	<u>429,257</u>	<u>824,019</u>	<u>206,887</u>
Designated for economic uncertainties	<u>-</u>	<u>114,396</u>	<u>115,758</u>	<u>144,502</u>
Unrestricted fund balance	<u>\$ 273,979</u>	<u>\$ 12,392</u>	<u>\$ 50,341</u>	<u>\$ 62,385</u>
Available reserves as a percentage of total outgo	<u>12.6%</u>	<u>18.8%</u>	<u>35.6%</u>	<u>7.3%</u>
Total long-term debt	<u>\$ 166,667</u>	<u>\$ 274,797</u>	<u>\$ 12,612</u>	<u>\$ 14,073</u>
Average daily attendance at P-2	<u>155</u>	<u>155</u>	<u>161</u>	<u>187</u>

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 \$334,381 (348.8%) over the past two years. The fiscal year 2009-2010 budget projects a decrease of \$143,892 (33.4%). For a District this size, the state recommends available reserves of at least five percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has had an operating surplus over two of the past three years, and anticipates an operating deficit during the 2009-2010 fiscal year. Total long-term debt has increased by \$260,724 over the past two years.

Average daily attendance (ADA) has decreased by thirty two over the past two years. No change of ADA is anticipated during the 2009-2010 fiscal year.

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

	<u>General Fund</u>
June 30, 2009, annual financial and budget report fund balances	<u>\$ 430,251</u>
Adjustments and Reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts Receivable understatement	<u>6</u>
Net Adjustments and Reclassifications	<u>6</u>
June 30, 2009, audited financial statement fund balances	<u><u>\$ 430,257</u></u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

**DEHESA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2009**

The following Charter Schools are chartered by Dehesa School District:

<u>Charter Schools</u>	<u>Included In Audit?</u>
Dehesa Charter School [#419]	No
Ecademy California Charter [#1005]	Yes
Diego Hills Charter [#1088]	No

DEHESA SCHOOL DISTRICT
OTHER INDEPENDENT AUDITORS' REPORTS SECTION
JUNE 30, 2009

**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
Dehesa School District
El Cajon, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dehesa School District as of and for the year ended June 30, 2009, which collectively comprise the Dehesa School District's basic financial statements and have issued our report thereon dated September 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Dehesa School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Dehesa School District's financial statements that is more than inconsequential will not be prevented by the Dehesa School District's internal control.

**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**

Page 2

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hosaka, Nagel & Company

San Diego, California
September 11, 2009

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 Dehesa School District
 El Cajon, California

We have audited the basic financial statements of the Dehesa School District (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 11, 2009. Our audit was made 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 Educational Agencies 2008-2009*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Adult Education	9	Not Applicable
Regional Occupational Centers and Programs	6	Not Applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
Page 2

Description	Procedures In Audit Guide	Procedures Performed
Community Day Schools	9	Not Applicable
Morgan-Hart Class Size Reduction Program	7	Not Applicable
Instructional Materials:		
General Requirements	12	1 ²
Grades K-8 Only	1	Not Applicable ¹
Grades 9-12 Only	1	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not Applicable
Class Size Reduction Program (Including In Charter Schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	Not Applicable
District or Charter Schools With Only One School Serving K-3	4	Yes
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	4	Not Applicable
Before School	5	Not Applicable
Contemporaneous Records of Attendance, For Charter Schools	1	Not Applicable
Mode of Instruction, For Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study, For Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction, For Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based, For Charter Schools	3	Not Applicable

¹ This program is not required to be audited per flexibility provisions in SBx3 4.

² The number of procedures to be performed was reduced per flexibility provisions in SBx3 4. Section 19828.3 procedures (b), (c), and (e) were not performed

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
Page 3

Based on our audit, we found that, for the items tested, Dehesa School District complied with the state laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Dehesa School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the audit committee, the Board of Trustees, management, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Hosaka, Nagel & Company

San Diego, California
September 11, 2009

**DEHESA SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

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 N/A No

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

Type of auditors' report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133? Yes N/A No

Identification of major programs:

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

The Organization did not have over \$500,000 in federal expenditures.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? Yes N/A No

**DEHESA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

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

The District did not have any audit findings in the prior year.