

HELENDALE SCHOOL DISTRICT

SAN BERNARDINO COUNTY  
HELENDALE, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2014

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

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## Financial Section



INDEPENDENT AUDITOR'S REPORT

Jeanette L. Garcia,  
CPA

To the Board of Trustees  
Helendale School District  
Helendale, 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 the Helendale School District, as of and for the year ended June 30, 2014, 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 from 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 controls relevant to the entity'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 entity'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 the Helendale School District, as of June 30, 2014, 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.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, General Fund Budgetary Comparison Schedule on page 34 and Charter School Fund Budgetary Comparison Schedule on page 35 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 Helendale School District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental 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 2013-14*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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 and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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 12, 2014, on our consideration of Helendale 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 Helendale School District's internal control over financial reporting and compliance.



Redlands, California  
December 12, 2014

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

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**INTRODUCTION**

The management's discussion and analysis of Helendale School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

Helendale School District serves 589 students in grades K-8. There is one elementary school, one 7-8 middle school and one charter high school. The 41 certificated, management, and confidential employees and the 35 classified employees provide for the needs of the District's students. Helendale School District is located in the unincorporated area of San Bernardino County, serving the greater Helendale area and community of Silver Lakes.

**USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the Helendale School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total.
- The major funds for Helendale School District are the General Fund, the Charter School Fund, the Building Fund and the Capital Facilities Fund.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

**FINANCIAL HIGHLIGHTS**

- The Helendale School District's Government-wide Statement of Net Position shows Total Net Position of \$6,444,998, the result of assets of \$14,918,634, less liabilities of \$8,473,636.
- General Revenues accounted for \$5,796,450 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$854,903 or 13% of total revenues of \$6,651,353.
- The District had \$7,052,858 in expenses related to governmental activities; only \$854,903 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state revenue limit sources and property taxes) did not provide the remaining \$6,197,955 required for these programs. This resulted in a change in Total Net Position of \$(401,505).
- The General Fund reported a positive fund balance of \$1,496,031.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

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**REPORTING THE DISTRICT AS A WHOLE**

▪ THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Helendale School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Position" and the "Statement of Activities," the District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the School District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Helendale School District does not conduct any of these types of activities at this time.

▪ FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

▪ GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

▪ FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds.

The Helendale School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate Statements of Assets and Liabilities. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The Helendale School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

▪ 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 SCHOOL DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for both fiscal years 2013-2014 and 2012-2013.

Table 1 - Net Position

	<u>Governmental Activities</u>		% Change
	<u>2014</u>	<u>2013</u>	
Current and other assets	\$ 3,319,391	\$ 8,101,401	(59.0)
Capital assets	11,599,243	11,895,035	(2.5)
Total Assets	<u>14,918,634</u>	<u>19,996,436</u>	(25.4)
Current liabilities	593,244	454,118	30.6
Long-term debt	7,880,392	12,695,815	(37.9)
Total Liabilities	<u>8,473,636</u>	<u>13,149,933</u>	(35.6)
Net Position			
Net Investment in Capital Assets	3,857,572	(646,636)	(696.6)
Restricted	1,516,671	6,320,484	(76.0)
Unrestricted	1,070,755	1,172,655	(8.7)
Total Net Position	<u>\$ 6,444,998</u>	<u>\$ 6,846,503</u>	(5.9)

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

Table 2 shows the changes in net position for both fiscal years 2013-2014 and 2012-2013.

Table 2 - Changes in Net Position

	Governmental Activities		%
	2014	2013	
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$ 46,161	\$ 47,020	(1.8)
Operating grants and contributions	808,742	618,240	30.8
Capital grants and contributions	-	28	(100.0)
<i>General revenues:</i>			
Unrestricted Federal and State Sources	4,944,711	3,907,106	26.6
Property taxes	616,638	705,347	(12.6)
Other general revenue	235,101	125,384	87.5
Total Revenues	6,651,353	5,403,125	23.1
<b>Expenses</b>			
Instruction related	4,213,985	3,695,327	14.0
Pupil Services	522,606	415,003	25.9
Administration	783,183	655,290	19.5
Maintenance and Operations	633,906	644,428	(1.6)
Other	899,178	1,160,511	(22.5)
Total Expenses	7,052,858	6,570,559	7.3
Change in Net Position	\$ (401,505)	\$ (1,167,434)	65.6

▪ **GOVERNMENTAL ACTIVITIES**

Charges for services, operating grants and contributions, and capital grants and contributions made up 13% of revenues for governmental activities. General Revenues not restricted to specific programs made up 87% of the total revenues available.

Instruction related activities made up 60% of total expenses. Pupil services including home-to-school transportation and food services made up 7%. Administration including data processing made up 11%. Maintenance and operations including facility acquisition and construction made up 9%. Other expenses made up 13%.

The "Statement of Activities" shows the cost of program services and the charges for services and grants offsetting those services.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

Table 3 shows the total cost of services and the net cost of services. The net cost of these services is the cost supported by tax revenue and unrestricted State entitlements.

Table 3 - Total and Net Cost of Governmental Activities

	Total Cost			
	2014	%	2013	%
Instruction Related	\$ 4,213,985	60	\$ 3,695,327	56
Pupil Services	522,606	7	415,003	6
Administration	783,183	11	655,290	10
Maintenance and Operations	633,906	9	644,428	10
Other	899,178	13	1,160,511	18
<b>Total</b>	<b>\$ 7,052,858</b>	<b>100</b>	<b>\$ 6,570,559</b>	<b>100</b>

  

	Net Cost			
	2014	%	2013	%
Instruction Related	\$ 3,719,761	60	\$ 3,330,998	56
Pupil Services	320,613	5	204,043	3
Administration	781,379	13	621,147	11
Maintenance and Operations	632,468	10	640,931	11
Other	743,734	12	1,108,152	19
<b>Total</b>	<b>\$ 6,197,955</b>	<b>100</b>	<b>\$ 5,905,271</b>	<b>100</b>

**GENERAL FUND BUDGET INFORMATION**

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Board of Trustees must adopt a Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revision of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the School District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August, adjustments to Actuals in September, First Interim which is normally presented in December, and Second Interim which is normally presented in March.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

▪ GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues and other sources were \$4,174,818 with original budget estimated at \$3,776,682. The difference of \$398,536 was due to an increase in enrollment at Helendale School District. Helendale School District experienced a growth of approximately 32 students between Helendale Elementary School and Riverview Middle School. This growth led to an increase in revenue over and above the original budget estimate. In addition, expenditures not realized during the budget year were due to dollars being set-aside to aid the district in the planned future purchase of district fleet vehicles.

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Board of Education for District employees. Changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2013-2014, the District had \$11,599,243 invested in land, buildings and equipment. Table 4 shows both fiscal years 2013-14 and 2012-13 balances.

Table 4 - Capital Assets at Year-End  
(net of depreciation)

	Governmental Activities	
	2014	2013
Land	\$ 190,269	\$ 190,269
Buildings and Improvements	10,614,639	10,819,720
Equipment	794,335	885,046
Total	\$ 11,599,243	\$ 11,895,035

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

- DEBT

At June 30, 2014, the Helendale School District had \$7,880,392 in outstanding debt. Table 5 summarized these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2014	2013
General Obligation Bonds	\$ 3,621,671	\$ 3,746,671
Compensated Absences	97,392	71,486
Other General Long-Term Debt	41,329	82,658
Bond Anticipation Note	-	4,675,000
Certificates of Participation	4,120,000	4,120,000
<b>Total</b>	<b>\$ 7,880,392</b>	<b>\$ 12,695,815</b>

**FOR THE FUTURE**

Helendale School District continues to prepare and implement the new Common Core standards. The District has been and will continue to send certificated staff to training and workshops to help improve their knowledge of the new Common Core standards. Helendale School District is working with its Director of Technology to analyze and improve its infrastructure in support of the Smarter Balanced Assessment Consortium (SBAC.) SBAC is the approved testing system for the new Common Core standards. Helendale School District wants to be certain the District is ready to support its staff and students as we move into this new era of student assessment.

Helendale School District has implemented the new Local Control Funding Formula (LCFF.) LCFF was approved by the State on July 1, 2013. LCFF replaces Revenue Limit as the State's form of funding school districts.

Helendale School District continues to expand its Independent Study program. The Helendale School District Board of Trustees approved the Charter petition for Independence Charter Academy effective July 1, 2014. The Independence Charter Academy's Independent Study Director is actively seeking new enrollment and addressing the needs of students looking for alternative instructional methods. The program is designed to assist students and families looking for an educational plan outside of the traditional in-seat classroom setting.

Helendale School District has seen an increase in its enrollment at the Academy of Careers and Exploration. The Academy of Careers and Exploration (ACE) continues to offer its Home-to-School transportation routes making it possible for students who reside outside of Helendale to attend its instructional program. ACE is currently planning on bringing an eight-man football team to Helendale. This will be the first time in Helendale's history that the community will be able to rally around "Friday night lights."

The Helendale School District Board of Trustees approved the charter petition of Alta Vista South Public Charter School, located in the County of San Bernardino.

HELENDALE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2014

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Helendale School District is committed to providing a quality academic program to its K-8 Elementary District, ACE 7-12 in-seat charter school, and Independence Charter Academy. Helendale School District continues reaching for the future while remembering the past.

▪ CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deanna Dibble, Business Manager, Helendale School District, P.O. Box 249, Helendale, California 92342.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
 JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 2,176,790
Accounts Receivable (Note 3)	1,142,601
Total Current Assets	3,319,391
Capital Assets: (Note 6)	
Land	190,269
Site Improvements	5,812,132
Buildings	7,258,641
Furniture and Equipment	1,810,966
Less Accumulated Depreciation	(3,472,765)
Total Capital Assets	11,599,243
 TOTAL ASSETS	 14,918,634
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	593,244
Long-Term Liabilities: (Note 8)	
Portion Due or Payable Within One Year	91,329
Portion Due or Payable After One Year	7,789,063
Total Long-Term Liabilities	7,880,392
 TOTAL LIABILITIES	 8,473,636
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,857,572
Restricted for:	
Capital Projects	905,178
Debt Service	60,474
Educational Programs	111,051
Other Purposes (Expendable)	429,968
Other Purposes (Nonexpendable)	10,000
Unrestricted	1,070,755
 TOTAL NET POSITION	 \$ 6,444,998

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Instruction	\$ 3,566,524	\$ -	\$ 470,418	\$ -	\$ (3,096,106)
Instruction-Related Services:					
Supervision of Instruction	40,074	-	13,896	-	(26,178)
Instructional Library, Media and Technology	24	-	-	-	(24)
School Site Administration	607,363	-	9,910	-	(597,453)
Pupil Services:					
Home-to-School Transportation	228,101	-	-	-	(228,101)
Food Services	231,709	46,161	155,832	-	(29,716)
All Other Pupil Services	62,796	-	-	-	(62,796)
General Administration:					
Data Processing	20,791	-	-	-	(20,791)
All Other General Administration	762,392	-	1,804	-	(760,588)
Plant Services	633,906	-	1,438	-	(632,468)
Ancillary Services	75,442	-	-	-	(75,442)
Interest on Long-Term Debt	414,773	-	-	-	(414,773)
Other Outgo	89,820	-	155,444	-	65,624
Depreciation (Unallocated)	319,143	-	-	-	(319,143)
<b>Total Governmental Activities</b>	<b>\$ 7,052,858</b>	<b>\$ 46,161</b>	<b>\$ 808,742</b>	<b>\$ -</b>	<b>\$ (6,197,955)</b>
General Revenues:					
Taxes:					
Property Taxes, levied for general purposes					581,193
Property Taxes, levied for debt service					33,413
Property Taxes, levied for other specific purposes					2,032
Federal and State Aid not restricted to specific purposes					4,944,711
Interest and Investment Earnings					12,848
Interagency Revenues					21,878
Miscellaneous					200,375
<b>Total General Revenues</b>					<b>5,796,450</b>
Change in Net Position					(401,505)
Net Position - July 1, 2013					6,846,503
Net Position - June 30, 2014					<b>\$ 6,444,998</b>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	GENERAL FUND	CHARTER SCHOOL FUND	BUILDING FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>						
Cash (Note 2)						
Cash in County Treasury	\$ 1,036,381	\$ 235,384	\$ -	\$ 759,329	\$ 108,199	\$ 2,139,293
Cash on Hand and in Banks	-	-	-	-	27,497	27,497
Cash in Revolving Fund	10,000	-	-	-	-	10,000
Accounts Receivable (Note 3)	670,058	431,248	1,737	3,121	36,437	1,142,601
Due from Other Funds (Note 4)	180,793	-	-	93,284	-	274,077
<b>TOTAL ASSETS</b>	<b><u>\$ 1,897,232</u></b>	<b><u>\$ 666,632</u></b>	<b><u>\$ 1,737</u></b>	<b><u>\$ 855,734</u></b>	<b><u>\$ 172,133</u></b>	<b><u>\$ 3,593,468</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts Payable	\$ 401,201	\$ 169,919	\$ -	\$ 60	\$ 670	\$ 571,850
Due to Other Funds (Note 4)	-	215,858	-	-	58,219	274,077
<b>Total Liabilities</b>	<b><u>401,201</u></b>	<b><u>385,777</u></b>	<b><u>-</u></b>	<b><u>60</u></b>	<b><u>58,889</u></b>	<b><u>845,927</u></b>
<b>Fund Balances (Note 5)</b>						
Nonspendable	10,000	-	-	-	-	10,000
Restricted	111,051	37,178	-	855,674	113,244	1,117,147
Assigned	145,111	243,677	1,737	-	-	390,525
Unassigned	1,229,869	-	-	-	-	1,229,869
<b>Total Fund Balances</b>	<b><u>1,496,031</u></b>	<b><u>280,855</u></b>	<b><u>1,737</u></b>	<b><u>855,674</u></b>	<b><u>113,244</u></b>	<b><u>2,747,541</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,897,232</u></b>	<b><u>\$ 666,632</u></b>	<b><u>\$ 1,737</u></b>	<b><u>\$ 855,734</u></b>	<b><u>\$ 172,133</u></b>	<b><u>\$ 3,593,468</u></b>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2014

Total Fund Balances - Governmental Funds		\$ 2,747,541
Amounts reported for governmental activities in the statement of net position are different because:		
In the governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is \$15,072,008, and the accumulated depreciation is \$3,472,765.		11,599,243
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred.		(21,394)
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 at year-end consists of:		
General Obligation Bonds	\$ 3,621,671	
Compensated Absences	97,392	
Certificates of Participation	4,120,000	
Other General Long-Term Debt	<u>41,329</u>	<u>(7,880,392)</u>
Total Net Position - Governmental Activities		<u>\$ 6,444,998</u>

The Notes to Financial Statements are an integral part of this statement.

**HELENDALE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	GENERAL FUND	CHARTER SCHOOL FUND	BUILDING FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Local Control Funding Formula Sources						
State Apportionments	\$ 3,239,579	\$ 1,833,438	\$ -	\$ -	\$ -	\$ 5,073,017
Local Sources	581,192	-	-	-	-	581,192
LCFF Transfers	(353,785)	103,975	-	-	-	(249,810)
Total LCFF Sources	3,466,986	1,937,413	-	-	-	5,404,399
Federal Revenues	160,548	31,215	-	-	144,695	336,458
Other State Revenues	217,776	79,160	-	-	11,450	308,386
Other Local Revenues	329,508	28,242	57,596	105,002	81,762	602,110
Total Revenues	4,174,818	2,076,030	57,596	105,002	237,907	6,651,353
<b>EXPENDITURES</b>						
Instruction	2,371,236	1,195,287	-	-	-	3,566,523
Instruction-Related Services:						
Supervision of Instruction	28,158	11,917	-	-	-	40,075
Instructional Media and Technology	24	-	-	-	-	24
School Site Administration	311,845	295,518	-	-	-	607,363
Pupil Services:						
Home-to-School Transportation	106,138	121,963	-	-	-	228,101
Food Services	29,717	-	-	-	201,992	231,709
All Other Pupil Services	48,015	14,781	-	-	-	62,796
General Administration:						
Data Processing	20,791	-	-	-	-	20,791
All Other General Administration	610,377	136,044	-	31,396	-	777,817
Plant Services	430,180	198,815	-	21,168	-	650,163
Facilities Acquisition and Construction	6,653	-	439	-	-	7,092
Ancillary Services	14,917	60,525	-	-	-	75,442
Other Outgo	88,820	-	-	1,000	-	89,820
Debt Service:						
Principal	-	-	1,889,177	2,785,823	125,000	4,800,000
Interest	-	-	256,929	132,731	26,675	416,335
Total Expenditures	4,066,871	2,034,850	2,146,545	2,972,118	353,667	11,574,051
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	107,947	41,180	(2,088,949)	(2,867,116)	(115,760)	(4,922,698)
<b>FUND BALANCES - JULY 1, 2013</b>	1,388,084	239,675	2,090,686	3,722,790	229,004	7,670,239
<b>FUND BALANCES - JUNE 30, 2014</b>	\$ 1,496,031	\$ 280,855	\$ 1,737	\$ 855,674	\$ 113,244	\$ 2,747,541

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	(4,922,698)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$ 319,143 exceeds capital outlay of \$ 23,351 in the period.		(295,792)
In governmental funds, repayments 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:		4,800,000
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.		1,563
In governmental funds, compensated absences and other postemployment benefits are measured by the amounts paid during the period. In the statement of activities, compensated absences and other postemployment benefits are measured by the amounts earned.		(25,906)
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources (retirement incentive).		41,329
Adjustment for Rounding		<u>(1)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(401,505)</u></u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
 JUNE 30, 2014

	AGENCY FUNDS
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 28,369
TOTAL ASSETS	\$ 28,369
<u>LIABILITIES</u>	
Due to Student Groups	\$ 28,369
TOTAL LIABILITIES	\$ 28,369

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Helendale School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

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

Charter School Fund is used to account for resources dedicated to charter school programs maintained by the District.

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Capital Facilities Fund is used to account for resources received from developer fees expended for maintenance of District facilities.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital outlay and that compose a substantial portion of the fund's resources. The District maintains two nonmajor special revenue fund.

- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property. To comply with GASB 54 requirements, the Deferred Maintenance Fund has been combined with the General Fund for reporting purposes.
- Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.

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

- Special Reserve Fund is used to account for revenues received and expenditures made in connection with capital asset replacement as deemed necessary by Board action.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2014.

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

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

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 outstanding encumbrances were liquidated at June 30.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with County treasury balances for purposes of the Statement of Cash Flows.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Playground Equipment	20
Furniture and Equipment	5 - 10
Computer Equipment	5
Licensed Vehicles	8
Land Improvements	20
School/Office Buildings	50
Construction in Progress	0
Portable Structures	25

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, the face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District’s state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF is estimated to be in fiscal year 2020-21. Until then, the District will receive approximately the same level of funding as in 2012-13, plus an additional amount each year to bridge the gap between current year funding and the LCFF target levels.

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District’s entitlement by the District’s local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

2. CASH AND DEPOSITS

Cash at June 30, 2014, consisted of the following:

	Governmental Funds	Agency Funds	Total
Pooled Funds:			
Cash in County Treasury	\$ 2,139,293	\$ -	\$ 2,139,293
Deposits:			
Cash on Hand and in Banks	27,497	28,369	55,866
Cash in Revolving Fund	10,000	-	10,000
<b>Total</b>	<b>\$ 2,176,790</b>	<b>\$ 28,369</b>	<b>\$ 2,205,159</b>

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the investment pool (\$4,216,222,146 as of June 30, 2014). 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. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

The fair market value of this pool as of June 30, 2014, as provided by the pool sponsor, was \$4,210,679,443. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the San Bernardino County Investment Pool with a fair value of approximately \$2,136,481 and an amortized book value of \$2,139,293. The average weighted maturity for this pool is 405 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2014, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2013, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

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

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.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of the following:

	GENERAL FUND	CHARTER SCHOOL FUND	BUILDING FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Accounts Receivable						
Federal Sources						
Categorical Aid Programs	\$ 51,514	\$ -	\$ -	\$ -	\$ -	\$ 51,514
Child Nutrition Program	-	-	-	-	34,095	34,095
Total Federal	51,514	-	-	-	34,095	85,609
State Sources						
LCFF	435,741	406,778	-	-	-	842,519
Child Nutrition Program	-	-	-	-	2,300	2,300
Lottery	42,448	17,352	-	-	-	59,800
Total State	478,189	424,130	-	-	2,300	904,619
Local Sources						
Local	131,535	6,918	-	-	-	138,453
Interest	1,342	200	1,737	3,121	42	6,442
Other	7,478	-	-	-	-	7,478
Total Local	140,355	7,118	1,737	3,121	42	152,373
Total Receivables	<u>\$ 670,058</u>	<u>\$ 431,248</u>	<u>\$ 1,737</u>	<u>\$ 3,121</u>	<u>\$ 36,437</u>	<u>\$1,142,601</u>

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. 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/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 among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2014, are as follows:

DUE FROM	DUE TO		
	GENERAL FUND	CAPITAL FACILITIES FUND	TOTAL
Charter School Fund	\$ 122,574	\$ 93,284	\$ 215,858
All Other Governmental Funds	58,219	-	58,219
Total	\$ 180,793	\$ 93,284	\$ 274,077

5. FUND BALANCE

Ending fund balance in the individual fund types are composed of the following elements:

	GENERAL FUND	CHARTER SCHOOL FUND	BUILDING FUND	CAPITAL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:						
Revolving Fund	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Restricted for:						
Legally Restricted Balances	111,051	37,178	-	855,674	113,244	1,117,147
Assigned to:						
Other Assignments	145,111	243,677	1,737	-	-	390,525
Unassigned to:						
Reserve for Economic Uncertainties	164,419	-	-	-	-	164,419
Unassigned	1,065,450	-	-	-	-	1,065,450
Total Unassigned Balances	1,229,869	-	-	-	-	1,229,869
Total Fund Balances	\$ 1,496,031	\$ 280,855	\$ 1,737	\$ 855,674	\$ 113,244	\$ 2,747,541

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2014, is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Land	\$ 190,269	\$ -	\$ -	\$ 190,269
Site Improvements	5,805,479	6,653	-	5,812,132
Buildings	7,258,641	-	-	7,258,641
Furniture and Equipment	1,794,268	16,698	-	1,810,966
Total at Historical Cost	15,048,657	23,351	-	15,072,008
Less Accumulated Depreciation for:				
Site Improvements	558,071	59,912	-	617,983
Buildings	1,686,329	151,822	-	1,838,151
Furniture and Equipment	909,222	107,409	-	1,016,631
Total Accumulated Depreciation	3,153,622	319,143	-	3,472,765
Governmental Activities Capital Assets, Net	\$ 11,895,035	\$ (295,792)	\$ -	\$ 11,599,243

7. OPERATING LEASE

The District has entered into a five year lease agreement with Office Works for a photocopier under an operating lease.

At June 30, 2014, the future minimum lease payments for the agreement are as follow:

Year Ending June 30	Lease Payments
2015	\$ 6,720
2016	6,720
2017	6,720
2018	6,720
2019	5,040
Total	\$ 31,920

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

8. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2014, is shown below:

	Balance			Amounts	
	July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$ 3,746,671	\$ -	\$ 125,000	\$ 3,621,671	\$ 50,000
Bond Anticipation Notes	4,675,000	-	4,675,000	-	-
Compensated Absences	71,486	36,541	10,635	97,392	-
Certificates of Participation	4,120,000	-	-	4,120,000	-
Other General Long-Term Debt	82,658	-	41,329	41,329	41,329
<b>Total</b>	<b>\$ 12,695,815</b>	<b>\$ 36,541</b>	<b>\$ 4,851,964</b>	<b>\$ 7,880,392</b>	<b>\$ 91,329</b>

9. BONDED DEBT

The outstanding General Obligation Bonded Debt of the District at June 30, 2014, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2013	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2014
2009 Series	11/04/09	08/01/34	2.00-12.00%	\$ 4,001,671	\$ 3,746,671	\$ -	\$ 125,000	\$ 3,621,671

The annual requirement to amortize the 2009 Series, General Obligation Bonds Payable, outstanding at June 30, 2014, is as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 50,000	\$ 23,800	\$ 73,800
2016	170,000	19,400	189,400
2017	175,000	12,500	187,500
2018	225,000	4,500	229,500
2019	99,319	175,681	275,000
2020-24	174,788	1,815,337	1,990,125
2025-29	412,855	1,521,189	1,934,044
2030-34	-	789,375	789,375
2035	2,314,709	27,969	2,342,678
<b>Total</b>	<b>\$ 3,621,671</b>	<b>\$ 4,389,751</b>	<b>\$ 8,011,422</b>

10. COMPENSATED ABSENCE BENEFITS

The total unpaid employee compensated absences as of June 30, 2014, amounted to \$97,392, which has been included in General Long-Term Debt.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

11. CERTIFICATES OF PARTICIPATION

In 2012, the Helendale School District issued 2012 Refunding Certificates of Participation in the amount of \$4,120,000 with interest rates ranging from 3.00 to 3.75 percent. At June 30, 2014, the principal balance outstanding was \$4,120,000.

Future Minimum Payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 132,731	\$ 132,731
2016	95,000	131,306	226,306
2017	100,000	128,381	228,381
2018	100,000	125,881	225,881
2019	100,000	123,881	223,881
2020-24	545,000	585,713	1,130,713
2025-29	630,000	505,250	1,135,250
2030-34	755,000	394,391	1,149,391
2035-39	920,000	250,269	1,170,269
2040-42	875,000	66,844	941,844
Total	<u>\$ 4,120,000</u>	<u>\$ 2,444,647</u>	<u>\$ 6,564,647</u>

12. OTHER LONG-TERM DEBT

The District offered a Certificated Separation Incentive in 2013. One teacher accepted the offer and will be paid 80% of his base salary in two annual installments. The remaining balance will be paid as follows:

<u>Year Ending June 30</u>	<u>Annual Payment</u>
2015	\$ 41,329

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

13. JOINT POWERS AGREEMENTS

The District is a member of one Joint Powers Authority (JPA).

The Southern California Schools Risk Management (SCSRM) provides excess liability coverage over amounts covered by SCSEBA.

The above JPA, established pursuant to the provisions of the California Government Code, has local public educational agencies, mostly school districts, as participants. Each participating district has one seat and one vote in the governing body of the JPA.

The JPA is independently accountable for their fiscal matters and it maintains their own accounting records. Budgets are not subject to any approval other than that of the JPA governing board. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the Helendale School District and the JPA was such that the JPA was not a component unit of the District for financial reporting purposes.

Condensed audited financial information on the JPA for June 30, 2014 is as follows:

	<u>SCSRM</u> <u>June 30, 2013</u>
Total Assets	\$ 53,553,200
Total Liabilities	<u>13,768,043</u>
Net Position	<u>\$ 39,785,157</u>
Total Revenues	\$ 29,218,010
Total Expenditures	<u>33,933,500</u>
Net Increase (Decrease) in Net Position	<u>\$ (4,715,490)</u>

14. COMMITMENTS AND CONTINGENCIES

A. Federal Allowances, Awards and Grants

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

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Construction Commitments

As of June 30, 2014, the District had no commitments with respect to unfinished capital projects.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2014, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriation Category</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 705
Services and Other Operating Expenditures	2,031
Charter School Fund:	
Books and Supplies	7,268
Capital Outlay	17,018

16. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS).

CalPERS

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 to CalPERS 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.442%. The contribution requirements of the plan members are established by the state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$68,933, \$62,021 and \$57,270, respectively, and equal 100% of the required contributions for each year.

HELENDALE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

CalSTRS

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$240,519, \$211,478 and \$191,381, respectively, and equal 100% of the required contributions for each year.

17. NEW ACCOUNTING PRONOUNCEMENTS

- A. In June 2012, the Governmental Accounting Standards Board (GASB) issued statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged. The District has not yet determined the effect on the financial statements.

- B. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Required Supplementary  
Information

HELENDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive-(Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Local Control Funding Formula Sources				
State Apportionments	\$ 2,482,953	\$ 3,241,543	\$ 3,239,579	\$ (1,964)
Local Sources	591,154	575,141	581,192	6,051
LCFF Transfers	(376,370)	(338,189)	(353,785)	(15,596)
Total LCFF Sources	<u>2,697,737</u>	<u>3,478,495</u>	<u>3,466,986</u>	<u>(11,509)</u>
Federal Revenues	155,753	160,566	160,548	(18)
Other State Revenues	559,475	219,587	217,776	(1,811)
Other Local Revenues	363,317	324,404	329,508	5,104
Total Revenues	<u>3,776,282</u>	<u>4,183,052</u>	<u>4,174,818</u>	<u>(8,234)</u>
<b><u>EXPENDITURES</u></b>				
Certificated Salaries	1,916,994	2,017,489	1,935,053	82,436
Classified Salaries	500,775	578,933	569,799	9,134
Employee Benefits	823,034	854,210	854,915	(705)
Books and Supplies	115,779	135,904	122,329	13,575
Services and Other Operating Expenditures	465,101	476,422	478,453	(2,031)
Other Outgo	51,441	82,711	82,711	-
Capital Outlay	37,000	45,987	23,611	22,376
Total Expenditures	<u>3,910,124</u>	<u>4,191,656</u>	<u>4,066,871</u>	<u>124,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (133,842)</u>	<u>\$ (8,604)</u>	107,947	<u>\$ 116,551</u>
<b><u>FUND BALANCE</u></b> - JULY 1, 2013			<u>1,388,057</u>	
<b><u>FUND BALANCE</u></b> - JUNE 30, 2014			<u>\$ 1,496,004</u>	

The Notes to Financial Statements are an integral part of this statement.

**HELENDALE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**CHARTER SCHOOL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive-(Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Local Control Funding Formula Sources				
State Apportionments	\$ 1,428,829	\$ 1,825,770	\$ 1,833,438	\$ 7,668
LCFF Transfers	98,965	103,975	103,975	-
Total LCFF Sources	1,527,794	1,929,745	1,937,413	7,668
Federal Revenues	31,216	31,216	31,215	(1)
Other State Revenues	194,488	79,440	79,160	(280)
Other Local Revenues	20,225	21,725	28,242	6,517
Total Revenues	1,773,723	2,062,126	2,076,030	13,904
<b><u>EXPENDITURES</u></b>				
Certificated Salaries	826,314	1,023,340	951,582	71,758
Classified Salaries	197,891	244,484	235,474	9,010
Employee Benefits	344,261	422,146	396,745	25,401
Books and Supplies	42,802	73,351	80,619	(7,268)
Services and Other Operating Expenditures	304,602	373,708	353,412	20,296
Capital Outlay	-	-	17,018	(17,018)
Total Expenditures	1,715,870	2,137,029	2,034,850	102,179
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 57,853	\$ (74,903)	41,180	\$ 116,083
<b><u>FUND BALANCE</u></b> - JULY 1, 2013			239,675	
<b><u>FUND BALANCE</u></b> - JUNE 30, 2014			\$ 280,855	

The Notes to Financial Statements are an integral part of this statement.

## Supplementary Information

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUND  
 JUNE 30, 2014

STATEMENT 1

	<u>CAFETERIA ACCOUNT</u>
<u>ASSETS</u>	
Cash	
Cash on Hand and in Banks	\$ 27,497
Accounts Receivable	<u>36,395</u>
 TOTAL ASSETS	 <u>\$ 63,892</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ 670
Due to Other Funds	<u>58,219</u>
Total Liabilities	58,889
 Fund Balance	
Restricted	<u>5,003</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 63,892</u>

The Notes to Financial Statements are an integral part of this statement.

## STATEMENT 2

HELENDALE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	CAFETERIA ACCOUNT
<u>REVENUES</u>	
Federal Revenue	\$ 144,695
Other State Revenue	11,127
Other Local Revenue	46,170
Total Revenues	201,992
 <u>EXPENDITURES</u>	
Pupil Services:	
Food Services	201,992
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
 <u>FUND BALANCE</u> - JULY 1, 2013	5,003
 <u>FUND BALANCE</u> - JUNE 30, 2014	\$ 5,003

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2014

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 60,474
TOTAL ASSETS	<u>\$ 60,474</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ -
Fund Balance	
Restricted	<u>60,474</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 60,474</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BOND INTEREST AND REDEMPTION FUND
<u>REVENUES</u>	
Other State Revenue	\$ 323
Other Local Revenue	35,438
	35,761
 <u>EXPENDITURES</u>	
Debt Service:	
Principal	125,000
Interest	26,675
	151,675
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,914)
<u>FUND BALANCE</u> - JULY 1, 2013	176,388
<u>FUND BALANCE</u> - JUNE 30, 2014	\$ 60,474

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUND  
 JUNE 30, 2014

STATEMENT 5

	<u>SPECIAL RESERVE FUND</u>
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 47,725
Accounts Receivable	<u>42</u>
 TOTAL ASSETS	 <u><u>\$ 47,767</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ -
Fund Balance	
Restricted	<u>47,767</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 47,767</u></u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>SPECIAL RESERVE FUND</u>
<u>REVENUES</u>	
Other Local Revenues	\$ 154
<u>EXPENDITURES</u>	
Facilities Acquisition and Construction	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	154
<u>FUND BALANCES - JULY 1, 2011</u>	<u>47,613</u>
<u>FUND BALANCES - JUNE 30, 2012</u>	<u>\$ 47,767</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
STUDENT BODY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014
<u>HELENDALE ELEMENTARY SCHOOL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 14,924	\$ 15,904	\$ 19,465	\$ 11,363
TOTAL ASSETS	<u>\$ 14,924</u>	<u>\$ 15,904</u>	<u>\$ 19,465</u>	<u>\$ 11,363</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 14,924	\$ 15,904	\$ 19,465	\$ 11,363
TOTAL LIABILITIES	<u>\$ 14,924</u>	<u>\$ 15,904</u>	<u>\$ 19,465</u>	<u>\$ 11,363</u>
<u>RIVERVIEW MIDDLE SCHOOL/ ACADEMY OF CAREERS AND EXPLORATION</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 16,635	\$ 90,449	\$ 90,078	\$ 17,006
TOTAL ASSETS	<u>\$ 16,635</u>	<u>\$ 90,449</u>	<u>\$ 90,078</u>	<u>\$ 17,006</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 16,635	\$ 90,449	\$ 90,078	\$ 17,006
TOTAL LIABILITIES	<u>\$ 16,635</u>	<u>\$ 90,449</u>	<u>\$ 90,078</u>	<u>\$ 17,006</u>
<u>TOTAL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 31,559	\$ 106,353	\$ 109,543	\$ 28,369
TOTAL ASSETS	<u>\$ 31,559</u>	<u>\$ 106,353</u>	<u>\$ 109,543</u>	<u>\$ 28,369</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 31,559	\$ 106,353	\$ 109,543	\$ 28,369
TOTAL LIABILITIES	<u>\$ 31,559</u>	<u>\$ 106,353</u>	<u>\$ 109,543</u>	<u>\$ 28,369</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT  
BOARD OF TRUSTEES AND ORGANIZATION  
 JUNE 30, 2014

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jennifer Evans	President	December 2016
Frank Melendez	Clerk	December 2014
Maria Ferrin	Representative	December 2016
Herm Engelhardt	Member	December 2014
Barbara Schneider	Member	December 2014

ADMINISTRATION

Ross Swearingen	Superintendent
Deanna Dibble	Business Manager
Michael Hayhurst	Director of Pupil Services and Independent Study
Joshua Maze	Director of Technology
Diana Green	Principal
Cindy Espinoza	Principal

ORGANIZATION

The Helendale School District is a public school system located in the high desert of Southern California. Historically speaking, the Helendale School District is one of the oldest school districts in the high desert. Known originally as the Mojave School District and founded on February 4, 1877, it began as a small one room school on the Berge Ranch. Since then, many changes have occurred and have developed into what is now known as the Helendale School District, effective September 27, 1975.

The District provides instruction at two sites. Helendale Elementary school provides instruction for kindergarten through sixth grade. Helendale Secondary School is home to Riverview Middle School and dependent ACE charter school. Riverview Middle School provides instruction for seventh and eighth grade. ACE charter school provides in seat instruction for seventh through twelfth grade and also provides instruction for kindergarten through twelfth grade through independent study. The school district covers a total area of 330 square miles. There were no changes in the District’s boundaries in the current year.

SCHEDULE 2

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Second Period Report <u>26104893</u>	Annual Report <u>8324FA20</u>
TK/K-3		
Regular	269.29	272.36
Extended Year Special Education	-	0.20
Subtotal TK/K-3	<u>269.29</u>	<u>272.56</u>
Grades 4-6		
Regular	173.10	173.46
Extended Year Special Education	-	0.01
Subtotal 4-6	<u>173.10</u>	<u>173.47</u>
Grades 7-8		
Regular	<u>112.63</u>	<u>112.44</u>
Grand Total	<u><u>555.02</u></u>	<u><u>558.47</u></u>
	Second Period Report <u>1E090129</u>	Annual Report <u>B563151D</u>
<u>Academy of Careers and Exploration</u>		
TK/K-3		
Classroom-Based	-	-
Non Classroom-Based	4.09	4.26
Subtotal TK/K-3	<u>4.09</u>	<u>4.26</u>
Grades 4-6		
Classroom-Based	-	-
Non Classroom-Based	5.98	6.72
Subtotal 4-6	<u>5.98</u>	<u>6.72</u>
Grades 7-8		
Classroom-Based	7.09	6.96
Non Classroom-Based	7.32	8.00
Subtotal 7-8	<u>14.41</u>	<u>14.96</u>
Grades 9-12		
Classroom-Based	216.46	214.79
Non Classroom-Based	27.61	30.01
Subtotal 9-12	<u>244.07</u>	<u>244.80</u>
Grand Total	<u><u>268.55</u></u>	<u><u>270.74</u></u>

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	RECALCULATED 1986-87 MINUTES REQUIREMENT*	2013-14 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	35,000	55,450	180	N/A	In Compliance
Grades 1-3	50,400	49,000	50,740	180	N/A	In Compliance
Grades 4-8	54,000	52,500	52,750	180	N/A	In Compliance
Grades 9-12	64,000	62,949	64,242	180	N/A	In Compliance

\* Amounts reduced as permitted by Education Code Section 46201.2(a).

\*\* Grades 9 through 12 instructional minutes are for classroom based charter.

Note: The District participated in Longer Day incentives and did not meet or exceed its target funding.

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>GENERAL FUND</u>	(BUDGET)			
	2015*	2014	2013	2012
Revenues and Other Financial Sources	\$ 4,527,586	\$ 4,174,818	\$ 3,677,962	\$ 5,072,863
Expenditures	4,936,027	4,066,871	3,816,854	5,018,053
Other Uses and Transfers Out	-	-	171,214	-
Total Outgo	4,936,027	4,066,871	3,988,068	5,018,053
Change in Fund Balance	\$ (408,441)	\$ 107,947	\$ (310,106)	\$ 54,810
Ending Fund Balance	\$ 1,274,095	\$ 1,496,004	\$ 1,388,057	\$ 1,698,163
Available Reserves	\$ 1,273,744	\$ 1,229,869	\$ 1,234,645	\$ 1,460,085
Reserve for Economic Uncertainties	\$ -	\$ 164,419	\$ 134,782	\$ 207,547
Unassigned Fund Balance	\$ 1,237,744	\$ 1,065,450	\$ 1,099,863	\$ 1,252,538
Available Reserves as a Percentage of Total Outgo	25.80%	30.24%	30.95%	29.10%
Total Long-Term Debt	**	\$ 7,880,392	\$ 12,695,815	\$ 12,124,885
Average Daily Attendance at P-2***	577	555	522	528

The General Fund balance has decreased by \$202,159 over the past two years. The fiscal year 2014-15 budget projects a decrease of \$408,441. For a district this size, the State recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses or \$50,000, whichever is greater. Helendale School District has met the State's minimum requirements.

Average daily attendance has increased by 27 ADA over the past two years. An increase of 22 ADA is anticipated during fiscal year 2014-15.

\* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

\*\* Not determined.

\*\*\* Excludes Charter School ADA.

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>GENERAL FUND</u>			
U.S. Department of Education:			
Direct:			
Impact Aid Maintenance & Operation	84.041		\$ 1,005
Passed through the California Department of Education (CDE):			
NCLB Title I	84.010	13797	37,519
IDEA, Education for the Handicapped Local Assistance	84.027	13379	104,932
NCLB Title II, Part A, Improving Teacher Quality	84.367	14346	17,092
Total Department of Education			<u>160,548</u>
<u>CHARTER SCHOOL FUND</u>			
U.S. Department of Education			
Passed through CDE			
IDEA, Education for the Handicapped Local Assistance	84.027	13379	25,813
NCLB Title II, Part A, Improving Teacher Quality	84.367	14341	5,402
Total Department of Education			<u>31,215</u>
<u>CAFETERIA ACCOUNT</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
National School Lunch	10.555	13391	121,520
Especially Needy Breakfast	10.553	13326	23,175
Total Department of Agriculture			<u>144,695</u>
Total Federal Expenditures			<u>\$ 336,458</u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM  
WITH AUDITED FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>GENERAL FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>CAFETERIA ACCOUNT</u>
June 30, 2014, Annual Financial and Budget Report Form Fund Balances	\$ 1,470,216	\$ 27	\$ 5,729
<u>Adjustments and Reclassifications</u>			
Increase Cash for:			
Salaries and Benefits	-	-	25,062
Increase Due from Other Funds for:			
Salaries and Benefits	25,788	-	-
Increase Due to Other Funds for:			
Salaries and Benefits	-	-	(25,788)
Increase (Decrease) Fund Balance for:			
GASB 54 Reporting Requirement	<u>27</u>	<u>(27)</u>	<u>-</u>
June 30, 2014, Audited Financial Statements Fund Balances	<u>\$ 1,496,031</u>	<u>\$ -</u>	<u>\$ 5,003</u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>CHARTER SCHOOLS</u>	<u>INCLUSION IN FINANCIAL STATEMENTS</u>
Academy of Careers and Exploration	Included
Empire Springs Charter School	Not Included
Alta Vista South Public Charter School	Not Included

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2014

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for 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. The District has not met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. Schedule of Financial Trends and Analysis

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

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Helendale 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 financial statements.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the Annual Form to the audited financial statements.

F. Schedule of Charter Schools

This schedule provides a list of Charter Schools sponsored by the District and specifies whether the Charter Schools are included in these financial statements.



Jeanette L. Garcia,  
CPA

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*

Independent Auditor's Report

To the Board of Trustees  
Helendale School District  
Helendale, California

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 Helendale School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Helendale School District's basic financial statements, and have issued our report thereon dated December 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Helendale 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 Helendale School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Helendale 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. 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 noted certain matters that we reported to management of Helendale School District in a separate letter December 12, 2014.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Helendale 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 audit findings and questioned costs as Finding 2014-1.

## **Helendale School District's Response to Findings**

Helendale School District's response to the findings identified in our audit is described in the accompanying schedule of audit findings and questioned costs. Helendale 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.



Redlands, California  
December 12, 2014



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

To the Board of Trustees  
Helendale School District  
Helendale, California

**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 2013-14*, 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 fiscal year ended June 30, 2014.

***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 2013-14*, 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 2013-14*, 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:

		Procedures in Audit Guide	Procedures Performed
Member:	Attendance Accounting:		
	Attendance Reporting	6	Yes
American	Teacher Certification and Misassignments	3	Yes
Institute of	Kindergarten Continuance	3	Yes
Certified Public	Independent Study	23	No (see below)
Accountants	Continuation Education	10	Not Applicable

California  
Society of  
Certified Public  
Accountants

	Procedures in Audit Guide	Procedures Performed
Instructional Time for School Districts	10	Yes
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	No (see below)
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding		
Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for Charter Schools	8	Yes
Mode of Instruction, for Charter Schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for Charter Schools	15	Yes
Determination of Funding for Nonclassroom Based Instruction, for Charter Schools	3	Yes
Annual Instructional Minutes - Classroom Based, For Charter Schools	4	Yes
Charter School Facility Grant Program	1	Yes

We did not test compliance for Early Retirement Incentive because the District did not participate. We did not test compliance for Independent Study because no ADA was reported.

### Opinion on State Compliance

In our opinion, Helendale 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, 2014.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the requirements referred to above, 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 2013-14*, published by the Education Audit Appeals Panel and which are described in the accompanying schedule of audit findings and questioned costs as Finding 2014-1.

Helendale School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of audit findings and questioned costs. Helendale School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

*Jeanette L. Garcia + Associates*

Redlands, California  
December 12, 2014

## Findings and Recommendations

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	Not Applicable
Significant deficiencies identified?	Not Applicable

Type of auditor's report issued on compliance for major programs: None, No Single Audit Required

Any audit finding disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Not Applicable

Identification of major programs:

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

None	None
------	------

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

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

State Awards

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiencies identified?	_____ <input checked="" type="checkbox"/> Yes	_____ None reported	

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     No

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

HELENDALE SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Section II – Financial Statement Findings**

None Reported.

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

None Reported.

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

FINDING 2014-1  
Code 10000  
Independent Study

Specific Requirements: Education Code 51747 states that independent study written agreements must include the signatures of the pupil, the parent or legal guardian and the certificated employee responsible for supervising the Independent Study. Title 5, CCR, Section 11703 requires representative samples of homework be maintained.

Condition: It was noted that for all short term independent study absences, the written agreements were signed after the absence took place or not at all. In addition, homework samples signed and dated by the teacher were not retained.

Questioned Costs: Not applicable

Context: A sample of independent study absences were tested from school month 5. Upon finding exceptions, it was determined from further testing that all independent study contracts were incomplete.

Effect: The District cannot claim the ADA generated by short term independent study. Apportionment Attendance at Second Period is overstated by 2.84 which results in a loss of funding of approximately \$16,000. The attendance was corrected prior to submission of the second period report.

Cause: Unknown

Recommendation: The District should review the procedures for short-term independent study to ensure that the agreements are signed prior to the absence. Homework samples should be retained for each independent study agreement.

District Response: The District will ensure that all independent study agreements are signed before or the day of the student absence. Homework samples will be retained for all independent study agreements.

HELENDALE SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Prior Year Findings and Recommendations:**

FINDING 2013-1  
Code 10000  
Kindergarten Continuance

Specific Requirements: Education Code Section 46300(g) allows a school district to include in its average daily attendance kindergarten pupils who have already completed one school year in kindergarten only if the school has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by CDE and signed by the pupil's parent or guardian near the anniversary date of the pupil's kindergarten attendance.

Condition: We noted that the Kindergarten Continuance Forms on file at Helendale Elementary were not the proper form, approved and content by the California Department of Education. We also noted that two out of the four kindergarten continuance forms were not prepared correctly.

Question Costs: Not Applicable

Context: We tested all retained kindergarten pupils at Helendale Elementary School and noted that they did not have the proper Agreement to Retain Form. We also noted that Anniversary dates are not correct and two of out of the four kindergarten students. As a result, parents' signatures were not dated at the proper time.

Effect: The District cannot claim ADA for these pupils. The District's P-2 is overstated by 1.42 ADA at P-2, resulting in a loss of apportionment of approximately \$7,200.

Cause: Unknown.

Recommendation: An appropriate Kindergarten Continuance Form, approved by the CDE, must be used for all students retained in order for the District to claim apportionment attendance for the retained students. Due care should be taken when entering anniversary dates and so that the parent can sign on the proper date.

District Response: The District has updated its Kindergarten Continuance Form. Elementary School staff have been informed and instructed on the requirement. The District will take due care when entering anniversary dates.

**Current Status: Implemented**

HELENDALE SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FINDING 2013-2  
Code: 10000  
Attendance Reporting

Specific Requirements: Education Code Section 41601 defines the period between July 1 and April 15 to be known as the “second period” report for the second principal apportionment.

Condition: It was noted that the District inadvertently excluded a month resulting in the Second Period ending on school month 7 instead of school month 8.

Questioned Costs: Not applicable.

Context: The error was detected when the school calendar was reviewed for accuracy.

Effect: As a result of changing the Second Period from month 7 to month 8, ADA increased by .38 ADA.

Cause: This was an unintentional error.

Recommendation: Someone other than the preparer should review the attendance calendar for accuracy, verifying that school months are four weeks and only winter vacation or a portion thereof has been excluded from the calendar. The District has already corrected the attendance report.

District Response: The District will review the attendance calendar with the preparer to ensure all months are accounted for correctly. More than one reviewer will review the calendar each year.

**Current Status: Implemented**

Jeanette L. Garcia,  
CPA

To the Board of Trustees  
Helendale School District  
Helendale, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Helendale School District, for the year ended June 30, 2014, which collectively comprise the District's basic financial statements, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the District's internal control over financial reporting.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated December 12, 2014. This letter does not affect our report dated December 12, 2014, on the financial statements of Helendale School District.

Riverview Middle School/ACE High School ASB – 30000

- A) It was noted during testing that deposits are not made in a timely manner, resulting in a delay of up to 14 days. To strengthen internal controls over cash, deposits should be made at least weekly. No monies should be left on the sites over the weekends or holidays.
- B) It was noted during testing that receipts are written out of sequence. Writing receipts out of sequence negates the internal control provided by pre-numbered receipts. Receipts should be issued in sequential order to verify that all collections were recorded and deposited intact and timely.

We will review the status of these recommendations during our next audit engagement. We have discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the management, Board of Trustees, others within the District, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Redlands, California  
December 12, 2014

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