

**SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF IMPERIAL
WINTERHAVEN, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2013

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

Introductory Section

San Pasqual Valley Unified School District
Audit Report
For The Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
 FINANCIAL SECTION		
Independent Auditor's Report.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	11	Exhibit A-1
Statement of Activities.....	12	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	13	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	14	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	15	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	16	Exhibit A-6
Statement of Fiduciary Net Position - Fiduciary Funds.....	17	Exhibit A-7
Notes to the Financial Statements	18	
 <u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	30	Exhibit B-1
Schedule of Funding Progress - Health Benefits Plan.....	31	
Notes to Required Supplementary Information.....	32	
 <u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	33	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	34	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	35	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	36	Exhibit C-4
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	38	Exhibit C-5
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Capital Projects Funds.....	39	Exhibit C-6

San Pasqual Valley Unified School District
Audit Report
For The Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Local Education Agency Organization Structure.....	41	
Schedule of Average Daily Attendance.....	42	Table D-1
Schedule of Instructional Time.....	43	Table D-2
Schedule of Financial Trends and Analysis.....	44	Table D-3
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.....	45	Table D-4
Schedule of Charter Schools.....	47	Table D-5
Schedule of Expenditures of Federal Awards	48	Table D-6
Notes to the Schedule of Expenditures of Federal Awards.....	49	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	52	
Independent Auditor's Report on State Compliance.....	55	
Schedule of Findings and Questioned Costs	57	
Summary Schedule of Prior Audit Findings.....	62	

Financial Section

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

Independent Auditor's Report

To the Board of Trustees
San Pasqual Valley Unified School District
Winterhaven, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Pasqual Valley Unified School District ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Pasqual Valley Unified School District as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the financial statements, in 2013, San Pasqual Valley Unified School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress for OPEB benefits identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Pasqual Valley Unified School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013 on our consideration of San Pasqual Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Pasqual Valley Unified School District's internal control over financial reporting and compliance.

Wilkinson Radley King & Co., LLP

El Cajon, California
December 10, 2013

San Pasqual Valley Unified School District
Management's Discussion and Analysis
June 30, 2013
(Unaudited)

This section of San Pasqual Valley Unified School District's (SPVUSD) annual financial report presents management's discussion and analysis of the SPVUSD's financial performance during the year ending June 30, 2013. The management's discussion and analysis is required as an element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. Comparative financial data and statements will reflect prior year information when indicated. The district's financial statements follow this section.

Financial Highlights

- The SPVUSD's assets exceeded liabilities by \$25.5 million.
- Total change in District net position was decreased by \$904,000.
- Total revenues were \$11.85 million.
- The SPVUSD enrollment decreased by 13 students for a total enrollment of 767 students in October 2012 compared to 780 students in October 2011.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SPVUSD's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the SPVUSD's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the assets and liabilities of the SPVUSD, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The statement of activities presents information showing how the net position of the SPVUSD changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The

government-wide financial statements can be found later in this report.

2. Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SPVUSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district are governmental funds except for the Associated Student Body accounts, which are a fiduciary fund.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The SPVUSD maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the special reserve for other than capital projects fund. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement will be provided for the general fund to demonstrate compliance with this budget with the closing of the books at June 30, 2013. The basic governmental fund financial statements can be found later in this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented later in this report. Individual fund statements and schedules can be found in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the SPVUSD, assets exceeded liabilities by \$25.56 million at the close of the most recent fiscal year.

STATEMENT OF NET POSITION 6/30/2013 (In Millions of Dollars)

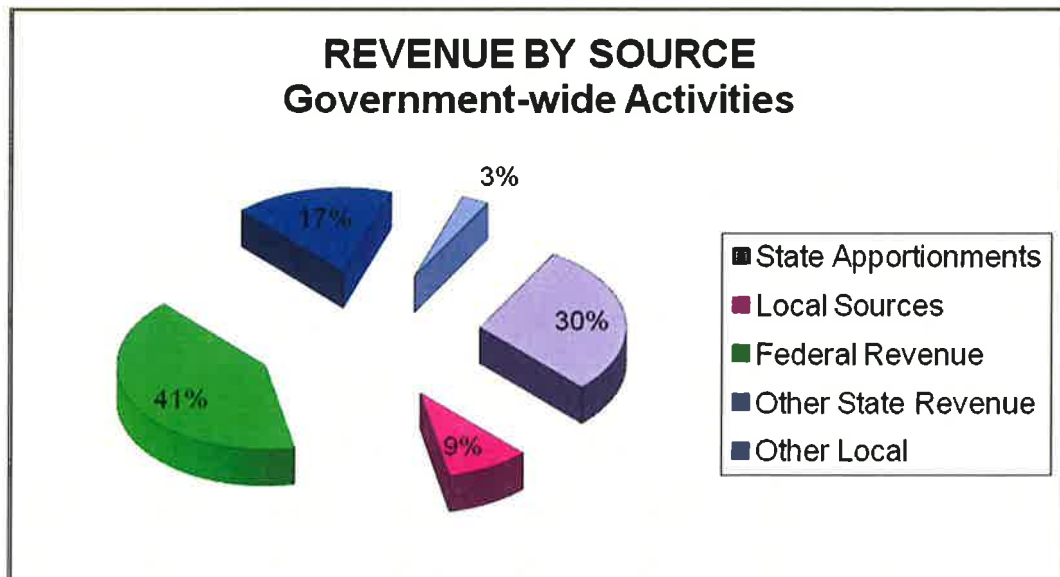
	2011-12	2012-13
ASSETS:		
Cash & Current Assets	9.35	9.02
Capital Assets	17.79	17.37
Total Assets	27.14	26.39
 LIABILITIES:		
Long-term Debt	.31	.29
Other Liabilities	.36	.54
Total Liabilities	.67	.83
 TOTAL NET POSITION	26.47	25.56
 DISTRIBUTION OF NET ASSETS:		
Invested in Capital Assets		
Assets	17.62	17.37
Restricted for Capital Projects	.03	0
Other Restricted	.46	0
Non-restricted	8.36	8.19
TOTAL NET POSITION	26.47	25.56

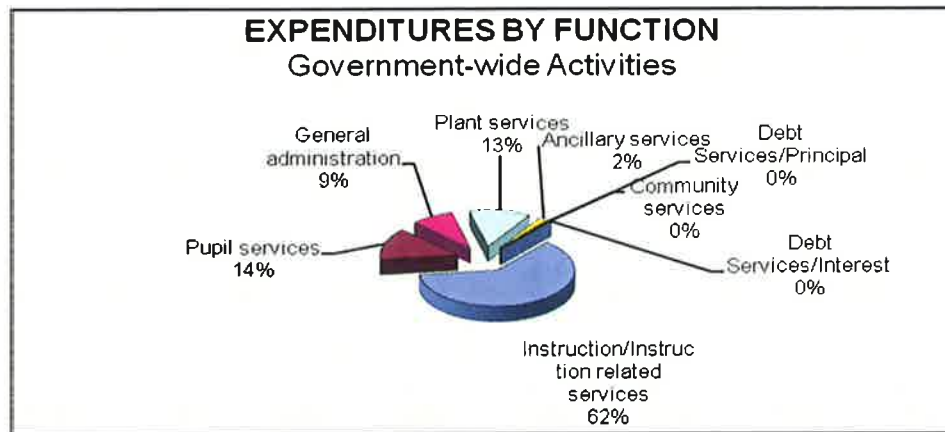
- Sixty Eight percent (68%) of SPVUSD'S net position reflects its investment in capital assets (e.g., land, equipment, buildings and improvements net of accumulated depreciation), less any related debt (bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that is still outstanding. The SPVUSD uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The remaining balance of non-restricted net position may be used to meet the SPVUSD's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the SPVUSD has a positive balance of net position.

Governmental activities. The key elements of the District's net position for the year ended June 30, 2013 are as follows:

REVENUES	2011-12	2012-13
Program Revenues	\$ 2,763,463	\$ 2,487,801
General Revenues	\$ 9,223,178	\$ 9,364,893
Total Revenues	\$ 11,986,641	\$ 11,852,694
EXPENDITURES BY FUNCTION		
Instruction/Instruction related services	\$ 6,890,304	\$ 7,557,357
Pupil services	\$ 1,797,468	\$ 1,730,478
General administration	\$ 1,000,941	\$ 1,086,487
Plant services	\$ 1,268,526	\$ 1,538,880
Ancillary services	\$ 257,534	\$ 214,921
Community services	\$ 6,970	\$ 11,787
Debt Services/Interest	\$ 11,669	\$ 8,828
Depreciation	\$ 349,369	\$ 608,311
Total Expenditures	\$ 11,582,781	\$ 12,757,049
CHANGE IN NET POSITION	\$ 403,860	(904,355)
Net-Assets - Beginning	\$ 26,069,901	\$ 26,471,823
Net-Assets - Ending	\$ 26,473,761	\$ 25,567,468





The largest dollar amount in revenue continues to be from federal and state aid. Federal and state aid is a reflection of funding for specific programs. Revenue Limit apportionment, which is a combination of state aid and property taxes is the largest source of district revenue. ADA is based on average daily attendance (ADA). If a student is in attendance a full 180 days, the state awards the district one ADA. The state guarantees that if local taxes do not provide money equal to the base Revenue Limit guarantee it will make up the difference with state funding. When property taxes grow, the amount of state Revenue Limit apportionment from the state decreased. The value of the base Revenue Limit for the year ended June 30, 2013 for SPVUSD was \$7,119.79 (however, it was deficated by 77.7280%).

**BASE REVENUE LIMIT
FOR UNIFIED DISTRICTS**

	SPVUSD	Statewide Average
2000-2001	\$ 4,851	\$ 4,486
2001-2002	\$ 5,033	\$ 4,660
2002-2003	\$ 5,118	\$ 4,753
2003-2004	\$ 5,206	\$ 4,753
2004-2005	\$ 5,360	\$ 4,983
2005-2006	\$ 5,572	\$ 5,194
2006-2007	\$ 5,947	\$ 5,568
2007-2008	\$ 6,199	\$ 6,150
2008-2009	\$ 6,528	\$ 6,150
2009-2010	\$ 6,789	\$ 6,411
2010-2011	\$ 6,764	\$ 6,386
2011-12	\$ 6,907	\$ 6,535
2012-13	\$ 7,120	\$ 6,752

Financial Analysis of the District's Funds

As noted earlier, the SPVUSD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the SPVUSD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. As SPVUSD completed the year, its net position has a combined balance of \$25.6 million. This is the sixth year the district has compiled these reports. This compares with the 2008-09 net position balance of \$11.7 million. The net change in position is a positive \$13.9 million.

General Fund Budgetary Highlights

The SPVUSD's budget is prepared on the modified accrual basis of accounting according to California law. During the year, the Board revised the SPVUSD's budget. Budget amendments were to reflect changes in programs and related funding.

- Salary and benefits increased due to contract settlements with both certificated and classified staff. The increases also have corresponding increases with the associated statutory benefits.
- The district made several budget adjustments during the year to offset the projected revenue and ADA figures.

Capital Asset and Debt Administration

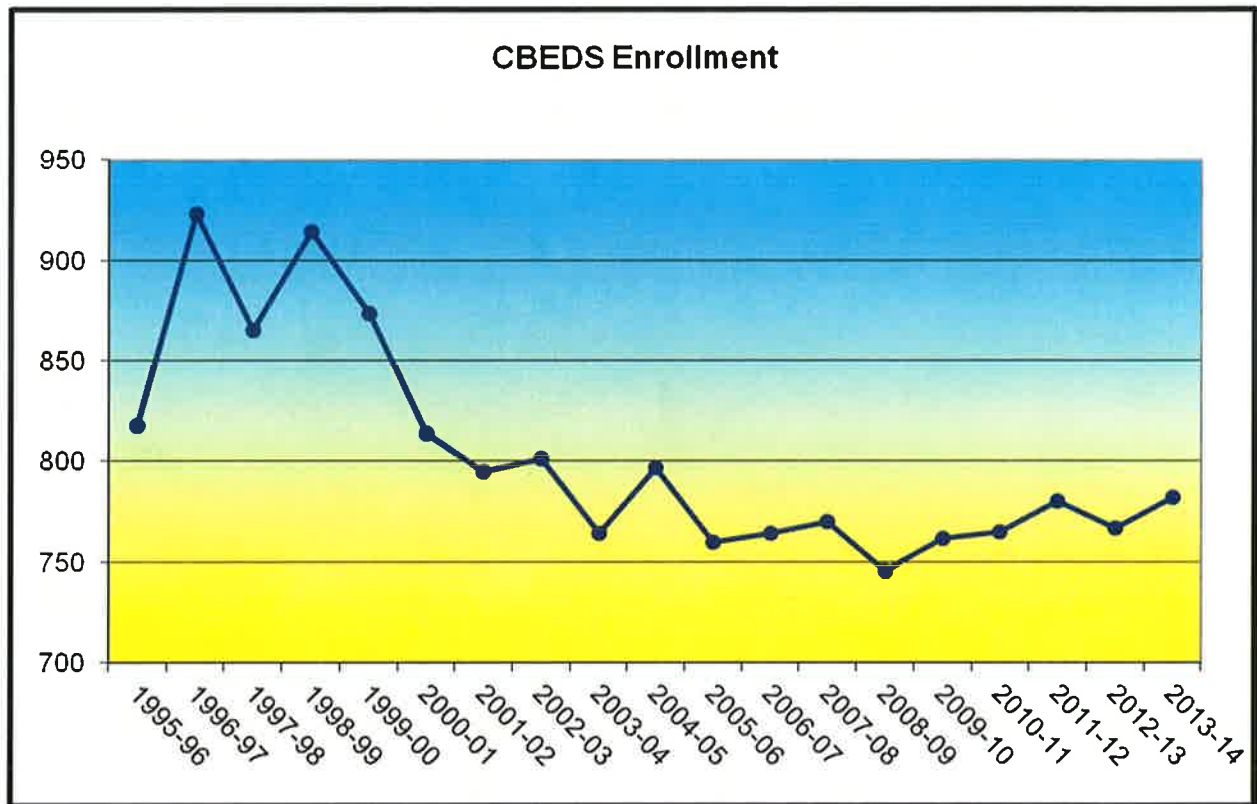
Capital Assets. The Board of Trustees adopted a minimum of \$5,000 as the threshold for recognition of capital assets for GASB34 reporting. The District previously contracted with American Appraisal Services to conduct the District's capital asset inventory and valuation. Those results, net of depreciation are contained in this report, updated as of June 30, 2013.

Additional information on the district's capital assets can be found in the basic financial statements.

Debt Administration. The District paid principal and interest on the lease purchase debt which provides one classroom to house Community Day School students.

Changing Enrollment within the District

The SPVUSD enrollment decreased by 13 students in 2012-13. Efforts have been made to improve student attendance and sustain enrollment and in October 2013 enrollment increased by 15 to 782.



Requests for Information

This financial report is designed to provide a general overview of the San Pasqual Valley Unified School District's finances for all those with an interest in the summary financial information of this District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent, Business Services, San Pasqual Valley Unified School District, 676 Baseline Road, Winterhaven, CA 92283.

Basic Financial Statements

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
ASSETS:	
Cash	\$ 7,635,905
Accounts Receivable	1,372,990
Stores Inventories	12,118
Capital Assets:	
Land	66,865
Improvements	1,661,963
Buildings	18,843,451
Equipment	2,907,240
Less Accumulated Depreciation	(6,109,278)
Total Assets	<u>26,391,254</u>
LIABILITIES:	
Accounts Payable	535,847
Deferred Revenues	2,043
Long-Term Liabilities	
Due Within One Year	68,468
Due In More Than One Year	217,428
Total Liabilities	<u>823,786</u>
NET POSITION:	
Net Investment in Capital Assets	17,370,241
Restricted For:	
Capital Projects	-
Educational Programs	-
Other Purposes (Expendable)	-
Other Purposes (Nonexpendable)	-
Unrestricted	8,197,227
Total Net Position	<u>\$ 25,567,468</u>

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 6,439,279	\$ 29,057	\$ 1,013,680	\$ 672	\$ (5,395,870)
Instruction-Related Services:					
Instructional Supervision					
and Administration	183,914	-	105,516	-	(78,398)
Instructional Library, Media					
and Technology	84,753	-	82,320	-	(2,433)
School Site Administration	849,411	-	16,849	-	(832,562)
Pupil Services:					
Home-to-School Trans-					
portation	684,842	-	490,523	-	(194,319)
Food Services	591,702	5,439	527,656	-	(58,607)
All Other Pupil Services	453,934	-	71,623	-	(382,311)
General Administration:					
Centralized Data Processing	41,038	-	-	-	(41,038)
All Other General					
Administration	1,045,449	3,777	82,731	-	(958,941)
Plant Services	1,538,880	20,248	4,997	-	(1,513,635)
Ancillary Services	214,921	-	-	-	(214,921)
Community Services	11,787	-	3,587	-	(8,200)
Interest on Long-Term Debt	8,828	-	-	-	(8,828)
Other Outgo	-	26,814	2,312	-	29,126
Depreciation (Unallocated)*	608,311	-	-	-	(608,311)
Total Expenses	\$ 12,757,049	\$ 85,335	\$ 2,401,794	\$ 672	\$ (10,269,248)
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					
					1,064,904
Federal and State Aid Not Restricted to Specific Programs					
					8,159,398
Interest and Investment Earnings					
					44,244
Interagency Revenues					
					19,926
Miscellaneous					
					76,421
Total General Revenues					9,364,893
Change in Net Position					(904,355)
Net Position Beginning					26,471,823
Net Position Ending					\$ 25,567,468

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	\$ 7,316,607	\$ 316,797	\$ 7,633,404
Cash in Revolving Fund	2,500	-	2,500
Accounts Receivable	1,303,087	69,904	1,372,991
Due from Other Funds	488	-	488
Stores Inventories	-	12,118	12,118
Total Assets	<u>8,622,682</u>	<u>398,819</u>	<u>9,021,501</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 524,145	\$ 11,703	\$ 535,848
Due to Other Funds	-	488	488
Unearned Revenue	2,043	-	2,043
Total Liabilities	<u>526,188</u>	<u>12,191</u>	<u>538,379</u>
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	2,500	-	2,500
Stores Inventories	-	12,118	12,118
Restricted Fund Balances	46,096	28,640	74,736
Committed Fund Balances	-	432	432
Assigned Fund Balances	2,649,038	345,438	3,057,316
Unassigned:			
Reserve for Economic Uncertainty	5,398,860	-	5,398,860
Total Fund Balance	<u>8,096,494</u>	<u>386,628</u>	<u>8,483,122</u>
Total Liabilities and Fund Balances	<u>\$ 8,622,682</u>	<u>\$ 398,819</u>	<u>\$ 9,021,501</u>

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances, governmental funds	\$ 8,483,122
---	--------------

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

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

Capital assets relating to governmental activities, at historical cost:	23,479,520	
Accumulated depreciation:	(6,109,278)	
	Net	17,370,242

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

Capital leases payable	129,727	
Net OPEB obligation	128,795	
Compensated absences payable	27,374	
	Total	(285,896)

Total net position of governmental activities	\$ <u>25,567,468</u>
---	----------------------

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Revenue Limit Sources:			
State Apportionments	\$ 3,474,597	\$ -	\$ 3,474,597
Local Sources	1,083,985	-	1,083,985
Federal Revenue	4,405,046	478,611	4,883,657
Other State Revenue	1,931,912	113,885	2,045,797
Other Local Revenue	326,899	37,760	364,659
Total Revenues	<u>11,222,439</u>	<u>630,256</u>	<u>11,852,695</u>
Expenditures:			
Instruction	6,374,646	91,049	6,465,695
Instruction - Related Services	1,118,078	-	1,118,078
Pupil Services	1,168,661	591,702	1,760,363
Ancillary Services	214,922	-	214,922
Community Services	11,787	-	11,787
General Administration	1,071,885	-	1,071,885
Plant Services	1,637,777	31,709	1,669,486
Debt Service:			
Principal	39,039	-	39,039
Interest	8,828	-	8,828
Total Expenditures	<u>11,645,623</u>	<u>714,460</u>	<u>12,360,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(423,184)</u>	<u>(84,204)</u>	<u>(507,388)</u>
Other Financing Sources (Uses):			
Transfers In	90,222	50,000	140,222
Transfers Out	(103,875)	(36,347)	(140,222)
Total Other Financing Sources (Uses)	<u>(13,653)</u>	<u>13,653</u>	<u>-</u>
Net Change in Fund Balance	(436,837)	(70,551)	(507,388)
Fund Balance, July 1	8,533,331	457,179	8,990,510
Fund Balance, June 30	<u>\$ 8,096,494</u>	<u>\$ 386,628</u>	<u>\$ 8,483,122</u>

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total change in fund balances, governmental funds \$ (507,388)

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

Capital Outlay: In governmental funds, the cost 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	186,919	
Depreciation expense	(608,311)	
Net		(421,392)

Debt service: In governmental funds, repayment of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

39,039

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(8,205)

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:

(6,409)

Change in net position of governmental activities \$ (904,355)

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 35,915
Total Assets	<u>35,915</u>
LIABILITIES:	
Due to Student Groups	\$ 35,915
Total Liabilities	<u>35,915</u>
NET POSITION:	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

A. Summary of Significant Accounting Policies

San Pasqual Valley Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds: These funds account for the acquisition and/or construction of all major governmental general fixed assets.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which 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.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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 Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

e. Deferred Revenue

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Imperial bills and collects the taxes for the District.

h. Fund Balance Reserves and Designations

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not 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.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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.

i. Minimum Fund Balance

The District maintains a minimum reserve, within the general fund, an amount not less than the amount required by state law. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount 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.

j. 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.

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) and Fund 20 (Special Reserve Fund for Post Employment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

l. GASB 63 Implementation

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$7,633,405 as of June 30, 2013). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$7,633,405. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks (\$35,915 as of June 30, 2013) and in the revolving fund (\$2,500) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3 Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The Imperial County Investment Pool is rated AAA by Standard & Poors.

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Imperial County Investment Pool with a fair value of \$7,633,405 and a book value of \$7,633,405. The weighted average days to maturity for this investment pool is 370 days.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2013 consist of:

	General Fund	Special Revenue Funds	Capital Projects Funds	Other Funds	Total
Federal Government:					
Federal Programs	\$ 276,851	\$ 69,589	\$ -	\$ -	\$ 346,440
State Government:					
Revenue Limit	811,305	-	-	-	811,305
Lottery	59,321	-	-	-	59,321
Other State Programs	142,818	-	-	-	142,818
Local Sources:					
Interest	8,883	273	42	-	9,198
Other local sources	3,909	-	-	-	3,909
Total	<u>\$ 1,303,087</u>	<u>\$ 69,862</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 1,372,991</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 66,865	\$ -	\$ -	\$ 66,865
Work in progress	11,112,777	-	11,112,777	-
Total capital assets not being depreciated	11,179,642	-	11,112,777	66,865
Capital assets being depreciated:				
Buildings	7,611,780	11,231,671	-	18,843,451
Improvements	1,661,963	-	-	1,661,963
Equipment	2,839,215	68,025	-	2,907,240
Total capital assets being depreciated	12,112,958	11,299,696	-	23,412,654
Less accumulated depreciation for:				
Buildings	(3,042,667)	(354,560)	-	(3,397,227)
Improvements	(578,159)	(77,778)	-	(655,937)
Equipment	(1,880,141)	(175,973)	-	(2,056,114)
Total accumulated depreciation	(5,500,967)	(608,311)	-	(6,109,278)
Total capital assets being depreciated, net	6,611,991	10,691,385	-	17,303,376
Governmental activities capital assets, net	\$ 17,791,633	\$ 10,691,385	\$ 11,112,777	\$ 17,370,241

Depreciation was charged to functions as follows:

Unallocated	\$ 608,311
	<u>\$ 608,311</u>

F. Accounts Payable

Accounts payable balances as of June 30, 2013 consist of:

	General Fund	Special Revenue Funds	Capital Projects Funds	Other Funds	Total
Accounts Payable:					
Vendor payables	\$ 516,498	\$ 11,248	\$ -	\$ -	\$ 527,746
Payroll and benefits	7,647	455	-	-	8,102
Total	<u>\$ 524,145</u>	<u>\$ 11,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,848</u>

G. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Child Development Fund	\$ 488	PERS reduction
	Total	<u>\$ 488</u>	

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

2. Transfers To and From Other Funds

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

Transfers To	Transfers From	Amount	Purpose
General Fund	Adult Education Fund	\$ 36,347	To close bank account
Cafeteria Fund	General Fund	50,000	Cash flow
Special Reserve Fund	General Fund	53,875	OPEB contribution
	Total	<u>\$ 140,222</u>	

H. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Capital leases	\$ 168,765	\$ -	\$ 39,038	\$ 129,727	\$ 41,094
Net OPEB Obligation	120,591	8,204	-	128,795	-
Compensated absences *	20,976	6,398	-	27,374	27,374
Total governmental activities	<u>\$ 310,332</u>	<u>\$ 14,602</u>	<u>\$ 39,038</u>	<u>\$ 285,896</u>	<u>\$ 68,468</u>

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 68,468	\$ 6,774	\$ 75,242
2015	43,329	4,538	47,867
2016	45,304	2,320	47,624
Totals	<u>\$ 157,101</u>	<u>\$ 13,632</u>	<u>\$ 170,733</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2013 as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 41,094	\$ 6,774	\$ 47,868
2015	43,329	4,538	47,867
2016	45,304	2,320	47,624
Totals	<u>\$ 129,727</u>	<u>\$ 13,632</u>	<u>\$ 143,359</u>

J. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreements (JPA's) entities, the Imperial Valley Property and Liability (IVPL) and the Self Insurance Program of Imperial County (SIPIC). The relationship between the District and the JPA's is such that the JPA's are not considered component units of the District for financial reporting purposes.

The JPA's arrange for and provide workers' compensation, health, and property and liability insurance for its members. The JPA's are each governed by a board consisting of a representative from each member entity. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member entities beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed financial information of the JPA's for the fiscal year ended June 30, 2013 is not available.

K. Employee Retirement Systems

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

PERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-13 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$268,805, \$235,933 and \$243,989, respectively, and equal 100% of the required contributions for each year.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

STRS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$347,816, \$344,499 and \$340,282, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$229,072.

L. Postemployment Benefits Other Than Pension Benefits

The District provides retiree health benefits up to age 65 for 7 retirees as well as 61 active employees. Eligible employees are certificated or administrative employees who have attained age 55 but not yet attained age 65, have completed 10 or more years of continuous, full time service with the District under CalSTRS. Eligible employees will receive 100% of combined costs of medical/prescription drug and dental insurance until age 65.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefits (OPEB) costs (expense) is based on the annual required contribution of the employer (ARC). The District's expense is comprised of the present value of benefits accruing in the current year (normal cost) plus a 30 year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution	\$	144,045
Interest adjustment		4,824
Amortization adjustment		(6,974)
Net OPEB cost		141,895
Contributions made and implicit subsidy		(133,691)
Increase in OPEB obligation		8,204
Net OPEB obligation - beginning of year		120,591
Net OPEB obligation - end of year	\$	128,795

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 141,895	94.2%	\$ 128,795

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

M. Alternative Pension Plans

All current employees are eligible to participate in a 403 (b) plan and 457 (b) plan under the County Schools FBC Deferred Compensation Program upon date of hire. Voluntary contributions made by the employee vest immediately. The District does not contribute to these plans and does not match any employee voluntary contributions.

N. Commitments and Contingencies

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

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.

O. Subsequent Events

Effective for the fiscal year beginning July 1, 2013 the District is implementing GASB Statement Number 65, Items Previously Reported as Assets and Liabilities. The purpose of this pronouncement is to improve financial reporting by clarifying the appropriate use of the financial statement elements of deferred inflows and outflows of resources to ensure consistency in financial reporting. With implementation of this pronouncement, the District will recognize certain items previously reported as assets or liabilities as outflows of resources or inflows of resources.

P. Construction Commitments

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

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.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 3,167,908	\$ 3,433,027	\$ 3,474,597	\$ 41,570
Local Sources	1,066,528	1,125,555	1,083,985	(41,570)
Federal Revenue	4,302,091	4,405,046	4,405,046	-
Other State Revenue	1,999,171	1,931,912	1,931,912	-
Other Local Revenue	274,708	348,686	317,934	(30,752)
Total Revenues	<u>10,810,406</u>	<u>11,244,226</u>	<u>11,213,474</u>	<u>(30,752)</u>
Expenditures:				
Current:				
Certificated Salaries	4,488,499	4,428,011	4,428,011	-
Classified Salaries	2,444,007	2,294,035	2,294,035	-
Employee Benefits	2,142,278	2,150,962	2,150,962	-
Books And Supplies	811,158	1,049,545	1,049,545	-
Services And Other Operating Expenditures	1,320,169	1,517,320	1,517,320	-
Capital Outlay	351,512	157,883	157,883	-
Debt Service:				
Principal	39,039	39,039	39,039	-
Interest	8,828	8,828	8,828	-
Total Expenditures	<u>11,605,490</u>	<u>11,645,623</u>	<u>11,645,623</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(795,084)</u>	<u>(401,397)</u>	<u>(432,149)</u>	<u>(30,752)</u>
Other Financing Sources (Uses):				
Transfers In	-	36,347	36,347	-
Transfers Out	(103,875)	(103,875)	(103,875)	-
Total Other Financing Sources (Uses)	<u>(103,875)</u>	<u>(67,528)</u>	<u>(67,528)</u>	<u>-</u>
Net Change in Fund Balance	<u>(898,959)</u>	<u>(468,925)</u>	<u>(499,677)</u>	<u>(30,752)</u>
Fund Balance, July 1	6,938,208	6,938,208	6,938,208	-
Fund Balance, June 30	<u>\$ 6,039,249</u>	<u>\$ 6,469,283</u>	<u>\$ 6,438,531</u>	<u>\$ (30,752)</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS-HEALTH BENEFITS PLAN

YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/10	\$ -	\$ 815,655	\$ 815,655	-	\$ 6,435,390	12.7%
6/30/11	-	815,655	815,655	-	6,763,536	12.1%
6/30/12	-	815,655	815,655	-	6,652,870	12.3%
6/30/13	-	1,036,962	1,036,962	-	6,903,752	15.0%

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

Budgetary Comparison Schedule - General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

Combining Statements and Budget Comparisons as Supplementary Information

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
ASSETS:			
Cash in County Treasury	\$ 277,786	\$ 39,011	\$ 316,797
Accounts Receivable	69,862	42	69,904
Stores Inventories	12,118	-	12,118
Total Assets	<u>359,766</u>	<u>39,053</u>	<u>398,819</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 11,703	\$ -	\$ 11,703
Due to Other Funds	488	-	488
Total Liabilities	<u>12,191</u>	<u>-</u>	<u>12,191</u>
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	12,118	-	12,118
Restricted Fund Balances	28,640	-	28,640
Committed Fund Balances	432	-	432
Assigned Fund Balances	306,385	39,053	345,438
Total Fund Balance	<u>347,575</u>	<u>39,053</u>	<u>386,628</u>
Total Liabilities and Fund Balances	<u>\$ 359,766</u>	<u>\$ 39,053</u>	<u>\$ 398,819</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-7)
Revenues:			
Federal Revenue	\$ 478,611	\$ -	\$ 478,611
Other State Revenue	113,885	-	113,885
Other Local Revenue	16,712	21,048	37,760
Total Revenues	<u>609,208</u>	<u>21,048</u>	<u>630,256</u>
Expenditures:			
Instruction	91,049	-	91,049
Pupil Services	591,702	-	591,702
Plant Services	21,936	9,773	31,709
Total Expenditures	<u>704,687</u>	<u>9,773</u>	<u>714,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,479)</u>	<u>11,275</u>	<u>(84,204)</u>
Other Financing Sources (Uses):			
Transfers In	50,000	-	50,000
Transfers Out	(36,347)	-	(36,347)
Total Other Financing Sources (Uses)	<u>13,653</u>	<u>-</u>	<u>13,653</u>
Net Change in Fund Balance	(81,826)	11,275	(70,551)
Fund Balance, July 1	429,401	27,778	457,179
Fund Balance, June 30	<u>\$ 347,575</u>	<u>\$ 39,053</u>	<u>\$ 386,628</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 130,185	\$ 147,170	\$ 431	\$ 277,786
Accounts Receivable	164	69,697	1	69,862
Stores Inventories	-	12,118	-	12,118
Total Assets	<u>130,349</u>	<u>228,985</u>	<u>432</u>	<u>359,766</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 6,357	\$ 5,346	\$ -	\$ 11,703
Due to Other Funds	488	-	-	488
Total Liabilities	<u>6,845</u>	<u>5,346</u>	<u>-</u>	<u>12,191</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	12,118	-	12,118
Restricted Fund Balances	-	28,640	-	28,640
Committed Fund Balances	-	-	432	432
Assigned Fund Balances	123,504	182,881	-	306,385
Total Fund Balance	<u>123,504</u>	<u>223,639</u>	<u>432</u>	<u>347,575</u>
Total Liabilities and Fund Balances	<u>\$ 130,349</u>	<u>\$ 228,985</u>	<u>\$ 432</u>	<u>\$ 359,766</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Child Development Fund
Revenues:		
Federal Revenue	\$ -	\$ -
Other State Revenue	-	72,676
Other Local Revenue	138	894
Total Revenues	<u>138</u>	<u>73,570</u>
Expenditures:		
Instruction	-	91,049
Pupil Services	-	-
Plant Services	-	19,263
Total Expenditures	<u>-</u>	<u>110,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>138</u>	<u>(36,742)</u>
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	(36,347)	-
Total Other Financing Sources (Uses)	<u>(36,347)</u>	<u>-</u>
Net Change in Fund Balance	(36,209)	(36,742)
Fund Balance, July 1	36,209	160,246
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 123,504</u>

EXHIBIT C-4

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 478,611	\$ -	\$ 478,611
41,209	-	113,885
15,677	3	16,712
<u>535,497</u>	<u>3</u>	<u>609,208</u>
-	-	-
591,702	-	91,049
2,673	-	591,702
<u>594,375</u>	<u>-</u>	<u>21,936</u>
		<u>704,687</u>
(58,878)	3	(95,479)
50,000	-	50,000
-	-	(36,347)
<u>50,000</u>	<u>-</u>	<u>13,653</u>
(8,878)	3	(81,826)
232,517	429	429,401
<u>\$ 223,639</u>	<u>\$ 432</u>	<u>\$ 347,575</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2013

	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 17	\$ 38,451	\$ 543	\$ 39,011
Accounts Receivable	-	41	1	42
Total Assets	<u>17</u>	<u>38,492</u>	<u>544</u>	<u>39,053</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Assigned Fund Balances	\$ 17	\$ 38,492	\$ 544	\$ 39,053
Total Fund Balance	<u>17</u>	<u>38,492</u>	<u>544</u>	<u>39,053</u>
Total Liabilities and Fund Balances	<u>\$ 17</u>	<u>\$ 38,492</u>	<u>\$ 544</u>	<u>\$ 39,053</u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	Building Fund	Capital Facilities Fund
Revenues:		
Other Local Revenue	\$ 1	\$ 18,042
Total Revenues	<u>1</u>	<u>18,042</u>
Expenditures:		
Plant Services	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1</u>	<u>18,042</u>
Net Change in Fund Balance	1	18,042
Fund Balance, July 1	16	20,450
Fund Balance, June 30	<u>\$ 17</u>	<u>\$ 38,492</u>

EXHIBIT C-6

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 3,001	\$ 4	\$ 21,048
3,001	4	21,048
9,773	-	9,773
9,773	-	9,773
(6,772)	4	11,275
(6,772)	4	11,275
6,772	540	27,778
\$ -	\$ 544	\$ 39,053

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2013

The San Pasqual Valley Unified School District was established in July 1954 and is comprised of an area of approximately 1,189 square miles in Imperial County. There were no changes in the boundaries of the district during the current year. The district is currently operating one elementary, one intermediate, and one high school. The district also maintains a continuation high school and community day school.

Governing Board		
Name	Office	Term and Term Expiration
Bernadine Swift Arrow	President	Four year term Expires December 2016
Monica Montague	Vice President	Four year term Expires December 2013
Ramona DeCorse	Clerk	Four year term Expires December 2016
Vernon Smith	Member	Four year term Expires December 2013
Michael Jack	Member	Four year term Expires December 2016

Administration

David E. Bealer
Superintendent

Kish Curtis
Executive Assistant
to the Superintendent

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

YEAR ENDED JUNE 30, 2013

TABLE D-1

	Second Period Report *		Annual Report *	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	96.69	N/A	75.18	N/A
Grades 1 through 3	160.16	N/A	161.32	N/A
Grades 4 through 6	166.14	N/A	166.38	N/A
Grades 7 and 8	96.54	N/A	94.77	N/A
Community day school	0.11	N/A	0.25	N/A
Special education	20.88	N/A	23.72	N/A
Elementary totals	540.52	N/A	521.62	N/A
High School:				
Grades 9 through 12, regular classes	149.74	N/A	148.73	N/A
Special education	6.34	N/A	3.17	N/A
Continuation education	22.45	N/A	22.49	N/A
Community day school	2.16	N/A	6.03	N/A
High school totals	180.69	N/A	180.42	N/A
ADA totals	721.21	N/A	702.04	N/A

* N/A - There were no audit adjustments to the Second Period or Annual reports of attendance.

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

YEAR ENDED JUNE 30, 2013

TABLE D-2

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	28,000	27,222	36,000	35,000	59,760	180	-	Complied
Grade 1	55,125	53,594	50,400	49,000	59,760	180	-	Complied
Grade 2	55,125	53,594	50,400	49,000	59,760	180	-	Complied
Grade 3	55,125	53,594	50,400	49,000	59,760	180	-	Complied
Grade 4	55,125	53,594	54,000	52,500	59,760	180	-	Complied
Grade 5	55,125	53,594	54,000	52,500	59,760	180	-	Complied
Grade 6	55,125	53,594	54,000	52,500	67,125	180	-	Complied
Grade 7	66,000	64,167	54,000	52,500	67,125	180	-	Complied
Grade 8	66,000	64,167	54,000	52,500	67,125	180	-	Complied
Grade 9	66,000	64,167	64,800	63,000	67,125	180	-	Complied
Grade 10	66,000	64,167	64,800	63,000	67,125	180	-	Complied
Grade 11	66,000	64,167	64,800	63,000	67,125	180	-	Complied
Grade 12	66,000	64,167	64,800	63,000	67,125	180	-	Complied

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

The district has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the district and whether the district complied with the provisions of Education Code Sections 46200 through 46206.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

YEAR ENDED JUNE 30, 2013

TABLE D-3

General Fund	Budget 2014 (See Note 1)	2013	2012	2011
Revenues and other financial sources	\$ 11,106,519	\$ 11,249,821	\$ 11,448,902	\$ 12,030,721
Expenditures, other uses and transfers out	12,392,295	11,749,498	11,338,651	11,141,622
Change in fund balance (deficit)	(1,285,776)	(499,677)	110,251	889,099
Ending fund balance	\$ 5,152,755	\$ 6,438,531	\$ 6,938,208	\$ 6,827,957
Available reserves (Note 2)	\$ 3,038,411	\$ 4,323,935	\$ 6,878,899	\$ 6,794,701
Available reserves as a percentage of total outgo	24.5%	36.8%	60.7%	61.0%
Total long-term debt	\$ 217,428	\$ 285,896	\$ 308,395	\$ 329,122
Average daily attendance at P-2	721	721	717	724

This schedule discloses the district's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the district's ability to continue as a going concern for a reasonable period of time.

The general fund balance has increased by \$530,426 over the past three years. The fiscal year 2013-14 budget projects a decrease of \$1,285,776. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, other uses and transfers out.

Long-term debt has decreased by \$39,580 over the past three years.

Average daily attendance (ADA) has increased by 20 over the past three years.

Notes:

- 1 Budget 2014 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the General Fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET

REPORT WITH AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

	General Fund	Special Reserve Fund Postemployment Benefits
June 30, 2013, annual financial and budget report fund balances	<u>\$ 6,438,531</u>	<u>\$ 583,036</u>
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB # 54 inclusion of special reserve funds with general fund	<u>1,657,963</u>	<u>(583,036)</u>
June 30, 2013, audited financial statement fund balances	<u>\$ 8,096,494</u>	<u>-</u>
	Schedule of Long-Term Liabilities	
June 30, 2013, annual financial and budget report total liabilities	<u>\$ 115,790</u>	
Adjustments and reclassifications:		
Increase (decrease) in total liabilities:		
Net OPEB obligation understatement	41,311	
Capital lease understatement	<u>128,795</u>	
Net adjustments and reclassifications	<u>170,106</u>	
June 30, 2013, audited financial statement total liabilities	<u>\$ 285,896</u>	

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

TABLE D-4

Special Reserve Fund Other Than Capital Outlay Projects
<u>\$ 1,074,927</u>

<u>(1,074,927)</u>
<u><u>\$ -</u></u>

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

YEAR ENDED JUNE 30, 2013

TABLE D-5

No charter schools are chartered by San Pasqual Valley Unified School District.

Charter SchoolsIncluded In
Audit?

None

N/A

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

TABLE D-6

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Impact Aid - P.L. 81.874 *	84.041	-	\$ 3,472,722
Indian Education	84.060	-	74,006
Total Direct Programs			<u>3,546,728</u>
Passed Through State Department of Education:			
Title I *	84.010	14329	449,097
Migrant Education	84.011	14326	52,417
Migrant Education Summer	84.011	10005	24,784
Special Education IDEA Basic *	84.027	13379	216,891
Vocational Education	84.048	14894	9,725
Title VI - Rural and Low Income Schools	84.358	14356	15,840
Title III - LEP	84.365	14346	20,764
Title II - Teacher Quality	84.367	14341	68,800
Total Passed Through State Department of Education			<u>858,318</u>
Total U. S. Department of Education			<u>4,405,046</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	13526	165,079
National School Lunch Section 11 *	10.555	13396	255,384
National School Lunch Section 4 *	10.555	13391	35,076
National School Lunch Meal Supplements *	10.555	23165	1,523
National School Lunch Fresh Fruit & Vegetable Program	10.582	14968	21,546
Total Passed Through State Department of Education			<u>478,608</u>
Total U. S. Department of Agriculture			<u>478,608</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,883,654</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of San Pasqual Valley Unified School 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.

Other Independent Auditor's Reports

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

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
San Pasqual Valley Unified School District
Winterhaven, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Pasqual Valley Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise San Pasqual Valley Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Pasqual Valley Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Pasqual Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Pasqual Valley Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2013-2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Pasqual Valley Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2013-1, 2013-3 and 2013-4.

San Pasqual Valley Unified School District's Response to Findings

San Pasqual Valley Unified School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. San Pasqual Valley Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 13, 2013

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

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
San Pasqual Valley Unified School District
Winterhaven, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited San Pasqual Valley Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of San Pasqual Valley Unified School District's major federal programs for the year ended June 30, 2013. San Pasqual Valley Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Pasqual Valley Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Pasqual Valley Unified School 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 on compliance for each major federal program. However, our audit does not provide a legal determination of San Pasqual Valley Unified School District's compliance.

Basis for Qualified Opinion on Title I Program

As described in item Finding 2013-2 in the accompanying schedule of findings and questioned costs, San Pasqual Valley Unified School District did not comply with requirements regarding Special Tests and Provisions that are applicable to its Title I Program. Compliance with such requirements is necessary, in our opinion, for San Pasqual Valley Unified School District to comply with the requirements applicable to that program.

Qualified Opinion on Title I Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Pasqual Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, San Pasqual Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of San Pasqual Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Pasqual Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Pasqual Valley Unified School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2013-2 to be significant deficiencies.

San Pasqual Valley Unified School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. San Pasqual Valley Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilkinson Harley King & Co., LLP

El Cajon, California
December 13, 2013

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

Independent Auditor's Report on State Compliance

Board of Trustees
San Pasqual Valley Unified School District
Winterhaven, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2013.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	Yes

Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	N/A
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	N/A
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	N/A
Mode of Instruction	1	N/A
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom-Based Instruction	3	N/A
Annual Instructional Minutes - Classroom Based	4	N/A

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

We did not perform testing for Independent Study. The procedure was not required to be performed since the ADA was below the level that requires testing.

Opinion on State Compliance

In our opinion, San Pasqual Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2013-3 and 2013-4.

San Pasqual Valley Unified 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 San Pasqual Valley Unified School District's response and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies* published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Halley King & Co., LLP

El Cajon, California
December 13, 2013

Findings and Recommendations Section

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Special Education
84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

3. State Awards

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

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

B. Financial Statement Findings

Finding Identification

Finding 2013-1(30000)
Associated Student Body Funds

Criteria or Specific Requirement

Determine that controls are in place which allow for the proper recording of revenues and expenditures of student body accounts.

Condition

In our review of student body receipts and disbursements we noted that the cash transmittal form was lacking key elements such as signatures, reconciliations, and approvals on seven of the ten items tested. In addition, supporting documentation was missing or did not agree to the amount deposited on seven of the ten items selected for testing. In our review of expenditure testing we noted that paid invoices were not defaced on four of the ten items tested and there was a complete lack of documentation supporting the expenditure on three of the ten items tested.

Questioned Costs

None

Recommendation

We recommend that the District adopt procedures that require that the cash transmittal form be properly completed, signed, and approved and that the District require that all deposits have proper supporting documentation for all deposits of student body funds. We also recommend that the District adopt policies that require that all disbursements of ASB funds have proper documentation and that all paid invoices be defaced with a stamp.

LEA's Response

The District will meet with the Principals, ASB advisors, and accounting clerks to implement new procedures and requirements for the ASB. These requirements will include that cash transmittal form be completed, signed, and approved. Also no expenditures will be processed without the three required signatures and required documentation. Each of the expenditures will be reviewed by the Principal before it can be processed. Deposits will only be processed with supporting documentation. This will also be reviewed by the Principal and will require the Principal's signature. The ASB advisors and accounting clerks will attend additional training in the spring to assist in meeting the requirements. The District Office Business Services personnel will also be reviewing the ASB accounts and documentation at the end of the month.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Federal Award Findings and Questioned Costs

Finding 2013-2 (50000)

San Pasqual Valley Unified Schoolwide Plan

Federal Program Information

Title I, Part A CFDA #84.010

Federal Grantor

U.S. Department of Education

Pass-Through Grantor

U.S. Department of Education

Compliance Requirement

Special Tests and Provisions-Schoolwide Plan

Criteria or Specific Requirement

Determine that District schools operating a school wide program include three core elements (Section 34 CFR 200.26) which consist of: (1) Comprehensive needs assessment of the entire school; (2) Comprehensive plan based on data from the needs assessment; (3) Annual evaluation of the results achieved by the schoolwide program and revision of the schoolwide plan based on that evaluation. In addition, the schoolwide plan also must include five additional components (Section 34 CFR 200.28) which consist of: (1) Schoolwide reform strategies; (2) Instruction by highly qualified professional staff; (3) Strategies to increase parental involvement; (4) Additional support to students experiencing difficulty; (5) Transition plans for assisting preschool children in the successful transition to the school wide program.

Condition

In our review and testing for the schoolwide program for each school of the San Pasqual Valley Unified School District, we noted that the schoolwide plan had not been updated and revised for the 2012-13 fiscal year and we could not verify that the 2012-13 schoolwide plan was approved by the governing board. As a result, our federal compliance testing was limited in testing the special tests and provisions for the Title I program. We could not confirm that the schoolwide program for each school of the San Pasqual Valley Unified School District I included the three required core elements and five additional components as stated in the aforementioned criteria.

Questioned Costs

\$449,097 which is 100% of the Title I expenditures for the fiscal year 2012-13 due to the scope limitation of federal audit procedures that could not be performed for the Title I program.

Recommendation

Establish procedures to ensure that the schoolwide plan for for each school of the San Pasqual Valley Unified School District be updated and revised on an annual basis and is approved by the governing board prior to the start of each school year. Determine the schoolwide plans meets the federal criteria and includes the required three core elements and five additional components as stated under the federal compliance special tests and provisions for the Title I program.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

LEA's Response

The District and Board of Trustees will establish procedures and a timeline for the schoolwide plan. The plan will be updated and revised in March annually for the following school year. The plan will meet all federal criteria and include the required three core elements and five additional components under the federal compliance special tests and provisions for the Title I program.

D. State Award Findings and Questioned Costs

Finding 2013-3 (10000)

Attendance - Teacher Rosters

Criteria or Specific Requirement

Determine that class attendance rosters are being reviewed, signed and dated in a timely manner as proper verification of pupil attendance based on the guidelines and provisions under Education Code Sections 46000 and 46300.

Condition

In our review of attendance at the middle school we noted that the attendance clerk is printing the attendance rosters for the teachers to verify and sign on a monthly basis. The rosters should be printed and signed on a weekly basis. Based on our review, we determined that there were no questioned costs or loss of attendance as all of the teacher rosters were approved and signed by the teachers prior to the end of the P2 reporting period.

Questioned Costs

None

Recommendation

We recommend that the District implement procedures that require all teacher rosters be printed, verified, and signed on a weekly basis.

LEA's Response

The District has scheduled a meeting with all principals and attendance clerks to improve the attendance process and procedures. Improved systems will be put into place to ensure that attendance clerks are printing rosters and teachers are reviewing and signing them on a regular and timely basis. This system will be monitored by the site administrator.

Finding 2013-4 (72000)

School Accountability Report Card

Criteria or Specific Requirement

Determine that the information included on the School Accountability Report Card (SARC), as stated in subdivision (b) (9) of Education Code Section 33126 is consistent with the information reported on the Facility Inspection Tool (FIT) approved by the District.

Condition

In our review of the supporting documentation used to prepare the SARC, we noted the information included was not in agreement with the information reported on the FIT in regards to the conditions at the middle school.

Questioned Costs

None

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Recommendation

We recommend a procedure be implemented that will ensure the information on the FIT is properly recorded and stated on the SARC.

LEA's Response

The District and site administrator will properly cross check and review the SARC to make sure that it matches the FIT report for the year.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Finding 2012-1 (30000) Associated Student Body Funds</p> <p>In our review of student body fund expenditures we noted that on some of the items selected for testing there were no signatures on the cash accounting sheets indicating who had counted or verified the amount of cash in the deposit. We also noted that some of the invoices tested were paid without an original invoice.</p> <p>We recommended that the District adopt procedures that require supporting documentation be obtained for all deposits of student body funds. We also recommended that procedures be adopted that require payments from ASB funds will not be made without the original invoice.</p>	Being Implemented	See Current Year Finding
<p>Finding 2012-2 (30000) Revolving Cash Fund Bank Account Reconciliation</p> <p>In our review of the District bank accounts we noted that the revolving cash account was not being reconciled on a monthly basis.</p> <p>We recommended that the District adopt procedures that require the revolving bank account to be reconciled on a monthly basis.</p>	Implemented	
<p>Finding 2012-3 (30000) Cafeteria Fund Inventory</p> <p>In our examination of inventory, we noted that the amounts recorded for commodities were not updated to reflect the fair market value at year end.</p> <p>We recommended that the District adopt procedures that require the inventory value for commodity items be adjusted to fair market value at year end as part of the closing process.</p>	Implemented	

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>Finding 2012-4 (10000) Attendance - Teacher Rosters</p> <p>In our review of attendance at the middle school we noted that the attendance clerk was not printing out rosters for the teachers to verify attendance and sign in a timely manner.</p> <p>We recommended that the District implement procedures that require that all teacher rosters be printed, signed, and verified on a timely basis.</p>	<p>Partially Implemented</p>	<p>See Current Year Finding</p>