

**DEHESA SCHOOL DISTRICT  
COUNTY OF SAN DIEGO  
EL CAJON, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2012**

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

## Introductory Section

Dehesa School District  
 Audit Report  
 For The Year Ended June 30, 2012

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Audit Report  
For The Year Ended June 30, 2012

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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 on Financial Statements**

Board of Trustees  
Dehesa School District  
El Cajon, California

Members of the Board of Trustees:

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, 2012, which collectively comprise the 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 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 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 the 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 opinions.

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, 2012, 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 our report dated December 10, 2012, on our consideration of Dehesa 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dehesa School District's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the 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 2011-12*, published by the Education Audit Appeals Panel, and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wilkinson Hatley King & Co., LLP*

El Cajon, California  
December 10, 2012

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

UNAUDITED

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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, 2012. Please read it in conjunction with District's financial statements, which immediately follow this section.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB No. 34 established financial reporting standards for state and local government, including cities, villages and special purpose governments.

### FINANCIAL HIGHLIGHTS

- Total Net Assets was \$2,436,198 a decrease of \$60,304 from prior year.
- Total Revenues were \$3,322,686, and total cost of basic programs was \$3,382,990.
- Excess program costs over revenues totaled \$60,304.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - Management's Discussion and Analysis (this section), the Basic Financial Statement, Required Supplementary Information, and other Supplementary Information Section. The Basic Financials Statements present different views of the District as follows:

- The first two statements are district-wide combined 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 referenced financial statements also include *Notes* that explain some of the information in the statements and provide more detailed data. The financial statements are followed by a section of *Required Supplementary Information* that further explains and supports the financial statements with comparisons of the District's budget and actual results for the year.

Below summarizes the major features of the District's financial 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, 2012

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Features of the District-wide Financial Statements and Fund Financial Statements

<b>Fund Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary fiduciary, such as special education and building maintenance
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures &amp; Changes in Fund Balances</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability</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
<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 service have been received and payment is due during the year or soon thereafter

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

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

#### District-Wide Statements

The two 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.

- 1) Net assets (*the difference between the District's assets and liabilities, see Table 1*) 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 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 change in the district's property tax base and the condition of school buildings and other facilities.
  
- 2) The District's activities are represented in the district-wide financial statements.
  - *District's 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 detailed information about the District's specific funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and related 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 any long-term debt) or to show that it is properly using certain revenues (like Federal grants).

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The District has Governmental Funds and a Charter Fund:

- *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.
- *Charter Fund* - The District is the trustee, or fiduciary, for assets that belong to the Ecademy Charter School. The District is responsible for ensuring that the assets reported in the fund are used only for their intended purposes and by those to whom the assets belong.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Assets.** The District's combined net assets as of June 30, 2012, were \$2,436,198. (See Table A-1.)

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>\$ Change</u>
Current and Other Assets	\$1,794,701	\$2,081,686	(\$286,985)
Capital assets, Net of Depreciation	\$1,046,838	\$1,141,758	(\$94,920)
<b>Total Assets</b>	<b>\$2,841,539</b>	<b>\$3,223,444</b>	<b>(\$381,905)</b>
Current Liabilities	\$366,348	\$707,458	(\$341,110)
General Long-Term Debt	\$38,993	\$19,484	\$19,509
<b>Total Liabilities</b>	<b>\$405,341</b>	<b>\$726,942</b>	<b>(\$321,601)</b>
Net assets:			
Invested in capital assets	\$1,046,838	\$1,141,758	(\$94,920)
Restricted	\$719,085	\$675,957	\$43,128
Unrestricted	\$670,275	\$678,787	(\$8,512)
<b>Total Net Assets</b>	<b>\$2,436,198</b>	<b>\$2,496,502</b>	<b>(\$60,304)</b>

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## DEHESA SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Changes in Net Assets.** The District's total revenues were \$3,322,686. (See Table A-2). The total cost of all programs and services was \$3,382,990. Total expenses surpassed revenue by \$60,304.

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>\$ Change</u>
Revenues			
Program Revenues			
Charges for Services	\$22,249	\$35,649	(\$13,400)
Operating Grants and Contributions	\$1,498,984	\$1,314,623	\$184,361
Capital Grants and Contribution	\$0	\$0	\$0
General Revenues			
Revenue Limit Sources	\$1,166,921	\$1,130,269	\$36,652
Federal and State Revenue	\$443,568	\$251,971	\$191,597
Local Revenue	\$190,964	\$172,090	\$18,874
<b>Total Revenues</b>	<b>\$3,322,686</b>	<b>\$2,904,602</b>	<b>\$418,084</b>
Expenses			
Instruction	\$2,188,691	\$1,867,842	\$320,849
Instruction-Related Services	\$250,658	\$294,347	(\$43,689)
Pupil Services	\$335,478	\$297,759	\$37,719
General Administration	\$364,909	\$342,130	\$22,779
Plant Service	\$243,254	\$250,589	(\$7,335)
Other Outgo	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$3,382,990</b>	<b>\$3,052,667</b>	<b>\$330,323</b>
Change in Net Assets	(\$60,304)	(\$148,065)	\$87,761

#### 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 \$3,382,990.
- Revenues from users of the District's programs amounted to \$22,249.
- Federal and state Governments subsidized programs contributions was \$443,568.
- Revenue from Revenue Limit sources was \$1,166,921.
- Local and miscellaneous revenues account for \$190,964.
- Net assets decreased by \$60,304.

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### 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 2011 - 2012 with a total combined, government fund balance of \$1,428,353.

#### 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 Education, EIA, Class Size Reduction, and Lottery.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

Total investments in capital assets are at \$1,046,838. These investments include Land, Land Improvement, Building Construction and Equipment. Total depreciation expense for the year was \$139,308. Total new assets purchased during the year were \$44,386, consisted of only computer equipment and work in process for new construction.

**Table A-4**  
**Capital Assets**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>\$ Change</u>
Land	\$3,000	\$3,000	\$0
Buildings	\$2,040,732	\$2,028,798	\$11,934
Land Improvements	\$9,900	\$9,900	\$0
Equipment	\$679,843	\$647,390	\$32,453
Less: Accumulated Depreciation	(\$1,686,637)	(\$1,547,330)	(\$139,307)
Total Capital Assets, Net of Depreciation	\$1,046,838	\$1,141,758	(\$94,920)

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

#### Long-Term

Table A-5  
Long-Term Debt

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>\$ Change</u>
Compensated Absences	\$38,993	\$19,484	\$19,509
Total Long-Term Debt	\$38,993	\$19,484	\$19,509

### 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 an increase in the number of Special Needs students and associated special education costs, the State's continuing economic decline, its impact on the State budget, and related reduced funding to the school district.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 Tim Scheidt, Business Manager, Dehesa School District, 4612 Dehesa Road, El Cajon, CA 92019.

*Dehesa School District*

## Basic Financial Statements

**DEHESA SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**ASSETS:**

Cash in County Treasury	\$ 784,822
Cash on Hand and in Banks	10,042
Accounts Receivable	999,837
Capital Assets:	
Land	3,000
Land Improvements	9,900
Buildings	2,028,798
Equipment	679,843
Work in Progress	11,934
Less Accumulated Depreciation	(1,686,637)
Total Assets	<u>2,841,539</u>

**LIABILITIES:**

Accounts Payable	359,567
Deferred Revenue	6,781
Long-Term Liabilities:	
Due Within One Year	38,993
Due in More Than One Year	-
Total Liabilities	<u>405,341</u>

**NET ASSETS:**

Invested in Capital Assets, Net of Related Debt	1,046,838
Restricted for:	
Capital Projects	298,409
Educational Programs	147,693
Other Purposes (Expendable)	937,258
Other Purposes (Nonexpendable)	6,000
Total Net Assets	<u>\$ 2,436,198</u>

The accompanying notes are an integral part of this statement.



**DEHESA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Functions	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 2,188,691	\$ -	\$ 1,183,802	\$ -	\$ (1,004,889)
Instruction-Related Services:					
Instructional Supervision and Administration	34,551	-	33,989	-	(562)
Instructional Library, Media and Technology	18,145	-	-	-	(18,145)
School Site Administration	197,962	-	20,562	-	(177,400)
Pupil Services:					
Home-to-School Transportation	119,536	-	87,889	-	(31,647)
Food Services	79,966	21,535	53,911	-	(4,520)
All Other Pupil Services	135,976	-	102,776	-	(33,200)
General Administration:					
Centralized Data Processing	1,871	-	-	-	(1,871)
All Other General Administration	363,038	714	16,055	-	(346,269)
Plant Services	243,254	-	-	-	(243,254)
Total Expenses	<u>\$ 3,382,990</u>	<u>\$ 22,249</u>	<u>\$ 1,498,984</u>	<u>\$ -</u>	<u>\$ (1,861,757)</u>
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					
					719,876
Taxes Levied for Debt Service					
					93,281
Federal and State Aid Not Restricted to Specific Programs					
					706,824
Interest and Investment Earnings					
					5,971
Interagency Revenues					
					190,962
Miscellaneous					
					84,539
Total General Revenue					
					<u>\$ 1,801,453</u>
Change in Net Assets					
					(60,304)
Net Assets Beginning					
					2,496,502
Net Assets Ending					
					<u>\$ 2,436,198</u>

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 327,320	\$ 286,076	\$ 171,426	\$ 784,822
Cash on Hand and in Banks	1,055	-	2,984	4,039
Cash in Revolving Fund	6,003	-	-	6,003
Accounts Receivable	984,261	5,343	10,233	999,837
Due from Other Funds	178,604	-	150,000	328,604
Total Assets	<u>\$ 1,497,243</u>	<u>\$ 291,419</u>	<u>\$ 334,643</u>	<u>\$ 2,123,305</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 355,308	\$ 234	\$ 4,024	\$ 359,566
Due to Other Funds	317,184	124	11,296	328,604
Deferred Revenue	6,782	-	-	6,782
Total Liabilities	<u>679,274</u>	<u>358</u>	<u>15,320</u>	<u>694,952</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	6,003	-	-	6,003
Restricted Fund Balances	147,694	-	4,011	151,705
Committed Fund Balances:				
Committed for Economic Uncertainties	-	-	203,769	203,769
Assigned Fund Balances	-	291,061	111,543	402,604
Unassigned:				
Reserve for Economic Uncertainty	664,272	-	-	664,272
Total Fund Balance	<u>817,969</u>	<u>291,061</u>	<u>319,323</u>	<u>1,428,353</u>
Total Liabilities and Fund Balances	<u>\$ 1,497,243</u>	<u>\$ 291,419</u>	<u>\$ 334,643</u>	<u>\$ 2,123,305</u>

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, 2012**

Total fund balances - governmental funds balance sheet \$ 1,428,353

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

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

Capital assets relating to governmental activities, at historical cost:	2,733,475	
Accumulated depreciation:	<u>(1,686,637)</u>	
Net:		1,046,838

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

Compensated absences payable	38,993	<u>(38,993)</u>
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Net assets of governmental activities - statement of net assets \$ 2,436,198

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, 2012

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Revenue Limit Sources:				
State Apportionments	\$ 1,029,413	\$ -	\$ -	\$ 1,029,413
Local Sources	137,508	-	-	137,508
Federal Revenue	411,673	-	51,059	462,732
Other State Revenue	373,230	-	5,290	378,520
Other Local Revenue	1,115,403	3,830	195,278	1,314,511
Total Revenues	<u>3,067,227</u>	<u>3,830</u>	<u>251,627</u>	<u>3,322,684</u>
<b>Expenditures:</b>				
Instruction	2,188,691	-	-	2,188,691
Instruction - Related Services	250,570	-	-	250,570
Pupil Services	190,767	-	145,708	336,475
General Administration	205,814	32,452	4,830	243,096
Plant Services	201,568	43,384	4,775	249,727
Total Expenditures	<u>3,037,410</u>	<u>75,836</u>	<u>155,313</u>	<u>3,268,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,817</u>	<u>(72,006)</u>	<u>96,314</u>	<u>54,125</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	17,185	-	-	17,185
Transfers Out	(17,185)	-	-	(17,185)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	29,817	(72,006)	96,314	54,125
Fund Balance, July 1	788,152	363,067	223,009	1,374,228
Fund Balance, June 30	<u>\$ 817,969</u>	<u>\$ 291,061</u>	<u>\$ 319,323</u>	<u>\$ 1,428,353</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, 2012

Net change in fund balances - total governmental funds \$ 54,125

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:

	44,388	
Expenditures for capital outlay	(139,308)	
Depreciation expense	<u>          </u>	
Net:		(94,920)

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:

(19,509)

Change in net assets of governmental activities - statement of activities \$ (60,304)

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

**A. Summary of Significant Accounting Policies**

Dehesa 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 assets and the statement of activities include the financial activities of the overall government. 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.

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 governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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.

**Capital Facilities Fund.** This fund is used to account for the acquisition of capital assets from the use of developer fees.

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.

**Debt Service Funds.** These funds account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

b. Measurement Focus, Basis of Accounting

**Government-wide 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 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.

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.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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.

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. These inventories 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 incurred.

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Building Improvements	10-20
Vehicles	5-7
Office Equipment	3-15

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.



**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount is reported in the District's long-term debt.

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.

f. 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.

g. 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 assets.

h. 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.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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 of 5% of general fund expenditures including other financing uses within the general fund. This reserve may be increased from time to time in order to address specific anticipated shortfalls. If necessary, The Special Reserve Fund for Other Than Capital Outlay may also be used to meet the minimum state required reserve level. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

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 17 (Special Reserve Fund for Other Than Capital Outlay) 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.

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

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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 (\$784,822 as of June 30, 2012). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$787,086. 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 (\$4,039 as of June 30, 2012) and in the revolving fund (\$6,003) 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 AA+ 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.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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 \$787,086 and a book value of \$784,822. 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.

4 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, 2012 consisted of:

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Federal Government:				
Federal programs	\$ 114,587	\$ 9,030	-	\$ 123,617
State Government:				
Revenue Limit	443,956	-	-	443,956
Lottery	12,453	-	-	12,453
Other state programs	412,694	1,103	-	413,797
Local Sources:				
Interest	571	93	269	933
Other local sources	-	-	5,081	5,081
Totals	<u>\$ 984,261</u>	<u>\$ 10,226</u>	<u>\$ 5,350</u>	<u>\$ 999,837</u>

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Work in progress	-	11,934	-	11,934
Total capital assets not being depreciated	<u>3,000</u>	<u>11,934</u>	<u>-</u>	<u>14,934</u>
Capital assets being depreciated:				
Buildings	2,028,798	-	-	2,028,798
Improvements	9,900	-	-	9,900
Equipment	647,391	32,452	-	679,843
Total capital assets being depreciated	<u>2,686,089</u>	<u>32,452</u>	<u>-</u>	<u>2,718,541</u>
Less accumulated depreciation for:				
Buildings	(1,201,486)	(73,320)	-	(1,274,806)
Improvements	(9,900)	-	-	(9,900)
Equipment	(335,943)	(65,988)	-	(401,931)
Total accumulated depreciation	<u>(1,547,329)</u>	<u>(139,308)</u>	<u>-</u>	<u>(1,686,637)</u>
Total capital assets being depreciated, net	<u>1,138,760</u>	<u>(106,856)</u>	<u>-</u>	<u>1,031,904</u>
Governmental activities capital assets, net	<u>\$ 1,141,760</u>	<u>\$ (94,922)</u>	<u>\$ -</u>	<u>\$ 1,046,838</u>

Depreciation was charged to functions as follows:

General Administration	\$ 139,308
	<u>\$ 139,308</u>

**F. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2012, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General	Child Development	\$ 2,567	Payroll
General	Cafeteria	8,729	Payroll Food/Supplies
General	Special Reserve Fund	14,873	Summer School
General	Capital Facilities	123	ESFG Facilities
Deferred Maintenance	General	150,000	Payroll
Special Reserve Fund	General	152,312	Copier Lease
	Total	<u>\$ 328,604</u>	

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

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Special Reserve Fund	\$ 2,312	Expenses
Special Reserve	General Fund	14,873	Summer School
	Total	\$ 17,185	

G. Accounts Payable

Accounts payable at June 30, 2012 consisted of:

	General Fund	Special Revenue Funds	Capital Projects Fund	Total
Vendor payables	\$ 14,065	\$ 1,514	\$ 234	\$ 15,813
Payroll and related benefits	24,207	2,510	-	26,717
Other	317,036	-	-	317,036
Totals	\$ 355,308	\$ 4,024	\$ 234	\$ 359,566

H. 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, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Compensated absences *	\$ 19,484	\$ 19,509	\$ -	\$ 38,993	\$ 38,993
Total governmental activities	\$ 19,484	\$ 19,509	\$ -	\$ 38,993	\$ 38,993

\* 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

I. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2012, as follows:

Year Ending June 30,	
2013	\$ 3,293
2014	3,293
2015	3,293
2016	1,921
Total Minimum Rentals	\$ 11,800

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

**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 insurances 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.

Combined condensed unaudited financial information of the District's share of the JPA for the year ended June 30, 2012 is as follows:

Total Assets	\$	(42,885)
Total Liabilities		1,215
Total Fund Balance		(44,100)
Total Cash Receipts		18,549
Total Cash Disbursements		6,262
Net Change in Fund Balance		12,287

The District has a repayment plan in place to repay the deficit balance at June 30, 2012.

**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 2011-12 was 10.923% 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, 2012, 2011 and 2010 were \$41,841, \$41,195 and \$34,842, respectively, and equal 100% of the required contributions for each year.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

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 2011-12 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, 2012, 2011 and 2010 were \$74,741, \$74,805, and \$57,669, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$38,887.

L. 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 view and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.



## 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.

**DEHESA SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 950,287	\$ 1,023,246	\$ 1,029,413	\$ 6,167
Local Sources	128,446	137,483	137,508	25
Federal Revenue	317,162	439,511	411,673	(27,838)
Other State Revenue	355,723	359,780	373,230	13,450
Other Local Revenue	1,031,978	1,108,381	1,113,581	5,200
Total Revenues	<u>2,783,596</u>	<u>3,068,401</u>	<u>3,065,405</u>	<u>(2,996)</u>
Expenditures:				
Current:				
Certificated Salaries	966,748	936,814	934,625	2,189
Classified Salaries	427,291	447,632	446,398	1,234
Employee Benefits	351,900	367,224	362,313	4,911
Books And Supplies	265,763	141,619	85,267	56,352
Services And Other Operating Expenditures	843,276	1,219,889	1,213,637	6,252
Direct Support/Indirect Costs	-	2,942	(4,830)	7,772
Total Expenditures	<u>2,854,978</u>	<u>3,116,120</u>	<u>3,037,410</u>	<u>78,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(71,382)</u>	<u>(47,719)</u>	<u>27,995</u>	<u>75,714</u>
Other Financing Sources (Uses):				
Transfers In	14,873	14,873	14,873	-
Transfers Out	(12,936)	(2,312)	(2,312)	-
Total Other Financing Sources (Uses)	<u>1,937</u>	<u>12,561</u>	<u>12,561</u>	<u>-</u>
Net Change in Fund Balance	<u>(69,445)</u>	<u>(35,158)</u>	<u>40,556</u>	<u>75,714</u>
Fund Balance, July 1	<u>398,629</u>	<u>398,629</u>	<u>398,629</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 329,184</u>	<u>\$ 363,471</u>	<u>\$ 439,185</u>	<u>\$ 75,714</u>

**DEHESA SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012

**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 Other Than Capital Outlay (Fund 17) is included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

## **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.

**DEHESA SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Fund Capital Outlay Projects	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 70,713	\$ 93,372	\$ 7,341	\$ 171,426
Cash on Hand and in Banks	2,984	-	-	2,984
Accounts Receivable	10,226	-	7	10,233
Due from Other Funds	150,000	-	-	150,000
Total Assets	<u>\$ 233,923</u>	<u>\$ 93,372</u>	<u>\$ 7,348</u>	<u>\$ 334,643</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 4,024	\$ -	\$ -	\$ 4,024
Due to Other Funds	11,296	-	-	11,296
Total Liabilities	<u>15,320</u>	<u>-</u>	<u>-</u>	<u>15,320</u>
Fund Balance:				
Nonspendable Fund Balances:				
Restricted Fund Balances	4,011	-	-	4,011
Committed Fund Balances:				
Committed for Economic Uncertainties	203,769	-	-	203,769
Assigned Fund Balances	10,823	93,372	7,348	111,543
Total Fund Balance	<u>218,603</u>	<u>93,372</u>	<u>7,348</u>	<u>319,323</u>
Total Liabilities and Fund Balances	<u>\$ 233,923</u>	<u>\$ 93,372</u>	<u>\$ 7,348</u>	<u>\$ 334,643</u>

**DEHESA SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Fund Capital Outlay Projects	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>Revenues:</b>				
Federal Revenue	\$ 51,059	\$ -	\$ -	\$ 51,059
Other State Revenue	4,270	1,020	-	5,290
Other Local Revenue	102,892	92,352	34	195,278
Total Revenues	<u>158,221</u>	<u>93,372</u>	<u>34</u>	<u>251,627</u>
<b>Expenditures:</b>				
Pupil Services	145,708	-	-	145,708
General Administration	4,830	-	-	4,830
Plant Services	4,775	-	-	4,775
Total Expenditures	<u>155,313</u>	<u>-</u>	<u>-</u>	<u>155,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,908</u>	<u>93,372</u>	<u>34</u>	<u>96,314</u>
Net Change in Fund Balance	2,908	93,372	34	96,314
Fund Balance, July 1	215,695	-	7,314	223,009
Fund Balance, June 30	<u>\$ 218,603</u>	<u>\$ 93,372</u>	<u>\$ 7,348</u>	<u>\$ 319,323</u>

**DEHESA SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2012

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 14,470	\$ 2,545	\$ 53,698	\$ 70,713
Cash on Hand and in Banks	1,984	1,000	-	2,984
Accounts Receivable	15	10,140	71	10,226
Due from Other Funds	-	-	150,000	150,000
Total Assets	<u>\$ 16,469</u>	<u>\$ 13,685</u>	<u>\$ 203,769</u>	<u>\$ 233,923</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 3,079	\$ 945	\$ -	\$ 4,024
Due to Other Funds	2,567	8,729	-	11,296
Total Liabilities	<u>5,646</u>	<u>9,674</u>	<u>-</u>	<u>15,320</u>
Fund Balance:				
Nonspendable Fund Balances:				
Restricted Fund Balances	-	4,011	-	4,011
Committed Fund Balances:				
Committed for Economic Uncertainties	-	-	203,769	203,769
Assigned Fund Balances	10,823	-	-	10,823
Total Fund Balance	<u>10,823</u>	<u>4,011</u>	<u>203,769</u>	<u>218,603</u>
Total Liabilities and Fund Balances	<u>\$ 16,469</u>	<u>\$ 13,685</u>	<u>\$ 203,769</u>	<u>\$ 233,923</u>

**DEHESA SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>Revenues:</b>				
Federal Revenue	\$ -	\$ 51,059	\$ -	\$ 51,059
Other State Revenue	-	4,270	-	4,270
Other Local Revenue	79,789	22,620	483	102,892
Total Revenues	<u>79,789</u>	<u>77,949</u>	<u>483</u>	<u>158,221</u>
<b>Expenditures:</b>				
Pupil Services	68,998	76,710	-	145,708
General Administration	2,285	2,545	-	4,830
Plant Services	-	-	4,775	4,775
Total Expenditures	<u>71,283</u>	<u>79,255</u>	<u>4,775</u>	<u>155,313</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,506</u>	<u>(1,306)</u>	<u>(4,292)</u>	<u>2,908</u>
<b>Net Change in Fund Balance</b>	8,506	(1,306)	(4,292)	2,908
Fund Balance, July 1	2,317	5,317	208,061	215,695
Fund Balance, June 30	<u>\$ 10,823</u>	<u>\$ 4,011</u>	<u>\$ 203,769</u>	<u>\$ 218,603</u>



## Other Supplementary Information

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

## Supplementary Information Section

**DEHESA SCHOOL DISTRICT**

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2012

The Dehesa School District was established in 1876 and is comprised of approximately 19 square miles, located in San Diego County. There were no changes in the boundaries of the District during the year. The District is currently operating one elementary school and sponsors three charter schools.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Cindy White	President	Four Year Term Expires November 2014
Jeff Royal	Vice President	Four Year Term Expires November 2012
Karl Becker	Clerk	Four Year Term Expires November 2014
Pamela Dillard	Member	Four Year Term Expires November 2012
Chuck Huskey	Member	Four Year Term Expires November 2014

Administration

Janet M. Wilson  
Superintendent/Principal

Tim Scheidt  
Business Manager

**DEHESA SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**YEAR ENDED JUNE 30, 2012**

**TABLE D-1**

	Second Period Report *		Annual Report *	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	31.64	N/A	33.11	N/A
Grades 1 through 3	81.76	N/A	80.62	N/A
Grades 4 through 6	69.86	N/A	70.05	N/A
Grades 7 and 8	30.98	N/A	31.23	N/A
Home and hospital	0.81	N/A	0.83	N/A
Elementary totals	215.05	N/A	215.84	N/A
ADA totals	215.05	N/A	215.84	N/A

\* N/A-There were no audit revisions to the P-2 or Annual attendance reports.

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**  
**YEAR ENDED JUNE 30, 2012**

**TABLE D-2**

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1982-83 Adjusted &amp; Reduced</u>	<u>1986-87 Minutes Requirement</u>	<u>1986-87 Adjusted &amp; Reduced</u>	<u>2011-12 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	34,905	33,935	36,000	33,600	57,666	175	-	Complied
Grade 1	47,505	46,185	50,400	47,040	55,041	175	-	Complied
Grade 2	47,505	46,185	50,400	49,000	55,041	175	-	Complied
Grade 3	47,505	46,185	50,400	49,000	55,041	175	-	Complied
Grade 4	55,245	53,710	54,000	50,400	55,041	175	-	Complied
Grade 5	55,245	53,710	54,000	50,400	55,041	175	-	Complied
Grade 6	55,245	53,710	54,000	50,400	60,291	175	-	Complied
Grade 7	N/A	N/A	54,000	50,400	60,291	175	-	Complied
Grade 8	N/A	N/A	54,000	50,400	60,291	175	-	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.

**DEHESA SCHOOL DISTRICT**  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 YEAR ENDED JUNE 30, 2012

**TABLE D-3**

General Fund	Budget 2013 (See Note 1)	2012	2011	2010
Revenues and other financial sources	\$ 2,851,471	\$ 3,080,278	\$ 2,788,958	\$ 2,656,238
Expenditures, other uses and transfers out	2,742,393	3,039,722	2,856,811	2,620,013
Change in fund balance (deficit)	109,078	40,556	(67,853)	36,225
Ending fund balance	\$ 548,263	\$ 439,185	\$ 398,629	\$ 466,482
Available reserves	\$ 256,737	\$ 285,488	\$ 392,629	\$ 465,482
Available reserves as a percentage of total outgo	9.4%	9.4%	13.7%	17.8%
Total long-term debt	\$ -	\$ 38,993	\$ 19,484	\$ 26,337
Average daily attendance at P-2	220	215	195	162

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 \$8,927 over the past three years. The fiscal year 2012-13 budget projects an increase of \$109,078. For a district this size, the state recommends available reserves of at least 3% of general fund expenditures, other uses and transfers out.

Long-term debt has increased by \$14,196 over the past three years.

Average daily attendance (ADA) has increased by 60 over the past three years.

**Notes:**

- 1 Budget 2013 is included for analytical purposes only and has not been subjected to audit.
- 2 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 Other Than Capital Outlay (Fund 17) was included with the General Fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

**DEHESA SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET**  
**REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2012**

**TABLE D-4**

	<u>General Fund</u>	<u>Special Reserve Fund</u>
June 30, 2012, annual financial and budget report fund balances	\$ 439,185	\$ 378,784
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB # 54 required inclusion with general fund	<u>378,784</u>	<u>(378,784)</u>
June 30, 2012, audited financial statement fund balances	<u>\$ 817,969</u>	<u>\$ -</u>

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.

The following charter schools are chartered by Dehesa School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
Dehesa Charter School (#419)	No
E-Cademy California Charter School (#1005)	No
Diego Hills Charter School (#1088)	No



## Other Independent Auditor's Reports

**Wilkinson Hadley King & Co. LLP**

CPAs and Advisors  
218 W. Douglas Ave  
El Cajon, CA 92020

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

Members of the Board of Trustees:

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, 2012, which collectively comprise the Dehesa School District's basic financial statements and have issued our report thereon dated December 10, 2012. 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

Management of Dehesa School District is responsible for establishing and maintaining effective 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 *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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2012-1.

Dehesa School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Dehesa School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Wilkinson Hadley King & Co., LLP*  
El Cajon, California  
December 10, 2012

**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  
Dehesa School District  
El Cajon, California

Members of the Board of Trustees:

We have audited the basic financial statements of the Dehesa School District ("District") as of and for the year ended June 30, 2012 and have issued our report thereon dated December 10, 2012. 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. We have also audited the District's compliance with the requirements specified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel, applicable to the District's statutory requirements identified below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

The auditing standards referred to above 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 material effect on the state laws and regulations applicable to the items in the schedule below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
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 Program	4	N/A
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	N/A
Exclusion of Pupils - Pertussis Immunization	2	Yes

Class Size Reduction Program (Including In Charter Schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	N/A
Only One School Serving Grades K-3	4	Yes
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Contemporaneous Records of Attendance, For Charter Schools	3	N/A
Mode of Instruction, For Charter Schools	1	N/A
Nonclassroom-Based Instruction/Independent Study, For Charter Schools	15	N/A
Determination of Funding for Nonclassroom-Based		
Instruction, For Charter Schools	3	N/A
Annual Instructional Minutes - Classroom Based, For Charter Schools	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.

In our opinion, Dehesa 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2012-1.

Dehesa School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Dehesa School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of 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.

*Wilkinson Hadley King & Co., LLP*  
 El Cajon, California  
 December 10, 2012

## Findings and Recommendations Section

**DEHESA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's 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 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Not Applicable	Not Applicable

Dollar threshold used to distinguish between type A and type B programs: Not Applicable

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

**DEHESA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Educational Agencies?  X  Yes       No

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

**B. Financial Statement Findings**

NONE

**C. State Award Findings and Questioned Costs**

Finding 2012-1 (10000)  
Attendance Rosters

Criteria or Specific Requirement

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

Condition

In our review of class rosters we noted that the rosters were being signed several weeks after the end of the actual attendance week. In some instances, the date on the roster was two months after the end of the week for which the attendance had been taken. It appears that attendance is not being verified and approved on a timely basis.

Questioned Costs

None

Recommendation

We recommend the district implement procedures to ensure class rosters are verified and signed on a timely basis by teachers. All class rosters should be signed, dated, and verified shortly after the close of the week.

LEA's Response

The District has implemented a process whereby all class rosters are verified, signed, and dated by teachers on Friday of the current week or by Tuesday of the following week.



**DEHESA SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Finding 2011-1 (30000)  Expenditure Documentation</p> <p>In our review of expenditures we noted that the District was not defacing all of the invoices with a paid stamp after the invoice was paid. We also noted that the District could not locate supporting documentaion for some of the invoices requested.</p> <p>We recommended the District implement procedures to ensure that all invoices are defaced with a stamp when paid. We also recommended that the District implement procedures to require all invoices have appropriate supporting documentation.</p>	<p>Implemented</p>	
<p>Finding 2011-2 (72000)  School Accountability Report Card</p> <p>In our testing of the requirements for the School Accountability Report Card we noted that the District did not fill out a Facility Inspection Tool or some other local evaluation instrument. As a result, we were unable to compare the information reported on the School Accountability Report Card to the Facility Inspection Tool.</p> <p>We recommended that the District implement procedures to ensure that a Facility Inspection Tool be filled out as a basis to provide the information contained in the School Accountability Report Card.</p>	<p>Implemented</p>	