

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

**AUDIT REPORT**

**JUNE 30, 2011**

**WILKINSON HADLEY KING & CO. LLP  
CPA's and Advisors  
218 W. Douglas Avenue  
El Cajon, California 92020**

## Introductory Section

Dehesa School District  
 Audit Report  
 For The Year Ended June 30, 2011

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Audit Report  
For The Year Ended June 30, 2011

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## Financial Section

**WILKINSON HADLEY KING & CO. LLP**

CPA's and Advisors  
218 W. Douglas Avenue  
El Cajon, California 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, 2011, 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, 2011, 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 October 31, 2011, 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 2010-11*, 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 Radey King & Co., LLP*

El Cajon, California  
October 31, 2011

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

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, 2011. 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 \$2,496,502, a decrease of \$148,064 from prior year.
- Total Revenues were \$2,904,602, and total cost of basic programs was \$3,052,667.
- Excess program costs over revenues totaled \$ 148,065.

### 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, 2011

### 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, 2011

### 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, 2011

#### 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, 2011, were \$2,496,502 (See Table A-1.)

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

	June 30, 2011	June 30, 2010	\$ Change
Current and Other Assets	\$2,081,686	\$1,625,054	\$456,632
Capital assets, Net of Depreciation	\$1,141,758	\$1,182,555	(\$40,797)
<b>Total Assets</b>	<b>\$3,223,444</b>	<b>\$2,807,609</b>	<b>\$415,835</b>
Current Liabilities	\$707,458	\$136,705	\$570,753
General Long-Term Debt	\$19,484	\$26,337	(\$6,853)
<b>Total Liabilities</b>	<b>\$726,942</b>	<b>\$163,042</b>	<b>\$563,900</b>
Net assets:			
Invested in capital assets	\$1,141,758	\$1,182,555	(\$40,797)
Restricted	\$675,957	\$615,696	\$60,261
Unrestricted	\$678,787	\$846,316	(\$167,529)
<b>Total Net Assets</b>	<b>\$2,496,502</b>	<b>\$2,644,567</b>	<b>(\$148,065)</b>

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## DEHESA SCHOOL DISTRICT

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

JUNE 30, 2011

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

**Changes in Net Assets.** The District's total revenue were \$2,904,602. (See Table A-2). The total cost of all programs and services was \$3,052,667. Total expenses surpassed revenue by \$148,065.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>\$ Change</u>
Revenues			
Program Revenues			
Charges for Services	\$35,649	\$30,485	\$5,164
Operating Grants and Contributions	\$1,314,623	\$1,245,255	\$69,368
Capital Grants and Contribution	\$0	\$0	\$0
General Revenues			
Revenue Limit Sources	\$1,130,269	\$818,039	\$312,230
Federal and State Revenue	\$251,971	\$225,578	\$26,393
Local Revenue	\$172,090	\$171,660	\$430
Total Revenues	<u>\$2,904,602</u>	<u>\$2,491,017</u>	<u>\$413,585</u>
Expenses			
Instruction	\$1,867,842	\$1,407,838	\$460,004
Instruction-Related Services	\$294,347	\$337,137	(\$42,790)
Pupil Services	\$297,759	\$238,641	\$59,118
General Administration	\$342,130	\$298,922	\$43,208
Plant Service	\$250,589	\$296,205	(\$45,616)
Other Outgo	\$0	\$0	\$0
Total Expenses	<u>\$3,052,667</u>	<u>\$2,578,743</u>	<u>\$473,924</u>
Change in Net Assets	(\$148,065)	(\$87,726)	(\$60,339)

#### 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 \$3,052,667.
- Revenues from users of the District's programs amounted to \$35,649.
- Federal and state Governments subsidized programs contributions was \$251,971.
- Revenue from Revenue Limit sources was \$1,130,269.
- Local and miscellaneous revenues account for \$172,090.
- Net assets decreased by \$148,065.

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# DEHESA SCHOOL DISTRICT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2011

### 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 2010 - 2011 with a total combined, government fund balance of \$1,374,228.

#### 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 \$1,141,758. These investments include Land, Land Improvement, Building Construction and Equipment. Total depreciation expense for the year was \$132,817. Total new assets purchased during the year were \$92,020, which included a small school bus and computer equipment. A pickup truck was disposed of.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>\$ Change</u>
Land	\$3,000	\$3,000	\$0
Buildings	\$2,028,798	\$2,028,798	\$0
Land Improvements	\$9,900	\$9,900	\$0
Equipment	\$647,390	\$566,370	\$81,020
Less: Accumulated Depreciation	(\$1,547,330)	(\$1,425,513)	(\$121,817)
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$1,141,758</b>	<b>\$1,182,555</b>	<b>(\$40,797)</b>

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**DEHESA SCHOOL DISTRICT**

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

**JUNE 30, 2011**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term**

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>\$ Change</u>
Compensated Absences	\$19,484	\$26,337	( <b>\$6,853</b> )
Total Long-Term Debt	\$19,484	\$26,337	( <b>\$6,853</b> )

**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, 2011**

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 1,291,324
Cash on Hand and in Banks	3,291
Cash in Revolving Fund	6,000
Receivables	758,972
Due from Charter School	22,099
Capital Assets:	
Land	3,000
Land Improvements	9,900
Buildings	2,028,798
Equipment	647,390
Less Accumulated Depreciation	(1,547,330)
Total Assets	<u>3,223,444</u>
<b>LIABILITIES:</b>	
Accounts Payable	239,584
Due to Charter School	49,298
Current Loans	396,761
Deferred Revenue	21,815
Long-Term Liabilities:	
Due Within One Year	19,484
Due in More Than One Year	-
Total Liabilities	<u>726,942</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	1,141,758
Restricted for:	
Capital Projects	370,381
Educational Programs	970,730
Other Purposes (Expendable)	7,633
Other Purposes (Nonexpendable)	6,000
Total Net Assets	<u>\$ 2,496,502</u>

The accompanying notes are an integral part of this statement.



**DEHESA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:				Governmental Activities	
Instruction	\$ 1,867,842	\$ -	\$ 934,398	\$ -	\$ (933,444)
Instruction-Related Services:					
Instructional Supervision and Administration	54,943	-	58,372	-	3,429
Instructional Library, Media and Technology	13,637	-	-	-	(13,637)
School Site Administration	225,767	-	44,035	-	(181,732)
Pupil Services:					
Home-to-School Trans- portation	124,614	-	151,632	-	27,018
Food Services	77,058	34,133	44,079	-	1,154
All Other Pupil Services	96,087	-	27,530	-	(68,557)
General Administration:					
Centralized Data Processing	1,317	-	-	-	(1,317)
All Other General Administration	340,813	1,516	54,577	-	(284,720)
Plant Services	250,589	-	-	-	(250,589)
Total Expenses	<u>\$ 3,052,667</u>	<u>\$ 35,649</u>	<u>\$ 1,314,623</u>	<u>\$ -</u>	<u>\$ (1,702,395)</u>
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					695,410
Federal and State Aid Not Restricted to Specific Programs					570,370
Interest and Investment Earnings					8,123
Interagency Revenues					172,090
Miscellaneous					108,337
Total General Revenues					<u>1,554,330</u>
Change in Net Assets					(148,065)
Net Assets Beginning					2,644,567
Net Assets Ending					<u>\$ 2,496,502</u>

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 680,181	\$ 362,942	\$ 248,201	\$ 1,291,324
Cash on Hand and in Banks	291	-	3,000	3,291
Cash in Revolving Fund	6,000	-	-	6,000
Accounts Receivable	753,836	432	4,704	758,972
Due from Other Funds	73,249	-	2,546	75,795
<b>Total Assets</b>	<b>\$ 1,513,557</b>	<b>\$ 363,374</b>	<b>\$ 258,451</b>	<b>\$ 2,135,382</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 237,436	\$ -	\$ 2,148	\$ 239,584
Due to Other Funds	69,392	307	33,295	102,994
Current Loans	396,761	-	-	396,761
Deferred Revenue	21,815	-	-	21,815
<b>Total Liabilities</b>	<b>725,404</b>	<b>307</b>	<b>35,443</b>	<b>761,154</b>
Fund Balance:				
Revolving Cash	6,000	-	-	6,000
Restricted Fund Balances	83,881	-	-	83,881
Committed Fund Balances:				
Committed for Deferred Maintenance	-	-	208,061	208,061
Assigned Fund Balances	-	-	14,947	14,947
Unassigned:				
Reserve for Economic Uncertainty	308,748	-	-	308,748
Other Unassigned	389,524	363,067	-	752,591
<b>Total Fund Balance</b>	<b>788,153</b>	<b>363,067</b>	<b>223,008</b>	<b>1,374,228</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,513,557</b>	<b>\$ 363,374</b>	<b>\$ 258,451</b>	<b>\$ 2,135,382</b>

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, 2011

Total fund balances - governmental funds balance sheet		\$	1,374,228
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:		2,689,088	
Accumulated depreciation:		<u>(1,547,330)</u>	
	Net:		1,141,758
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 governmental activities consist of:			
Compensated absences payable		19,484	<u>(19,484)</u>
Net assets of governmental activities - statement of net assets		\$	<u><u>2,496,502</u></u>

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Revenue Limit Sources:				
State Apportionments	\$ 928,305	\$ -	\$ -	\$ 928,305
Local Sources	114,900	-	-	114,900
Federal Revenue	382,162	-	43,332	425,494
Other State Revenue	281,738	-	2,558	284,296
Other Local Revenue	1,062,889	4,757	83,960	1,151,606
Total Revenues	<u>2,769,994</u>	<u>4,757</u>	<u>129,850</u>	<u>2,904,601</u>
<b>Expenditures:</b>				
Instruction	1,891,843	-	-	1,891,843
Instruction - Related Services	295,802	-	-	295,802
Pupil Services	223,142	-	139,549	362,691
General Administration	208,489	3,474	3,294	215,257
Plant Services	235,218	14,348	3,563	253,129
Total Expenditures	<u>2,854,494</u>	<u>17,822</u>	<u>146,406</u>	<u>3,018,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(84,500)</u>	<u>(13,065)</u>	<u>(16,556)</u>	<u>(114,121)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	24,065	-	-	24,065
Transfers Out	(24,065)	-	-	(24,065)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(84,500)	(13,065)	(16,556)	(114,121)
Fund Balance, July 1	872,653	376,132	239,564	1,488,349
Fund Balance, June 30	<u>\$ 788,153</u>	<u>\$ 363,067</u>	<u>\$ 223,008</u>	<u>\$ 1,374,228</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, 2011

Net change in fund balances - total governmental funds \$ (114,121)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	92,020	
Depreciation expense	(132,817)	
Net:		(40,797)

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:

6,853

Change in net assets of governmental activities - statement of activities \$ (148,065)

The accompanying notes are an integral part of this statement.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

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, 2011**

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.

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.

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.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

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.

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.



**DEHESA SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

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 spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

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

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

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

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

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

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 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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$1,291,324 as of June 30, 2011). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$1,291,324. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**DEHESA SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

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

Cash balances on hand and in banks (\$3,291 as of June 30, 2011) and in the revolving fund (\$6,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

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

b. Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

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.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

5. 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. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets not being depreciated	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Capital assets being depreciated:				
Buildings	2,028,798	-	-	2,028,798
Improvements	9,900	-	-	9,900
Equipment	566,370	92,020	11,000	647,390
Total capital assets being depreciated	<u>2,605,068</u>	<u>92,020</u>	<u>11,000</u>	<u>2,686,088</u>
Less accumulated depreciation for:				
Buildings	(1,128,167)	(73,320)	-	(1,201,487)
Improvements	(9,900)	-	-	(9,900)
Equipment	(287,446)	(59,497)	(11,000)	(335,943)
Total accumulated depreciation	<u>(1,425,513)</u>	<u>(132,817)</u>	<u>(11,000)</u>	<u>(1,547,330)</u>
Total capital assets being depreciated, net	<u>1,179,555</u>	<u>(40,797)</u>	<u>-</u>	<u>1,138,758</u>
Governmental activities capital assets, net	<u>\$ 1,182,555</u>	<u>\$ (40,797)</u>	<u>\$ -</u>	<u>\$ 1,141,758</u>

Depreciation was charged to functions as follows:

General Administration	\$ 132,817
	<u>\$ 132,817</u>

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

**E. Interfund Balances and Activities**

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

Balances due to and due from other funds at June 30, 2011, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
Charter School Fund	General Fund	\$ 49,060
Child Development Fund	General Fund	2,170
Special Reserve Fund	General Fund	2,316
Cafeteria Fund	General Fund	257
General Fund	Charter School Fund	21,980
Cafeteria Fund	Charter School Fund	119
General Fund	Child Development Fund	25,187
General Fund	Cafeteria Fund	8,108
General Fund	Special Reserve Fund	15,589
General Fund	Capital Facilities Fund	307
	Total	<u>\$ 125,093</u>

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

**2. Transfers To and From Other Funds**

Transfers to and from other funds at June 30, 2011, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Special Reserve Fund	\$ 2,316
Special Reserve Fund	General Fund	21,749
	Total	<u>\$ 24,065</u>

**F. Short-Term Debt Activity**

During the year, the District entered into a Cross Year Loan with the San Diego County Office of Education. Interest on the loan will accrue and be payable by the District at the greater of the same interest rate the San Diego Pool is earning or the average overnight repio rate for each month until the entire loan and interest is repaid. At June 30, 2011 the annualized interest rate of the San Diego Pool was .663%.

<u>Description</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Cross Year Loan Program	\$ -	\$ 743,000	\$ 346,239	\$ 396,761

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Compensated absences *	\$ 26,337	\$ -	\$ 6,853	\$ 19,484	\$ 19,484
Total governmental activities	\$ 26,337	\$ -	\$ 6,853	\$ 19,484	\$ 19,484

\* Other long-term liabilities

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2011, as follows:

<u>Year Ending June 30,</u>	
2012	\$ 3,293
2013	3,293
2014	3,293
2015	1,921
Total Minimum Rentals	\$ 11,800

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

I. Joint Ventures (Joint Powers Agreements)

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSR). 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.

**DEHESA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

Combined condensed unaudited financial information of the District's share of the JPA for the year ended June 30, 2011 is as follows:

Total Assets	\$	(55,203)
Total Liabilities		1,579
Total Fund Balance		(53,624)
Total Cash Receipts		17,736
Total Cash Disbursements		9,986
Net Change in Fund Balance		7,750

J. 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 2010-11 was 10.707% 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, 2011, 2010 and 2009 were \$41,195, \$34,842 and \$38,952, respectively, and equal 100% of the required contributions for each year.

STRS:

Plan Description

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

**DEHESA SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

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 2010-11 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, 2011, 2010 and 2009 were \$74,805, \$57,669 and \$69,921, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$39,748.

K. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to 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, 2011**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue Limit Sources:				
State Apportionments	\$ 239,581	\$ 385,600	\$ 928,305	\$ 542,705
Local Sources	684,662	658,530	114,900	(543,630)
Federal Revenue	231,198	411,643	382,162	(29,481)
Other State Revenue	267,985	277,211	281,738	4,527
Other Local Revenue	849,677	1,078,324	1,062,889	(15,435)
Total Revenues	<u>2,273,103</u>	<u>2,811,308</u>	<u>2,769,994</u>	<u>(41,314)</u>
<b>Expenditures:</b>				
Current:				
Certificated Salaries	886,715	945,186	929,862	15,324
Classified Salaries	390,973	467,247	456,673	10,574
Employee Benefits	373,455	344,157	332,906	11,251
Books And Supplies	157,298	155,599	128,429	27,170
Services And Other Operating Expenditures	579,322	940,256	917,898	22,358
Direct Support/Indirect Costs	19,999	36,557	(3,294)	39,851
Capital Outlay	-	92,020	92,020	-
Total Expenditures	<u>2,407,762</u>	<u>2,981,022</u>	<u>2,854,494</u>	<u>126,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(134,659)</u>	<u>(169,714)</u>	<u>(84,500)</u>	<u>85,214</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	24,065	24,065	24,065	-
Transfers Out	<u>(24,065)</u>	<u>(24,065)</u>	<u>(24,065)</u>	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(134,659)</u>	<u>(169,714)</u>	<u>(84,500)</u>	<u>85,214</u>
Fund Balance, July 1	852,653	852,653	872,653	20,000
Fund Balance, June 30	<u>\$ 717,994</u>	<u>\$ 682,939</u>	<u>\$ 788,153</u>	<u>\$ 105,214</u>

## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**DEHESA SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Special Revenue Funds	Capital Projects Fund Capital Outlay Projects	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 240,897	\$ 7,304	\$ 248,201
Cash on Hand and in Banks	3,000	-	3,000
Accounts Receivable	4,694	10	4,704
Due from Other Funds	2,546	-	2,546
<b>Total Assets</b>	<u>\$ 251,137</u>	<u>\$ 7,314</u>	<u>\$ 258,451</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 2,148	\$ -	\$ 2,148
Due to Other Funds	33,295	-	33,295
<b>Total Liabilities</b>	<u>35,443</u>	<u>-</u>	<u>35,443</u>
Fund Balance:			
Assigned Fund Balances	7,633	7,314	14,947
Committed:			
Committed for Deferred Maintenance	208,061	-	208,061
<b>Total Fund Balance</b>	<u>215,694</u>	<u>7,314</u>	<u>223,008</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 251,137</u>	<u>\$ 7,314</u>	<u>\$ 258,451</u>

**DEHESA SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Projects Fund Capital Outlay Projects	Total Nonmajor Governmental Funds (See Exhibit A-6)
<b>Revenues:</b>			
Federal Revenue	\$ 43,332	\$ -	\$ 43,332
Other State Revenue	2,558	-	2,558
Other Local Revenue	83,912	48	83,960
Total Revenues	<u>129,802</u>	<u>48</u>	<u>129,850</u>
<b>Expenditures:</b>			
Pupil Services	139,549	-	139,549
General Administration	3,294	-	3,294
Plant Services	3,563	-	3,563
Total Expenditures	<u>146,406</u>	<u>-</u>	<u>146,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,604)</u>	<u>48</u>	<u>(16,556)</u>
Net Change in Fund Balance	(16,604)	48	(16,556)
Fund Balance, July 1	232,298	7,266	239,564
Fund Balance, June 30	<u>\$ 215,694</u>	<u>\$ 7,314</u>	<u>\$ 223,008</u>

**DEHESA SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 23,385	\$ 9,681	\$ 207,831	\$ 240,897
Cash on Hand and in Banks	2,000	1,000	-	3,000
Accounts Receivable	1,787	2,677	230	4,694
Due from Other Funds	2,170	376	-	2,546
<b>Total Assets</b>	<b>\$ 29,342</b>	<b>\$ 13,734</b>	<b>\$ 208,061</b>	<b>\$ 251,137</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 1,839	\$ 309	\$ -	\$ 2,148
Due to Other Funds	25,187	8,108	-	33,295
<b>Total Liabilities</b>	<b>27,026</b>	<b>8,417</b>	<b>-</b>	<b>35,443</b>
Fund Balance:				
Assigned Fund Balances	2,316	5,317	-	7,633
Committed:				
Committed for Deferred Maintenance	-	-	208,061	208,061
<b>Total Fund Balance</b>	<b>2,316</b>	<b>5,317</b>	<b>208,061</b>	<b>215,694</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,342</b>	<b>\$ 13,734</b>	<b>\$ 208,061</b>	<b>\$ 251,137</b>

**DEHESA SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>Revenues:</b>				
Federal Revenue	\$ -	\$ 43,332	\$ -	\$ 43,332
Other State Revenue	-	2,558	-	2,558
Other Local Revenue	47,142	35,795	975	83,912
Total Revenues	<u>47,142</u>	<u>81,685</u>	<u>975</u>	<u>129,802</u>
<b>Expenditures:</b>				
Pupil Services	65,361	74,188	-	139,549
General Administration	-	3,294	-	3,294
Plant Services	-	-	3,563	3,563
Total Expenditures	<u>65,361</u>	<u>77,482</u>	<u>3,563</u>	<u>146,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,219)</u>	<u>4,203</u>	<u>(2,588)</u>	<u>(16,604)</u>
Net Change in Fund Balance	(18,219)	4,203	(2,588)	(16,604)
Fund Balance, July 1	20,535	1,114	210,649	232,298
Fund Balance, June 30	<u>\$ 2,316</u>	<u>\$ 5,317</u>	<u>\$ 208,061</u>	<u>\$ 215,694</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, 2011

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
Pamela Dillard	Vice President	Four Year Term Expires November 2012
Jeff Royal	Clerk	Four Year Term Expires November 2012
Karl Becker	Member	Four Year Term Expires November 2014
Chuck Huskey	Member	Four Year Term Expires November 2014

Administration

Janet M. Wilson  
 Superintendent/Principal

Max Robinson  
 Interim  
 Business Manager

**DEHESA SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**YEAR ENDED JUNE 30, 2011**

TABLE D-1

	Second Period Report *		Annual Report *	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	33.51	33.51	35.16	35.16
Grades 1 through 3	67.92	67.92	68.31	68.31
Grades 4 through 6	75.75	75.75	75.93	75.93
Grades 7 and 8	16.56	16.56	16.39	16.39
Home and hospital	0.96	0.96	0.94	0.94
Elementary totals	194.70	194.70	196.73	196.73
ADA totals	194.70	194.70	196.73	196.73

\* There were no 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, 2011**

**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>2010-11 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	35,000	59,556	181	-	Complied
Grade 1	47,505	46,185	50,400	49,000	56,841	181	-	Complied
Grade 2	47,505	46,185	50,400	49,000	56,841	181	-	Complied
Grade 3	47,505	46,185	50,400	49,000	56,841	181	-	Complied
Grade 4	55,245	53,710	54,000	52,500	56,841	181	-	Complied
Grade 5	55,245	53,710	54,000	52,500	56,841	181	-	Complied
Grade 6	55,245	53,710	54,000	52,500	62,271	181	-	Complied
Grade 7	N/A	N/A	54,000	52,500	62,271	181	-	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, 2011

**TABLE D-3**

General Fund	(Budget) 2012	2011	2010	2009
Revenues and other financial sources	\$ 2,798,469	\$ 2,788,958	\$ 2,656,238	\$ 2,211,462
Expenditures, other uses and transfers out	2,867,914	2,856,811	2,620,013	2,287,917
Change in fund balance (deficit)	(69,455)	(67,853)	36,225	(76,455)
Ending fund balance	\$ 329,174	\$ 398,629	\$ 466,482	\$ 430,257
Available reserves	\$ 323,174	\$ 392,629	\$ 465,482	\$ 429,257
Available reserves as a percentage of total outgo	11.2%	13.7%	17.8%	18.8%
Total long-term debt	\$ 15,000	\$ 19,484	\$ 26,337	\$ 24,797
Average daily attendance at P-2	215	195	162	155

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 decreased by \$108,083 over the past three years. The fiscal year 2011-12 budget projects a decrease of \$69,455. For a district this size, the state recommends available reserves of at least 1% of general fund expenditures, other uses and transfers out.

Long-term debt has increased by \$6,872 over the past three years.

Average daily attendance (ADA) has increased by 34 over the past three years.

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement #54, the District's Special Reserve Fund (Fund 17) is 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, 2011**

TABLE D-4

	General Fund	Special Reserve Fund
June 30, 2011, annual financial and budget report fund balances	\$ 398,630	\$ 389,523
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB # 54 required inclusion with general fund	389,523	(389,523)
June 30, 2011, audited financial statement fund balances	\$ 788,153	\$ -

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**

CPA's and Advisors

218 W. Douglas Avenue

El Cajon, California 92020

**Independent Auditor's Report**

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, 2011, which collectively comprise the Dehesa School District's basic financial statements and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

*A 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 matters 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 2011-1.

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  
October 31, 2011

**WILKINSON HADLEY KING & CO. LLP**

CPA's and Advisors  
218 W. Douglas Avenue  
El Cajon, California 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, 2011 and have issued our report thereon dated October 31, 2011. 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 2010-11*, published by the Education Audit Appeals Panel, applicable to the District's statutory requirements identified below for the year ended June 30, 2011. 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	8	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
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	4	N/A
Before School	5	N/A
Contemporaneous Records of Attendance, For Charter Schools	1	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	3	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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2010-11*, published by the Education Audit Appeals Panel and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-2.

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  
October 31, 2011

## Findings and Recommendations Section

**DEHESA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**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: \$300,000

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, 2011**

3. State Awards

Internal control over state programs:

One or more material weaknesses identified?             Yes        X   No

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

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

**B. Financial Statement Findings**

Finding 2011-1 (30000)  
Expenditure Documentation

Criteria or Specific Requirement

Determine that controls are in place which allow for the proper recording of revenues and expenditures from the local education agency's funds.

Condition

In our review of disbursement testing we noted that the invoices for nine out of the twenty five expenditures tested were not defaced with a paid stamp after the invoice was paid. The district was also unable to locate supporting documentation for two of the twenty five expenditures tested.

Questioned Costs

None

Recommendation

We recommend that the district implement procedures that require that all invoices are defaced with a paid stamp after the invoice is paid. We also recommend that the district implement procedures to require that all invoices have supporting documentation, including an original copy of the invoice, before payment is made.

LEA's Response

Upon verbal notification of this finding, the district began defacing all invoices with a paid stamp after the invoice has been paid. The district has also implemented procedures to ensure that an original invoice and appropriate supporting documentation is secured prior to payment being made.

**DEHESA SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

Finding 2011-2 (72000)  
School Accountability Report Card

Criteria or Specific Requirement

Obtain a copy of the school district's most recently completed "Facility Inspection Tool" (FIT), School Facility evaluation form, or a local evaluation instrument that meets the same criteria, pursuant to the provisions of Education Code Section 17002. If the FIT was completed prior to the publication of the school's School Accountability Report Card, compare the information contained in the FIT to the information on safety, cleanliness, and adequacy of school contained in the School Accountability Report Card for that school as required by the provisions of subdivision (b)(9) of Education Code Section 33126.

Condition

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 that meets the same criteria. Therefore, we were not able to compare the information reported on the School Accountability Report Card with the Facility Inspection Tool.

Questioned Costs

None

Recommendation

We recommend the district adopt procedures that require that a Facility Inspection Tool be filled out as a basis to provide the information contained in the School Accountability Report Card.

LEA's Response

The district acknowledges the recommendation noted and is moving forward with adopting procedures that require that a Facility Inspection Tool or some other local evaluation instrument be filled out as a basis to provide the information contained in the School Accountability Report Card.



**DEHESA SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings reported in the 2010 audit performed by other auditors.		