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**DEHESA SCHOOL DISTRICT**  
**COUNTY OF SAN DIEGO**  
**EL CAJON, CALIFORNIA**  
**AUDIT REPORT**  
**JUNE 30, 2002**

**DEHESA SCHOOL DISTRICT**

**INTRODUCTORY SECTION**

**JUNE 30, 2002**

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**DEHESA SCHOOL DISTRICT**

**FINANCIAL SECTION**

**JUNE 30, 2002**

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Dehesa School District  
El Cajon, California

We have audited the accompanying general-purpose financial statements of the Dehesa School District as of and for the year ended June 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Dehesa School District as of June 30, 2002 and the results of its operations and nonexpendable trust funds 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 3, 2002 on our consideration of the Dehesa School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

**INDEPENDENT AUDITORS' REPORT**

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Our audit was performed for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The accompanying financial information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of Dehesa School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Hasaka, Nagel & Company*

San Diego, California  
December 3, 2002

**DEHESA SCHOOL DISTRICT  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

ASSETS	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTAL--MEMORANDUM ONLY	
	General	Special Revenue	Capital Projects	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	June 30, 2002	June 30, 2001	
Cash in County Treasury	\$ 484,907	\$ 291,376	\$ 369,682	\$ 2,980	\$ -	\$ -	\$ 1,148,945	\$ 733,980	
Cash on Hand and in Banks	-	665	-	14,349	-	-	15,014	14,489	
Cash in Revolving Cash Fund	1,000	-	-	-	-	-	1,000	1,000	
Accounts Receivable	-	-	-	-	-	-	-	-	
Federal and State Governments	15,149	3,926	-	-	-	-	19,075	46,098	
Other	18,117	2,080	2,720	-	-	-	22,917	10,821	
Due From Other Funds	14,000	5,517	-	-	-	-	19,517	26,174	
Land, Building, and Improvements	-	-	-	-	1,822,203	-	1,822,203	1,822,203	
Equipment	-	-	-	-	924,578	-	924,578	891,030	
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	22,435	22,435	21,783	
<b>TOTAL ASSETS</b>	<b>533,173</b>	<b>303,564</b>	<b>372,402</b>	<b>17,329</b>	<b>2,746,781</b>	<b>22,435</b>	<b>3,995,684</b>	<b>3,567,578</b>	
<b>LIABILITIES AND FUND EQUITY</b>									
Liabilities									
Accounts Payable	112,445	-	7,924	-	-	-	120,369	26,343	
Due To Other Funds	5,517	14,000	-	-	-	-	19,517	26,174	
General Long-Term Debt	-	-	-	-	-	22,435	22,435	21,783	
Trust Accounts	-	-	-	14,349	-	-	14,349	11,199	
Deferred Revenue	1,083	-	-	-	-	-	1,083	1,971	
<b>Total Liabilities</b>	<b>119,045</b>	<b>14,000</b>	<b>7,924</b>	<b>14,349</b>	<b>-</b>	<b>22,435</b>	<b>177,753</b>	<b>87,470</b>	
Fund Equity									
Investment in General Fixed Assets	-	-	-	-	2,746,781	-	2,746,781	2,713,233	
Fund Balance	87,820	-	-	-	-	-	87,820	62,614	
Reserves and Designations	326,308	289,564	364,478	2,980	-	-	983,330	704,261	
Undesignated	-	-	-	-	-	-	-	-	
<b>Total Fund Equity</b>	<b>414,128</b>	<b>289,564</b>	<b>364,478</b>	<b>2,980</b>	<b>2,746,781</b>	<b>-</b>	<b>3,817,931</b>	<b>3,480,108</b>	
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>533,173</b>	<b>303,564</b>	<b>372,402</b>	<b>17,329</b>	<b>2,746,781</b>	<b>22,435</b>	<b>3,995,684</b>	<b>3,567,578</b>	

The notes to the financial statements are an integral part of this statement.



**DEHESA SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

REVENUES	GOVERNMENTAL FUND TYPES			TOTAL--MEMORANDUM ONLY	
	General	Special Revenue	Capital Projects	June 30, 2002	June 30, 2001
Revenue Limit Sources					
State Apportionment	\$ 463,222	\$ -	\$ -	\$ 463,222	\$ 340,629
Local Sources	506,082	-	-	506,082	458,749
Total Revenue Limit	969,304	-	-	969,304	799,378
Federal Revenue	95,189	18,340	-	113,529	95,890
Other State Revenue	309,141	171,814	-	480,955	373,093
Other Local Revenue	226,956	86,327	41,990	355,273	320,239
Total Revenues	1,600,590	276,481	41,990	1,919,061	1,588,600

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			TOTAL--MEMORANDUM ONLY	
EXPENDITURES	General	Special Revenue	Capital Projects	June 30, 2002	June 30, 2001
Certificated Salaries	596,457	-	-	596,457	566,368
Classified Salaries	338,405	36,449	-	374,854	356,589
Employee Benefits	172,246	3,688	-	175,934	165,529
Books and Supplies	77,656	47,987	-	125,643	91,532
Services and Other Operating Expenditures	97,217	6,245	54,580	158,042	161,363
Capital Outlay	23,864	9,684	-	33,548	25,892
Other Outgo	150,663	-	-	150,663	-
<b>Total Expenditures</b>	<b>1,456,508</b>	<b>104,053</b>	<b>54,580</b>	<b>1,615,141</b>	<b>1,367,273</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>144,082</b>	<b>172,428</b>	<b>(12,590)</b>	<b>303,920</b>	<b>221,327</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	6,328	-	6,328	13,523
Operating Transfers (Out)	(6,328)	-	-	(6,328)	(13,523)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,328)</b>	<b>6,328</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>137,754</b>	<b>178,756</b>	<b>(12,590)</b>	<b>303,920</b>	<b>221,327</b>
<b>Fund Balances - Beginning</b>	<b>276,374</b>	<b>110,808</b>	<b>377,068</b>	<b>764,250</b>	<b>542,923</b>
<b>Fund Balances - Ending</b>	<b>\$ 414,128</b>	<b>\$ 289,564</b>	<b>\$ 364,478</b>	<b>\$ 1,068,170</b>	<b>\$ 764,250</b>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	GENERAL			SPECIAL REVENUE			CAPITAL PROJECTS			TOTAL--MEMORANDUM ONLY		
	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)
<b>REVENUES</b>												
Revenue Limit Sources												
State Apportionment	\$ 311,232	\$ 463,222	\$ 151,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311,232	\$ 463,222	\$ 151,990
Local Sources	484,536	506,082	21,546	-	-	-	-	-	-	484,536	506,082	21,546
Total Revenue Limit	795,768	969,304	173,536	-	-	-	-	-	-	795,768	969,304	173,536
Federal Revenue	57,582	95,189	37,607	18,500	18,340	(160)	-	-	-	76,082	113,529	37,447
Other State Revenue	264,920	309,141	44,221	5,200	171,814	166,614	-	-	-	270,120	480,955	210,835
Other Local Revenue	126,137	226,956	100,819	51,600	86,327	34,727	45,010	41,990	(3,020)	222,747	355,273	132,526
Total Revenues	1,244,407	1,600,590	356,183	75,300	276,481	201,181	45,010	41,990	(3,020)	1,364,717	1,919,061	554,344

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (CONTINUED)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	GENERAL			SPECIAL REVENUE			CAPITAL PROJECTS			TOTAL--MEMORANDUM ONLY		
	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)
<b>EXPENDITURES</b>												
Certificated Salaries	617,041	596,457	20,584	-	-	-	-	-	-	617,041	596,457	20,584
Classified Salaries	365,162	338,405	26,757	39,361	36,449	2,912	-	-	-	404,523	374,854	29,669
Employee Benefits	207,278	172,246	35,032	4,106	3,688	418	-	-	-	211,384	175,934	35,450
Books and Supplies	102,839	77,656	25,183	47,989	47,987	2	-	-	-	150,828	125,643	25,185
Services and Other												
Operating Expenditures	106,793	97,217	9,576	6,646	6,245	401	54,581	54,580	1	168,020	158,042	9,978
Capital Outlay	41,675	23,864	17,811	25,000	9,684	15,316	-	-	-	66,675	33,548	33,127
Other Outgo	151,476	150,663	813	-	-	-	-	-	-	151,476	150,663	813
<b>Total Expenditures</b>	<b>1,592,264</b>	<b>1,456,508</b>	<b>135,756</b>	<b>123,102</b>	<b>104,053</b>	<b>19,049</b>	<b>54,581</b>	<b>54,580</b>	<b>1</b>	<b>1,769,947</b>	<b>1,615,141</b>	<b>154,806</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(347,857)</b>	<b>144,082</b>	<b>491,939</b>	<b>(47,802)</b>	<b>172,428</b>	<b>220,230</b>	<b>(9,571)</b>	<b>(12,590)</b>	<b>(3,019)</b>	<b>(405,230)</b>	<b>303,920</b>	<b>709,150</b>
Other Financing Sources (Uses)												
Operating Transfers In	-	-	-	3,349	6,328	2,979	-	-	-	3,349	6,328	2,979
Operating Transfers (Out)	(5,517)	(6,328)	(811)	-	-	-	-	-	-	(5,517)	(6,328)	(811)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,517)</b>	<b>(6,328)</b>	<b>(811)</b>	<b>3,349</b>	<b>6,328</b>	<b>2,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,168)</b>	<b>-</b>	<b>2,168</b>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(353,374)	137,754	491,128	(44,453)	178,756	223,209	(9,571)	(12,590)	(3,019)	(407,398)	303,920	711,318
Fund Balances - Beginning	276,374	276,374	-	110,808	110,808	-	377,068	377,068	-	764,250	764,250	-
Fund Balances - Ending	<b>\$ (77,000)</b>	<b>\$ 414,128</b>	<b>\$ 491,128</b>	<b>\$66,355</b>	<b>\$ 289,564</b>	<b>\$ 223,209</b>	<b>\$ 367,497</b>	<b>\$ 364,478</b>	<b>\$ (3,019)</b>	<b>\$ 356,852</b>	<b>\$1,068,170</b>	<b>\$ 711,318</b>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002**

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 the 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.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Accounting Policies
- B. Fund Accounting
- C. Basis of Accounting
- D. Budgets and Budgetary Accounting
- E. Encumbrances
- F. Inventories and Prepaid Items
- G. Deferred Compensation
- H. Compensated Absences
- I. Federal and State Allowances, Awards and Grants
- J. Total Columns on Combined and Combining Statements
- K. Fund Balance Reserves and Designations
- L. Property Tax

**NOTE 2 - CASH AND INVESTMENTS**

**NOTE 3 - RECEIVABLES**

**NOTE 4 - INTERFUND TRANSACTIONS**

**NOTE 5 - GENERAL FIXED ASSETS**

**NOTE 6 - LEASES**

**NOTE 7 - COMPENSATED ABSENCES**

**NOTE 8 - GENERAL LONG-TERM DEBT – SCHEDULE OF CHANGES**

**NOTE 9 - DEFERRED REVENUE**

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

NOTE 10 - JOINT POWERS AGREEMENT AND SAN DIEGO COUNTY SCHOOLS  
FRINGE BENEFITS CONSORTIUM

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

NOTE 12 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

NOTE 13 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

NOTE 14 - PENDING LITIGATION

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

**B. Fund Accounting**

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories, which in aggregate include several fund types and account groups as follows:

**GOVERNMENTAL FUNDS**

General Fund is the general operating fund of the District. It is used to account for all financial resources except those to be accounted for in another fund.

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

1. Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
2. Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria.
3. Child Development Fund is used to account for resources committed to child development programs maintained by the District.
4. Special Reserve Other Than Capital Projects Fund is used for the purpose of future technical support.

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Fund Accounting (Continued)

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

1. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.
2. State School Building Lease-Purchase is used to account for the acquisition of portable classrooms and related equipment from state apportionments.

FIDUCIARY FUNDS

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains one student body fund and one temporary retiree fund for future medicare benefits.

ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet.

Their reported fund balance is considered a measure of "available spendable resources". Thus, the fixed assets and long-term liabilities associated with governmental funds are accounted for in the account groups of the District.

General Fixed Asset Account Group accounts for fixed assets used in governmental fund type organizations.

General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.



**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basis of Accounting (Continued)

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered) except for unmatured interest on General Long-Term Debt which is recognized when due.

Agency Fund assets and liabilities are also accounted for on the modified accrual basis.

The General Fixed Asset account group accounts for fixed assets on the estimated cost and actual cost (for new additions) basis.

D. Budgets and Budgetary Accounting

The District, pursuant to E.C. 42127, has elected to make the single budget adoption. By state law, the District's governing board must approve the single 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.

This budget is revised by the District's governing board and District superintendent during the year to give consideration to unanticipated revenue and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed 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 account.

E. 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 at June 30.

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Inventories and Prepaid Items

Inventory is recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased.

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.

G. Deferred Compensation

The District or the state does not maintain or administer its own deferred compensation plan. However, employees of the District may select an individual private plan and its administrator.

H. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in the general long-term debt account group. For additional information, see Note 7.

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.

I. Federal and State Allowances, Awards and Grants

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

J. Total Columns on Combined and Combining Statements

Total columns on the combined and combining statements are captioned "Total-Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position,

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

J. Total Columns on Combined and Combining Statements (Continued)

results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Total columns on the combined and combining statements for the year ended June 30, 2001, are also captioned "Total--Memorandum Only". These columns are presented only to facilitate financial analysis and do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

K. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

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

The District had the following fund balance reserves and designations at June 30, 2002:

General Fund--	
Reserve for Revolving Cash	\$ 1,000
Reserve for Legally Restricted Balances	<u>86,820</u>
TOTAL	<u>\$87,820</u>

L. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. 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. Tax revenues are recognized by the District when received.

**NOTE 2 - CASH AND INVESTMENTS**

Cash at June 30, 2002, consisted of the following:

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Pooled Funds:	
Cash in County Treasury	\$ 1,148,945
Deposits:	
Cash on Hand and in Banks	\$ 15,014
Cash in Revolving Fund	\$ 1,000

Cash balances held in banks and in revolving funds are insured up to \$100,000 by federal agencies.

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. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest 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.

These pooled funds are carried at cost which approximates market value. The difference between cost and market value is considered to be immaterial.

The following schedule presents the difference between cost and market value of funds held in the County Treasury at June 30, 2002:

<u>Carrying Amount</u>	<u>Market Value</u>	<u>Difference</u>
\$ <u>1,148,945</u>	\$ <u>1,143,890</u>	\$( <u>5,055</u> )

**NOTE 3 - RECEIVABLES**

The accounts receivable balances at June 30, 2002, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Other Funds</u>	<u>Total</u>
Federal:					
Categorical					
Aid Programs	\$ <u>5,095</u>	\$ <u>3,715</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>8,810</u>
TOTAL FEDERAL	<u>5,095</u>	<u>3,715</u>	<u>—</u>	<u>—</u>	<u>8,810</u>

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 3 - RECEIVABLES (CONTINUED)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Other Funds</u>	<u>Total</u>
State:					
Lottery	8,594	-	-	-	8,594
Other	-	211	-	-	211
Categorical	<u>1,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460</u>
TOTAL STATE	<u>10,054</u>	<u>211</u>	<u>-</u>	<u>-</u>	<u>10,265</u>
Subtotal Federal and State	<u>15,149</u>	<u>3,926</u>	<u>-</u>	<u>-</u>	<u>19,075</u>
Local:					
Other	11,361	-	-	-	11,361
Interest	<u>6,756</u>	<u>2,080</u>	<u>2,720</u>	<u>-</u>	<u>11,556</u>
TOTAL LOCAL	<u>18,117</u>	<u>2,080</u>	<u>2,720</u>	<u>-</u>	<u>22,917</u>
TOTAL	<u>\$33,266</u>	<u>\$6,006</u>	<u>\$2,720</u>	<u>\$ -</u>	<u>\$41,992</u>

**NOTE 4 - INTERFUND TRANSACTIONS**

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2002, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$14,000	\$ 5,517
Cafeteria	-	9,000
Child Development	-	5,000
Deferred Maintenance	<u>5,517</u>	<u>-</u>
TOTAL	<u>\$19,517</u>	<u>\$19,517</u>

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)**

Interfund Transfers

Interfund Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2001-2002 fiscal year are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Special Reserve Other Than Capital Projects	General	\$ 811
Deferred Maintenance	General	<u>5,517</u>
TOTAL		<u>\$ 6,328</u>

**NOTE 5 - GENERAL FIXED ASSETS**

Fixed Assets are recorded at historical cost.

A schedule of changes in General Fixed Assets for the year ended June 30, 2002, are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land, Buildings and Improvements	\$1,822,203	\$ -	\$ -	\$1,822,203
Equipment	<u>891,030</u>	<u>33,548</u>	<u>-</u>	<u>924,578</u>
TOTAL	<u>\$2,713,233</u>	<u>\$33,548</u>	<u>\$ -</u>	<u>\$2,746,781</u>

**NOTE 6 - LEASES**

A. Capital Leases

The District leases a portable classroom valued at \$60,000 under agreement which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 6 - LEASES (CONTINUED)**

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2003	\$ 5,473
2004	5,473
2005	—
2006	—
2007	<u>—</u>
Sub-Total	10,946
Less: Amount Representing Interest	<u>(524)</u>
Present Value of Net Minimum Lease Payments	<u>\$10,422</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

**NOTE 7 - COMPENSATED ABSENCES**

At June 30, 2002, the liability related to accrued vacation benefits was \$12,013. This amount was calculated by multiplying the accumulated hours of accrued vacation benefits per employee times the hourly rate per employee. The current year change in this liability was not recorded in the General Fund as a current liability since it is not believed to be material. The entire liability for accrued vacation benefits is recorded in the General Long-Term Debt account group. The District's policy is to record expenditures in the period vacations are taken.

**NOTE 8 - GENERAL LONG-TERM DEBT - SCHEDULE OF CHANGES**

A schedule of changes in Long-Term Debt at June 30, 2002 is as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Accrued Vacation (Note 7)	\$ 7,818	\$ 4,195	\$ —	\$12,013
Capital Lease (Note 6)	<u>13,965</u>	<u>10,422</u>	<u>13,965</u>	<u>10,422</u>
TOTAL	<u>\$21,783</u>	<u>\$14,617</u>	<u>\$13,965</u>	<u>\$22,435</u>

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 9 - DEFERRED REVENUE**

Deferred Revenue consists of federal and state grant monies that were received as of June 30, 2002, but had not been expended. At June 30, 2002, the District's Deferred Revenue consisted of the following:

General Fund	
Federal Grants	\$ 200
State Grants	<u>883</u>
<b>TOTAL FEDERAL AND STATE GRANTS</b>	<b><u>\$1,083</u></b>

**NOTE 10 - JOINT POWERS AGREEMENT AND SAN DIEGO COUNTY SCHOOLS  
FRINGE BENEFITS CONSORTIUM**

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 of 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. Because the District has a minority voting interest and no administrative authority, the financial transactions of the JPA and the Consortium are not included in this report.

**NOTE 11 - 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 California Public Employees' Retirement System (CalPERS).



**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Plan Description and Funding Policy

STRS

Plan Description

The Dehesa School District contributes to the State Teachers' Retirement Systems (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 8.0% of their salary and the Dehesa School 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 2001-2002 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Dehesa School District's contributions to STRS for the fiscal years ending June 30, 2002, 2001, and 2000 were \$46,202, \$44,494, and \$43,164, respectively, and equal 100% of the required contributions for each year.

CalPERS

Plan Description

The Dehesa School 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

**DEHESA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2002**

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

CalPERS

Plan Description (Continued)

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 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the Dehesa School 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 2001-2002 was 13.02% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by state statute. The Dehesa School District's contributions to CalPERS for the fiscal years ending June 30, 2002, 2001, and 2000 were \$30,065, \$31,504, and \$28,199, respectively, and equal 100% of the required contributions for each year.

**NOTE 12 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There were no instances of excess expenditures over appropriations in any fund.

**NOTE 13 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The District had no post-employment benefits.

**NOTE 14 - PENDING LITIGATION**

For the year ended June 30, 2002, the District had no pending litigation.

**DEHESA SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2002**

ASSETS	Deferred Maintenance	Cafeteria	Child Development	Special Reserve Other Than Capital Projects	TOTAL June 30, 2002	TOTAL MEMORANDUM ONLY June 30, 2001
Cash in County Treasury	\$ 253,094	\$ 6,262	\$ 26,192	\$ 5,828	\$ 291,376	\$ 115,401
Cash on Hand and in Banks	-	200	465	-	665	665
Accounts Receivable	-	3,926	-	-	3,926	1,608
Federal and State Governments	1,804	61	187	28	2,080	1,635
Other	5,517	-	-	-	5,517	10,174
Due From Other Funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>260,415</u>	<u>10,449</u>	<u>26,844</u>	<u>5,856</u>	<u>303,564</u>	<u>129,483</u>
 <b>LIABILITIES AND FUND EQUITY</b>						
Liabilities	-	-	-	-	-	2,675
Accounts Payable	-	9,000	5,000	-	14,000	16,000
Due To Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>9,000</u>	<u>5,000</u>	<u>-</u>	<u>14,000</u>	<u>18,675</u>
Fund Equity	-	-	-	-	-	-
Fund Balance	-	-	-	-	-	-
Designated	260,415	1,449	21,844	5,856	289,564	110,808
Undesignated	-	-	-	-	-	-
<b>Total Fund Equity</b>	<u>260,415</u>	<u>1,449</u>	<u>21,844</u>	<u>5,856</u>	<u>289,564</u>	<u>110,808</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 260,415</u>	<u>\$ 10,449</u>	<u>\$ 26,844</u>	<u>\$ 5,856</u>	<u>\$ 303,564</u>	<u>\$ 129,483</u>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

REVENUES	Deferred Maintenance	Cafeteria	Child Development	Special Reserve Other Than Capital Projects	TOTAL June 30, 2002	TOTAL MEMORANDUM ONLY June 30, 2001
Federal Revenue	\$ -	\$ 18,340	\$ -	\$ -	\$ 18,340	\$ 19,376
Other State Revenue	170,676	1,138	-	-	171,814	41,194
Other Local Revenue	8,368	32,783	45,131	45	86,327	70,584
<b>TOTAL REVENUES</b>	<u>179,044</u>	<u>52,261</u>	<u>45,131</u>	<u>45</u>	<u>276,481</u>	<u>131,154</u>
<b>EXPENDITURES</b>						
Classified Salaries	-	8,089	28,360	-	36,449	24,452
Employee Benefits	-	782	2,906	-	3,688	2,649
Books and Supplies	-	43,651	4,336	-	47,987	45,201
Services and Other	1,101	-	5,144	-	6,245	12,645
Operating Expenditures	9,684	-	-	-	9,684	6,605
Capital Outlay	10,785	52,522	40,746	-	104,053	91,552
<b>Total Expenditures</b>	<u>168,259</u>	<u>(261)</u>	<u>4,385</u>	<u>45</u>	<u>172,428</u>	<u>39,602</u>
Excess Revenues Over (Under) Expenditures						
Other Financing Sources (Uses)						
Operating Transfers In	5,517	-	-	811	6,328	13,523
Operating Transfers (Out)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,517</u>	<u>-</u>	<u>-</u>	<u>811</u>	<u>6,328</u>	<u>13,523</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	173,776	(261)	4,385	856	178,756	53,125
Fund Balances - Beginning	86,639	1,710	17,459	5,000	110,808	57,683
<b>Fund Balances - Ending</b>	<u>\$ 260,415</u>	<u>\$ 1,449</u>	<u>\$ 21,844</u>	<u>\$ 5,856</u>	<u>\$ 289,564</u>	<u>\$ 110,808</u>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	DEFERRED MAINTENANCE			CAFETERIA			CHILD DEVELOPMENT		
	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)
<b>REVENUES</b>									
Federal Revenue	\$ -	\$ -	\$ -	\$ 18,500	\$ 18,340	\$ (160)	\$ -	\$ -	\$ -
Other State Revenue	4,000	170,676	166,676	1,200	1,138	(62)	-	-	-
Other Local	800	8,368	7,568	20,200	32,783	12,583	30,600	45,131	14,531
Total Revenue	4,800	179,044	174,244	39,900	52,261	12,361	30,600	45,131	14,531
<b>EXPENDITURES</b>									
Classified Salaries	-	-	-	11,000	8,089	2,911	28,361	28,360	1
Employee Benefits	-	-	-	1,200	782	418	2,906	2,906	-
Books and Supplies	-	-	-	43,652	43,651	1	4,337	4,336	1
Services and Other	1,102	1,101	1	400	-	400	5,144	5,144	-
Operating Expenditures	25,000	9,684	15,316	-	-	-	-	-	-
Capital Outlay	26,102	10,785	15,317	56,252	52,522	3,730	40,748	40,746	2
Total Expenditures	(21,302)	168,259	189,561	(16,352)	(261)	16,091	(10,148)	4,385	14,533
Excess Revenues Over (Under) Expenditures	3,349	5,517	2,168	-	-	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Operating Transfers In	3,349	5,517	2,168	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	3,349	5,517	2,168	-	-	-	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(17,953)	173,776	191,729	(16,352)	(261)	16,091	(10,148)	4,385	14,533
Fund Balances - Beginning	86,639	86,639	-	1,710	1,710	-	17,459	17,459	-
Fund Balances - Ending	\$ 68,686	\$ 260,415	\$ 191,729	\$ (14,642)	\$ 1,449	\$ 16,091	\$ 7,311	\$ 21,844	\$ 14,533

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (CONTINUED)**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	SPECIAL RESERVE OTHER THAN CAPITAL PROJECTS			TOTAL		
	Budget	Actual	Variance- Favorable (Unfav)	Budget	Actual	Variance- Favorable (Unfav)
<b>REVENUES</b>						
Federal Revenue	\$ -	\$ -	\$ -	\$ 18,500	\$ 18,340	\$ (160)
Other State Revenue	-	-	-	5,200	171,814	166,614
Other Local	-	45	45	51,600	86,327	34,727
Total Revenue	-	45	45	75,300	276,481	201,181
<b>EXPENDITURES</b>						
Classified Salaries	-	-	-	39,361	36,449	2,912
Employee Benefits	-	-	-	4,106	3,688	418
Books and Supplies	-	-	-	47,989	47,987	2
Services and Other	-	-	-	6,646	6,245	401
Operating Expenditures	-	-	-	25,000	9,684	15,316
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	123,102	104,053	19,049
Excess Revenues Over (Under) Expenditures	-	45	45	(47,802)	172,428	220,230
Other Financing Sources (Uses)						
Operating Transfers In	-	811	811	3,349	6,328	2,979
Operating Transfers (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	811	811	3,349	6,328	2,979
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	856	856	(44,453)	178,756	223,209
Fund Balances - Beginning	5,000	5,000	-	110,808	110,808	-
Fund Balances - Ending	\$ 5,000	\$ 5,856	\$ 856	\$ 66,355	\$ 289,564	\$ 223,209

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL CAPITAL PROJECTS FUNDS  
JUNE 30, 2002**

	Capital Facilities	State School Building	TOTAL June 30, 2002	TOTAL MEMORANDUM ONLY June 30, 2001
<b>ASSETS</b>				
Cash in County Treasury	\$ 369,144	\$ 538	\$ 369,682	\$ 371,954
Accounts Receivable				
Other	2,716	4	2,720	5,114
Due From Other Funds	-	-	-	-
	<u>371,860</u>	<u>542</u>	<u>372,402</u>	<u>377,068</u>
<b>TOTAL ASSETS</b>				
 <b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts Payable	7,924	-	7,924	-
Due To Other Funds	-	-	-	-
	<u>7,924</u>	<u>-</u>	<u>7,924</u>	<u>-</u>
<b>Total Liabilities</b>				
<b>Fund Equity</b>				
Fund Balance				
Designated	-	-	-	-
Undesignated	363,936	542	364,478	377,068
	<u>363,936</u>	<u>542</u>	<u>364,478</u>	<u>377,068</u>
<b>Total Fund Equity</b>				
	<u>363,936</u>	<u>542</u>	<u>364,478</u>	<u>377,068</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 371,860</u>	<u>\$ 542</u>	<u>\$ 372,402</u>	<u>\$ 377,068</u>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Capital Facilities</u>	<u>State School Building</u>	<u>TOTAL June 30, 2002</u>	<u>TOTAL MEMORANDUM ONLY June 30, 2001</u>
<b>REVENUES</b>				
Other Local Revenue	<u>\$ 41,970</u>	<u>\$ 20</u>	<u>\$ 41,990</u>	<u>\$ 75,326</u>
Total Revenues	<u>41,970</u>	<u>20</u>	<u>41,990</u>	<u>75,326</u>
<b>EXPENDITURES</b>				
Services and Other Operating Expenditures	54,580	-	54,580	48,666
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,728</u>
Total Expenditures	<u>54,580</u>	<u>-</u>	<u>54,580</u>	<u>53,394</u>
Excess Revenues Over (Under) Expenditures	<u>(12,610)</u>	<u>20</u>	<u>(12,590)</u>	<u>21,932</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out )	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(12,610)	20	(12,590)	21,932
Fund Balances - Beginning	<u>376,546</u>	<u>522</u>	<u>377,068</u>	<u>355,136</u>
Fund Balances - Ending	<u>\$ 363,936</u>	<u>\$ 542</u>	<u>\$ 364,478</u>	<u>\$ 377,068</u>

The notes to the financial statements are an integral part of this statement.



**DEHESA SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

REVENUES	CAPITAL FACILITIES			STATE SCHOOL BUILDING			TOTAL		
	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)	Budget	Actual	Variance-Favorable (Unfav)
Other Local Revenue	\$ 45,000	\$ 41,970	\$ (3,030)	\$ 10	\$ 20	\$ 10	\$ 45,010	\$ 41,990	\$ (3,020)
Total Revenues	45,000	41,970	(3,030)	10	20	10	45,010	41,990	(3,020)
EXPENDITURES									
Services and Other Operating Expenditures	54,581	54,580	1	-	-	-	54,581	54,580	1
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	54,581	54,580	1	-	-	-	54,581	54,580	1
Excess Revenues Over (Under) Expenditures	(9,581)	(12,610)	(3,029)	10	20	10	(9,571)	(12,590)	(3,019)
Other Financing Sources (Uses)									
Operating Transfers In	-	-	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(9,581)	(12,610)	(3,029)	10	20	10	(9,571)	(12,590)	(3,019)
Fund Balances - Beginning	376,546	376,546	-	522	522	-	377,068	377,068	-
Fund Balances - Ending	\$ 366,965	\$ 363,936	\$ (3,029)	\$ 532	\$ 542	\$ 10	\$ 367,497	\$ 364,478	\$ (3,019)

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL TRUST AND AGENCY FUNDS  
JUNE 30, 2002**

	<u>TRUST FUND RETIREE RETIREMENT FUND</u>	<u>AGENCY FUNDS STUDENT BODY</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash in Banks	\$ 2,980	\$ 14,349	\$ 17,329
Accounts Receivable	<u>—</u>	<u>—</u>	<u>—</u>
<b>TOTAL ASSETS</b>	<u><u>2,980</u></u>	<u><u>14,349</u></u>	<u><u>17,329</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	—	—	—
Due To Student Groups	<u>—</u>	<u>14,349</u>	<u>14,349</u>
<b>Total Liabilities</b>	<u>—</u>	<u>14,349</u>	<u>14,349</u>
 <b>Fund Equity</b>			
Fund Balance	<u>2,980</u>	<u>—</u>	<u>2,980</u>
<b>Total Fund Equity</b>	<u>2,980</u>	<u>—</u>	<u>2,980</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 2,980</u></u>	<u><u>\$ 14,349</u></u>	<u><u>\$ 17,329</u></u>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS--STUDENT BODY  
 JUNE 30, 2002**

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
<b>ASSETS</b>				
Cash in Banks	\$ 11,199	\$ 12,979	\$ 9,829	\$ 14,349
Accounts Receivable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>TOTAL ASSETS</b>	<u><u>11,199</u></u>	<u><u>12,979</u></u>	<u><u>9,829</u></u>	<u><u>14,349</u></u>
<b>LIABILITIES</b>				
Accounts Payable	—	—	—	—
Due To Student Groups	<u>11,199</u>	<u>12,979</u>	<u>9,829</u>	<u>14,349</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 11,199</u></u>	<u><u>\$ 12,979</u></u>	<u><u>\$ 9,829</u></u>	<u><u>\$ 14,349</u></u>

The notes to the financial statements are an integral part of this statement.

**DEHESA SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION SECTION**

**JUNE 30, 2002**

**DEHESA SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2002**

The Dehesa School District (the 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 current year. The District is currently operating one elementary school, and sponsors one charter school.

The Board of Trustees for the fiscal year ended June 30, 2002, was composed of the following members:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Denise C. Hujing	President	November, 2002
Jeff F. Royal, Sr.	Vice President	November, 2004
Janis D. Green	Clerk	November, 2004
Charles T. Huskey	Member	November, 2002
Daniel S. Green	Member	November, 2002

District Superintendent/Principal

Barbara P. Rohrer

See the accompanying notes to supplementary information.

**DEHESA SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary		
Kindergarten	32.86	35.99
First through Third	66.05	66.97
Fourth through Sixth	<u>71.35</u>	<u>71.43</u>
TOTAL	<u>170.26</u>	<u>174.39</u>

	<u>Hours of Attendance</u>
Summer School	2,109

See the accompanying notes to supplementary information.

**DEHESA SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Grade Level</u>	<u>1986-87 Minutes Requirements</u>	<u>1982-83 Actual Minutes</u>	<u>2001-2002 Actual Minutes</u>	<u>Number of Days Traditional Calendar*</u>	<u>Status</u>
Kindergarten	36,000	34,905	38,554	181	In Compliance
Grades 1 through 3	50,400	47,505	57,471	181	In Compliance
Grades 4 through 8	54,000	55,245	57,471	181	In Compliance
Grades 9 through 12	N/A	N/A	N/A	N/A	N/A

\* Multitrack Calendar is not applicable

See the accompanying notes to supplementary information.

**DEHESA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ PASS-THROUGH	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Federal Programs:			
U.S. Department of Education:			
Passed through California Department of Education (CDE):			
Eisenhower Math	84.165	13207	\$ 1,207
Federal Class Size Reduction	84.298	13073	2,311
Maintenance and Operations	84.041	N/A	58,724
IASA Title I	84.010	13797	12,592
IASA Title VI	84.151	13340	3,889
Drug Free School	84.186	13453	699
Individual Disability PL94-142	84.027	13379	15,724
IDEA Personnel Development	84.027	13310	<u>43</u>
Total U.S. Department of Education			<u>95,189</u>
U.S. Department of Agriculture:			
Passed through CDE:			
National School Breakfast	10.553	13157	2,605
National School Lunch	10.555	13755	<u>15,735</u>
Total U.S. Department of Agriculture			<u>18,340</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 113,529</u></u>

See the accompanying notes to supplementary information.



**DEHESA SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL UNAUDITED ACTUAL FINANCIAL  
REPORT (FORM CA) WITH AUDITED FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

There were no adjustments or reclassifications made, to the June 30, 2002 Annual Unaudited Actual Financial Report (Form CA) fund balances, to arrive at the June 30, 2002 fund balances of the audited financial statements.

See the accompanying notes to supplementary information.

**DEHESA SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>General Fund</u>	<u>(Budget) 2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues and Other Financial Sources	\$ 1,262,187	\$ 1,600,590	\$ 1,382,120	\$ 1,205,171
Expenditures	1,314,504	1,456,508	1,222,327	1,195,097
Other Uses and Transfers Out	5,517	6,328	13,523	3,349
Total Outgo	1,320,021	1,462,836	1,235,850	1,198,446
Change in Fund Balance	(57,834)	137,754	146,270	6,725
Ending Fund Balance	\$ 356,294	\$ 414,128	\$ 276,374	\$ 130,104
Available Reserves	\$ 261,236	\$ 326,308	\$ 218,760	\$ 109,804
Available Reserves as a Percentage of Total Outgo	20.00%	22.31%	17.71%	9.16%
Total Long-Term Debt	\$ 22,435	\$ 22,435	\$ 21,783	\$ 28,829
Average Daily Attendance at P-2	175	170	169	175

The General Fund balance has increased by \$290,748 (235.66%) over the past three years. The fiscal year 2002-2003 budget projects a decrease of \$57,834 (-13.97%). For a District this size, the State recommends available reserves of at least \$50,000 or 5 percent of total General Fund expenditures, transfers out, and other uses.

The Long-Term Debt has decreased by \$16,913 in the last 3 years.

Average daily attendance has decreased by 10 ADA over the past three years. The District anticipates an increase of 5 ADA for the year 2002-2003.

See the accompanying notes to supplementary information.

**DEHESA SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2002**

**NOTE 1 - PURPOSE OF TABLES**

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

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 instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

D. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

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 Unaudited Actual Financial Report (Form CA) with Audited Financial Statements.

E. Schedule of Financial Trends and Analysis

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.

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

The District does not offer an early retirement incentive program as of June 30, 2002.

**DEHESA SCHOOL DISTRICT**  
**OTHER INDEPENDENT AUDITORS' REPORTS SECTION**  
**JUNE 30, 2002**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING 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 general-purpose financial statements of the Dehesa School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 3, 2002. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Page 2**

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Hasaka, Nagel & Company*

San Diego, California  
December 3, 2002

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Trustees  
 Dehesa School District  
 El Cajon, California

We have audited the general-purpose financial statements of the Dehesa School District, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 3, 2002. 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 Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies*. 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 Controller's Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	4	Yes
Kindergarten Enrollment	4	Yes
Independent Study	13	No (see below)

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

**Page 2**

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Continuation Education	13	Not Applicable
Adult Education	8	Not Applicable
Regional Occupational Center/Programs	5	Not Applicable
Staff Development Days	3	Yes
County Office of Education Programs	9	Not Applicable
Incentive for Longer Instructional Day:		
School Districts	3	Yes
County Offices of Education	3	Not Applicable
GANN Limit Calculation	2	Yes
Early Retirement Incentive Program	5	Yes
Community Day Schools	8	Not Applicable
Class Size Reduction Program:		
Option One Classes	11	Yes
Option Two Classes	10	Not Applicable
Option One and Two Classes	16	Not Applicable
Reduce Class Size in Two Courses in Grade 9	8	Not Applicable
Instructional Materials Fund	8	Yes
State Instructional Materials		
K-8	10	
9-12	7	
Schiff-Bustamante Standards-Based Instructional Materials	9	Yes
Digital High School Ed Tech Grant Program	5	Not Applicable
California Public Schools Library Act of 1998	4	Yes
Office of Criminal Justice Planning	-	Not Applicable

We did not perform testing for independent study because the independent study ADA was under the level that requires testing.

Based on our audit, we found that, for the items tested, the 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.

*Hosaka, Nagel & Company*

San Diego, California  
December 3, 2002



**DEHESA SCHOOL DISTRICT**  
**FINDINGS AND RECOMMENDATIONS SECTION**  
**JUNE 30, 2002**

**DEHESA SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2002**

**Section I -- Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:  
 Material weakness(es) identified?            Yes   X   No  
 Reporting condition(s) identified not considered  
 to be material weaknesses?            Yes   X   None reported

Noncompliance material to financial statements noted?            Yes   X   No

*Federal Awards*

Internal control over major programs:  
 Material weakness(es) identified?            Yes   X   No  
 Reporting condition(s) identified not considered  
 to be material weaknesses?            Yes   X   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 Circular A-133,  
 Section .510(a)            Yes   X   No

Identification of major programs

CFDA Number

Name of Federal Program

The District did not have any major programs

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

Auditee qualified as low-risk auditee?   X   Yes            No

**DEHESA SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2002**

*State Awards*

Internal control over state programs:

Material weakness(es) identified? \_\_\_\_\_

Yes   X   No

Reporting condition(s) identified not considered  
to be material weaknesses? \_\_\_\_\_

Yes   X   None reported

Type of auditors' report issued on compliance for  
state programs: \_\_\_\_\_

Unqualified

**Section II -- Financial Statement Findings**

No matters were reported.

**Section III -- Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV -- State Award Findings and Questioned Costs**

No matters were reported.

**DEHESA SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2002**

<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
NONE	N/A	N/A