

**YOSEMITE UNIFIED SCHOOL DISTRICT
COUNTY OF MADERA
OAKHURST, CALIFORNIA
AUDIT REPORT**

JUNE 30, 2010

**BORCHARDT, CORONA & FAETH
Accountancy Corporation
1540 E. Shaw Ave., Ste. 118
Fresno, California 93710-8008**

Introductory Section

YOSEMITE UNIFIED SCHOOL DISTRICT
AUDIT REPORT
YEAR ENDED JUNE 30, 2010

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Financial Section



Thomas R. Borchardt, CPA
Gustavo M. Corona, CPA
Scott A. Faeth, CPA

Independent Auditors' Report

Board of Trustees
Yosemite Unified School District
Oakhurst, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yosemite Unified School District (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Yosemite Unified School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yosemite Unified School District as of June 30, 2010, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of Yosemite Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Yosemite Unified School District's financial statements as a whole. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Borchardt, Corona & Faeth

December 15, 2010

YOSEMITE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2010

INTRODUCTION

This discussion and analysis of Yosemite Unified School District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

DISTRICT HIGHLIGHTS

- The District's financial status is stable with a strong reserve to meet the difficult times ahead of the District due to declining enrollment from students moving out of the State and transferring out of the District.
- In spite of the dismal State budget and its impact on education,
 - The District has been able to retain its educational programs including Advance Placement, International Baccalaureate, Arts, Music, and co-curricular activities
 - The student graduation rates are high with students being admitted to top universities and UC systems
- The District currently has oversight of Western Sierra Charter Schools that offer programs for K~12
- The District has partnered with Madera County Office of Education to implement a pre-school program in 2010-11 that is funded by the State and through local donations.

FINANCIAL HIGHLIGHTS

- 2009-10 was a challenging year for the State of California and for the K~12 education community. The State struggled with a \$21 Billion budget deficit and the State budget adopted after the deadline took a heavy toll. The result was a severe impact on many government agencies including but not limited to State employees, correctional institutions, elderly care, and education. In the case of education funding, the State imposed a deficit factor of 18.355% and a one time \$253 per ADA reduction as a result of the State budget. Further complicating the District budget was the decline in student enrollment and ADA (average daily attendance). The deficit factor, student enrollment decline and one time reduction resulted in the following;
 - Revenue reduction due to 18.355% deficit factoring → \$3,100,000
 - Revenue Reduction due ADA decline → \$730,000
 - Revenue reduction due to one time fund reduction @ \$253/ ADA → \$579,000
 - Total revenue lost since prior year → \$4,400,000
- Added to the revenue deficits, the State also implemented a cash deferral schedule to defer payment apportionments 25% of the 2009-10 cash payment was deferred to 2010-11 creating a severe hardship on the District. The District's leaderships' conservative fiscal management and a strong beginning balance have helped to mitigate the revenue shortfall.
- In 2009-10, both Management and Classified personnel took salary reductions through a freeze in step and column. In addition, the classified staff took 10 furlough days in order to keep existing jobs.

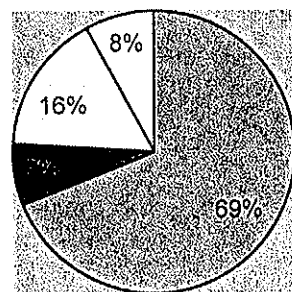
- The District's financial status is stable and projected to remain stable for the foreseeable future. Net assets of all Governmental Activities are \$30 Million. The total long term liabilities of \$14.5 Million consists of A) General Obligation Bonds of \$9.3 Million that is paid by the taxpayers of the Unified School District, and B) other capital leases of \$4.4 Million that is paid from developer fee and general funds.
- Overall General Fund (GF) revenues and other sources were \$18.94 Million consisting of both Unrestricted Revenues and Restricted Revenues. Overall GF expenditures including transfers to other funds such as Cafeteria and Deferred Maintenance were \$19.13 Million, consisting of \$15.99 Million in unrestricted expenses and \$3.14 Million in restricted expenses.
- The District has completed an actuarial study with regard to and in compliance with GASB 45 reporting.
- The District had no major changes in any educational programs or co-curricular activities for the year 2009-10.
- The District is planning to retrofit its entire transportation bus fleet with emission control at no cost to the district in year 2010-11. The funding will come from the San Joaquin Air pollution control district.
- The District is also looking into some state construction modernization funding in year 2010-11 for replacement of old roofs.

Fund Financial Statements

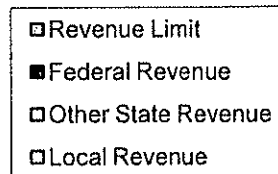
Fund Revenues and Expenses (in Millions):

	Revenues	Expenses	Net Change	Fund Balance July 1, 2009	Fund Balance June 30, 2010
General Fund - Unrestricted	\$15.90	\$15.99	\$(0.09)	\$3.87	\$3.78
General Fund - Restricted	\$3.04	\$3.14	\$(0.10)	\$0.38	\$0.28

General Fund: Revenue Limit (69% of total revenue) has two major components: Property tax and state apportionment. Federal Revenue's (7%) sources are Forest Reserve Fund, State Fiscal Stabilization Fund, and ARRA funds. State Revenue (16%) includes Class size reduction and other categorical programs. Sources for Local revenues (8%) are interest earnings, revenue from shared services, other local program revenues (ROP) etc. (See chart below)



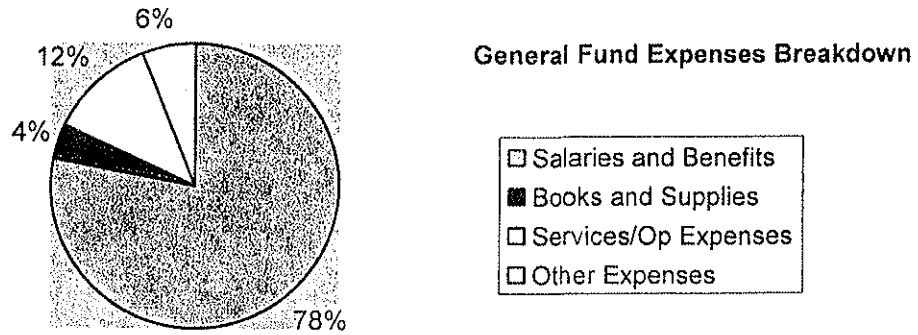
General Fund Revenue Breakdown



The General Fund monies were spent on the following:

1. Salaries and benefits → 78%
 - a. Certificated, Classified, and Management personnel
2. Books and Supplies → 4%
3. Services and other operating expenses → 12%
4. Other expenses → 6%

See chart below on general fund expenses breakdown.



The General Fund has sufficient ending balance to cover the reserve for economic uncertainties mandated by the State for the next three years

Capital Facilities (Developer Fee) Fund: Due to mortgage melt down and subsequent down turn in construction, revenue collected from new home and commercial constructions was much lower than the previous year. This downward trend is expected to continue for next two years. When revenues were coming in high, these collections helped to pay the outstanding loans. But, with collections coming in very low, the General Fund is encroached to make contribution to the Developer fee fund to pay off the loans. For example, the collections for 2009-10 were \$106,000 and the loan payments for 2009-10 were \$555,000. The difference of \$449,000 was paid from the General Fund. The current developer fee rate is \$2.97 per square foot for residential and \$0.47 per square foot for commercial. The developer fees are collected by the Unified School District and shared on 40% and 60% basis, 60% going to the feeder elementary school districts such as Bass Lake School District.

Cafeteria Fund: This fund consists of revenue from sale of food, state and federal child nutrition programs. Expenses include classified staff salaries and supplies. For the fiscal year 2009-10, Cafeteria lost \$125,000 (compared to a prior year loss of \$113,000) on total revenue of \$639,000 and total expenses of \$764,000. Focus is being placed on reducing its losses.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Financial analysis of the entity as a whole is shown below with net assets and liabilities. Total assets less accumulated depreciation amount to \$45.75 Million and total liabilities amount to 15.42 Million. Net Assets after Liabilities are \$30.33 Million. The details are given below.

Table 1
Statement of Net Assets Governmental Activities

	GOVERNMENTAL ACTIVITIES		Change 2010-2009
	2010	2009	
Assets			
Cash	\$ 4,773,830	\$ 5,093,371	(6.27%)
Cash in revolving fund	4,710	4,710	0.00%
Accounts Receivable	2,883,300	2,337,846	23.33%
Stores Inventories	22,387	19,664	13.85%
Capital Assets:			
Land	450,773	450,773	0.00%
Land Improvements, Net	6,599,362	7,015,204	(5.93%)
Buildings, Net	30,351,461	31,867,323	(4.76%)
Equipment, Net	662,491	859,416	(22.91%)
Work in Progress	0	170,389	(100.00%)
TOTAL ASSETS	<u>45,748,314</u>	<u>47,818,696</u>	<u>(4.33%)</u>
Liabilities			
Accounts Payable	857,401	973,574	(11.93%)
Deferred Revenues	57,022	43,660	30.60%
Noncurrent Liabilities			
Due within one year	1,195,311	1,150,880	3.86%
Due in more than one year	13,305,963	14,231,073	(6.50%)
TOTAL LIABILITIES	<u>15,415,697</u>	<u>16,399,187</u>	<u>(6.00%)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	25,008,753	26,520,161	(5.70%)
Restricted For:			
Capital Projects	1,138,646	958,044	18.03%
Debt Service	1,117,201	907,088	23.16%
Federal and State Programs	277,383	376,845	(26.39%)
Unrestricted	2,790,634	2,657,371	5.01%
TOTAL NET ASSETS	<u>\$ 30,332,617</u>	<u>\$ 31,419,509</u>	<u>(3.46%)</u>

Governmental Wide Statement of Activities

The net cost of all government wide activities for 2009-10 was \$18.44 Million. Table 2 below presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

**Table 2
Statement of Activities**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	\$ 11,582,782	\$ 13,438,919	\$ (9,919,664)	\$(10,738,346)
Instruction-Related Services	2,017,023	2,588,132	(1,686,683)	(1,964,915)
Pupil Services	1,988,321	2,082,103	(1,186,641)	(1,093,491)
Community Services	97,578	148,364	(81,475)	(115,776)
Enterprise	14,623	14,624	(14,623)	(14,624)
General Administration	1,815,452	1,951,264	(1,526,644)	(1,514,378)
Plant Services	3,661,678	3,420,444	(3,195,151)	(1,966,483)
Other Outgo	873,065	1,037,726	(827,553)	(895,070)
TOTAL PRIMARY GOVERNMENT	\$ 22,050,522	\$ 24,681,576	\$(18,438,434)	\$(18,303,083)

Shown below are General Fund Revenues and Expenses. No substantial change in revenue is noted.

**Table 3
General Fund
Revenues and Program Expenses (by Function)**

	GENERAL FUND		Change
	2010	2009	2010-2009
Revenues			
Revenue limit	\$13,124,797	\$15,411,059	(14.84%)
Federal Revenue	1,261,009	2,008,803	(37.23%)
Other State Revenues	3,072,112	2,798,783	9.77%
Other Local Revenues	1,464,362	1,567,740	(6.59%)
TOTAL REVENUES	18,922,280	21,786,385	(13.15%)
Program Expenses (by function)			
Instruction	10,077,580	11,428,601	(11.82%)
Instruction-Related Services	2,001,680	2,384,887	(16.07%)
Pupil Services	1,150,561	1,304,029	(11.77%)
Community Services	97,578	148,364	(34.23%)
General Administration	1,582,455	1,922,451	(17.69%)
Plant Services	2,826,503	2,840,782	(0.50%)
Debt Services	136,616	119,507	14.32%
Other Outgo	139,168	253,223	(45.04%)
TOTAL EXPENSES	18,012,141	20,401,844	(11.71%)
INCREASE (OR DECREASE)	910,139	1,384,541	(31.35%)
Other Financing Sources (Uses)			
Transfers Out	(1,121,422)	(143,856)	>100.00%
Other Sources	20,189	146,404	(86.21%)
TOTAL OTHER FINANCING SOURCES (USES)	(1,101,233)	2,548	(>100.00%)
NET CHANGE IN FUND BALANCE	(191,094)	1,387,089	(>100.00%)
FUND BALANCE, JULY 1	4,246,293	2,859,204	48.51%
FUND BALANCE, JUNE 30	\$ 4,055,199	\$ 4,246,293	(4.50%)

The Capital Assets & Depreciation for Yosemite Unified School District is shown below.

**Table 4
Capital Assets**

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not depreciated:				
Land	\$ 450,773	\$ -0-	\$ -0-	\$ 450,773
Work in progress	170,389	-0-	170,389	-0-
Total assets, not depreciated	621,162	-0-	170,389	450,773
Capital assets depreciated:				
Buildings	45,116,960	-0-	116,796	45,000,164
Improvements of sites	11,986,148	392,528	-0-	12,378,674
Equipment	3,771,095	10,850	24,675	3,757,270
Total capital assets depreciated	60,874,201	403,378	141,471	61,136,108
Less accumulated depreciation for:				
Buildings	13,249,637	1,414,361	15,295	14,648,703
Improvement of sites	4,970,942	808,370	-0-	5,779,312
Equipment	2,911,679	187,982	4,882	3,094,779
Total accumulated depreciation	21,132,258	2,410,713	20,177	23,522,794
Total capital assets, depreciated, net	39,741,943	(2,007,335)	121,294	37,613,314
Governmental activities capital assets, net	\$40,363,105	\$(2,007,335)	\$ 291,683	\$38,064,087

Long-Term Debt

For the fiscal year ending June 30, 2010, the District had \$14.5 Million in long term debts as shown below.

**Table 5
Long-Term Debt**

	Governmental Activities		Change
	2010	2009	2010-2009
General Obligation Bonds ⁽¹⁾	\$ 9,300,000	\$ 9,954,000	(6.57%)
Capital Leases	4,428,957	4,796,032	(7.65%)
Compensated Absences	119,398	123,100	(3.01%)
OPEB Liability	150,700	-0-	N/A
Other Long term liabilities ⁽²⁾	502,219	508,821	(1.30%)
TOTAL LONG-TERM DEBT	\$14,501,274	\$15,381,953	(5.73%)

(1) It is to be noted that the General Obligation Bonds are paid by the Madera County Treasurer through property tax collections from County taxpayers.

(2) Madera county sewage facilities expansion. The school district share is for 14 units.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND INSURANCE RATES

- At the time these financial statements were prepared and audited, November general elections were held. California has a new Governor, and the new Governor will face a projected \$9.5 Billion budget deficit for 2011-2012. This deficit and the pressure on the new Governor to balance the budget may impact the education funding in 2011-12. Any indication of spending cuts would come in January 2011 when the Governors' January proposal is unfolded. The district will be monitoring very closely the financial condition of the state that could impact school funding.

- For the year 2009-10, health insurance premiums went up by 9%.
- For the year 2009-10, the worker's compensation rate increased from \$0.58 to \$0.68 per \$100 of payroll. A 17.24% increase.
- The budget assumptions used to prepare the budget for 2011 include step and column costs but not a cost of living allowance (COLA).

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis describing the district's projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual numbers could differ materially from those expressed or implied.

Important factors that could make a difference to the district's projections include economic conditions affecting the State's financial conditions, including but not limited to tax revenues, property taxes, and other taxes that bring income to the State.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Mr. Srinivasan, Assistant Superintendent/Chief Business Officer at 559-683-8801 x 378

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS:	
Cash in County Treasury	\$ 4,773,830
Cash in Revolving Fund	4,710
Accounts Receivable	2,883,300
Stores Inventories	22,387
Capital Assets:	
Land	450,773
Land Improvements, Net	6,599,362
Buildings, Net	30,351,461
Equipment, Net	662,491
Total Assets	<u>45,748,314</u>
LIABILITIES:	
Accounts Payable	857,401
Deferred Revenues	57,022
Noncurrent Liabilities:	
Due within one year	1,195,311
Due in more than one year	13,305,963
Total Liabilities	<u>15,415,697</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	25,008,753
Restricted For:	
Federal and State Programs	277,383
Debt Service	1,117,201
Capital Projects	1,138,646
Unrestricted	2,790,634
Total Net Assets	<u>\$ 30,332,617</u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
PRIMARY GOVERNMENT:				
Government Activities:				
Instruction	\$ 11,582,782	\$ 253,025	\$ 1,410,093	\$ (9,919,664)
Instruction-Related Services	2,017,023	50,257	280,083	(1,686,683)
Pupil Services	1,988,321	339,256	462,424	(1,186,641)
Community Services	97,578	2,450	13,653	(81,475)
Enterprise	14,623	--	--	(14,623)
General Administration	1,815,452	53,760	235,048	(1,526,644)
Plant Services	3,661,678	70,967	395,560	(3,195,151)
Other Outgo	873,065	6,924	38,588	(827,553)
Total Governmental Activities	<u>22,050,522</u>	<u>776,639</u>	<u>2,835,449</u>	<u>(18,438,434)</u>
Total Primary Government	<u>\$ 22,050,522</u>	<u>\$ 776,639</u>	<u>\$ 2,835,449</u>	<u>(18,438,434)</u>
General Revenues:				
Revenue Limit Sources				13,121,664
Federal Revenues				270,428
State Revenues				2,411,561
Local Revenues				1,775,904
Loss on Sale of Building				(19,862)
Transfers				--
Total General Revenues				<u>17,559,695</u>
Change in Net Assets				<u>(878,739)</u>
Net Assets - Beginning				31,419,507
Equity Transfer of Charter School Fund Balance				(208,151)
Net Assets - Ending				<u>\$ 30,332,617</u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Capital Outlay Projects
ASSETS:		
Cash in County Treasury	\$ 2,603,619	\$ 769,345
Cash in Revolving Fund	4,500	--
Accounts Receivable	2,643,621	--
Due from Other Funds	177,944	295,861
Stores Inventories	12,888	--
Total Assets	<u><u>\$ 5,442,572</u></u>	<u><u>\$ 1,065,206</u></u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 819,619	\$ --
Due to Other Funds	510,732	--
Deferred Revenue	57,022	--
Total Liabilities	<u>1,387,373</u>	<u>--</u>
Fund Balance:		
Reserved Fund Balances:		
Reserve for Revolving Cash	4,500	--
Reserve for Stores Inventories	12,889	--
Reserve for Legally Restricted Balance	277,383	--
Designated Fund Balances:		
Designated for Economic Uncertainties	575,868	--
Unreserved	3,184,559	1,065,206
Unreserved, reported in nonmajor:		
Special Revenue Funds	--	--
Capital Projects Funds	--	--
Total Fund Balance	<u>4,055,199</u>	<u>1,065,206</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,442,572</u></u>	<u><u>\$ 1,065,206</u></u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ 1,034,621	\$ 366,245	\$ 4,773,830
--	210	4,710
82,580	116,721	2,842,922
--	214,871	688,676
--	9,499	22,387
<u>\$ 1,117,201</u>	<u>\$ 707,546</u>	<u>\$ 8,332,525</u>
\$ --	\$ 37,783	\$ 857,402
--	177,944	688,676
--	--	57,022
<u>--</u>	<u>215,727</u>	<u>1,603,100</u>
--	210	4,710
--	9,499	22,388
--	--	277,383
--	--	575,868
1,117,201	--	5,366,966
--	408,670	408,670
--	73,440	73,440
<u>1,117,201</u>	<u>491,819</u>	<u>6,729,425</u>
<u>\$ 1,117,201</u>	<u>\$ 707,546</u>	<u>\$ 8,332,525</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances - governmental funds balance sheet	\$ 6,729,425
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	38,064,087
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,300,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(4,428,957)
Payables for notes which are not due in the current period are not reported in the funds.	(502,219)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(119,398)
Payables for contracts which are not due in the current period are not reported in the funds.	(150,700)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	40,378
Rounding difference	<u>1</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 30,332,617</u>

The accompanying notes are an integral part of this statement.

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YOSEMITE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Outlay Projects
Revenues:		
Revenue Limit Sources:		
State Apportionments	\$ 7,063,384	\$ --
Local Sources	6,061,413	--
Federal Revenue	1,261,009	--
Other State Revenue	3,072,112	--
Other Local Revenue	1,464,362	9,813
Total Revenues	<u>18,922,280</u>	<u>9,813</u>
Expenditures:		
Instruction	10,077,580	--
Instruction - Related Services	2,001,680	--
Pupil Services	1,150,561	--
Community Services	97,578	--
General Administration	1,582,455	--
Plant Services	2,826,503	140,547
Other Outgo	139,168	--
Debt Service:		
Principal	87,071	--
Interest	49,545	--
Total Expenditures	<u>18,012,141</u>	<u>140,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>910,139</u>	<u>(130,734)</u>
Other Financing Sources (Uses):		
Transfers In	--	295,861
Transfers Out	(1,121,422)	--
Other Sources	20,189	--
Total Other Financing Sources (Uses)	<u>(1,101,233)</u>	<u>295,861</u>
Net Change in Fund Balance	(191,094)	165,127
Fund Balance, July 1	4,246,293	900,079
Equity Transfer of Charter School Fund Balance	--	--
Fund Balance, June 30	<u>\$ 4,055,199</u>	<u>\$ 1,065,206</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ --	\$ (13,957)	\$ 7,049,427
--	10,824	6,072,237
--	278,940	1,539,949
30,983	144,395	3,247,490
1,322,979	485,389	3,282,543
<u>1,353,962</u>	<u>905,591</u>	<u>21,191,646</u>
--	118,232	10,195,812
--	8,307	2,009,987
--	731,865	1,882,426
--	--	97,578
--	38,708	1,621,163
--	37,855	3,004,905
--	--	139,168
654,000	286,606	1,027,677
489,848	194,504	733,897
<u>1,143,848</u>	<u>1,416,077</u>	<u>20,712,613</u>
<u>210,114</u>	<u>(510,486)</u>	<u>479,033</u>
--	825,561	1,121,422
--	--	(1,121,422)
--	--	20,189
--	825,561	20,189
210,114	315,075	499,222
907,087	384,895	6,438,354
--	(208,151)	(208,151)
<u>\$ 1,117,201</u>	<u>\$ 491,819</u>	<u>\$ 6,729,425</u>

YOSEMITE UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$ 499,222
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	232,989
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,410,713)
The gain or loss on the sale of capital assets is not reported in the funds.	(40,864)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(40,052)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(150,700)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	654,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	373,677
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>3,702</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (878,739)</u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED 30, 2010

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 226,177
Total Assets	<u>\$ 226,177</u>
LIABILITIES:	
Due to Student Groups	\$ 226,177
Total Liabilities	<u>226,177</u>
NET ASSETS:	
Total Net Assets	<u><u>\$ --</u></u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds :

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Special Reserve Fund for Capital Outlay Projects. This fund is used to account for the acquisition/renovation of major governmental capital facilities and buildings from the accumulation of excess revenues.

Bond Interest and Redemption Fund. This fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest and related costs.

The District reports the following non-major governmental funds:

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

- The Charter School Fund was used to account for the activities of the District's Charter School. This fund was closed during the 2009-10 fiscal year.
- The Adult Education Fund is used to account separately for federal, state and local revenues for adult education programs.
- The Cafeteria Fund is used to account separately for federal, state, and local resources to operate the food service program.
- The Special Reserve Fund for Post-Employment Benefits is used to account for amounts the county office of education has earmarked for the future cost of retiree benefits, but has not contributed irrevocably to a separate trust for the retiree benefit plan.

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

- Building Fund. This fund is used to account for resources received from general obligation bond proceeds.
- The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
- The State School Building Lease-Purchase Fund is used primarily to account for state apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17070-17080).
- The County School Facilities Fund was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants.

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. 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 governmental 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.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Formal budgetary integration was used 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 code.

5. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Madera County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25 - 50
Site Improvements	7 - 40
Machinery and Equipment	5 - 20

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

d. Receivable and Payable Balances

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

The District has a long-term accounts receivable with an independent charter school, see Note E and Note N for further detail.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in the noncurrent liabilities - due within one year.

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

f. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

g. Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financial sources/uses.

h. Interfund Activity

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

i. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Madera and Mariposa bill and collect the taxes for the District.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

j. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. The Reserve for Revolving Fund and Reserve for Stores Inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. The Reserve for Legally Restricted Balance reflects the portion of fund balance that is restricted for use by the grantor agency. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

k. Use of Estimates

The preparation 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 expenses during the reporting period. Actual results could differ from those estimates.

l. New Financial Accounting Pronouncements

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement of Governmental Accounting Standard No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, ("GASB No. 45"). GASB No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. GASB No. 45 generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year or implementation; however, the unfunded actuarial liability is required to be amortized over future periods. GASB No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. GASB No. 45 is effective in three phases based on a government's total annual revenues. The District implemented GASB No. 45 effective fiscal year ended June 30, 2010.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

C. Excess of Expenditures Over Appropriations

As of June 30, 2010, there were no expenditures that exceeded appropriations in individual funds

D. Cash and Investments

Summary of Cash and Investments

Cash and investments at June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Governmental Activities:

Cash in County Treasury	\$4,773,830
Cash in Revolving Fund	4,710
Total	<u>4,778,540</u>

Fiduciary Funds:

Cash on Hand and in Banks	226,177
Grand Total Cash and Investments	<u>\$5,004,717</u>

Cash and investments as of June 30, 2010 consist of the following:

Deposits with Financial Institutions	\$ 230,887
Deposits with County Treasury	<u>4,773,830</u>
Total Cash and Investments	<u>\$5,004,717</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Madera County Treasury as part of the common investment pool (the District's portion was \$4,773,830 as of June 30, 2010). The fair value of the District's portion of this pool as of June 30, 2010, as provided by the pool sponsor, was \$4,791,617. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash in Banks, and in Revolving Fund

Cash balances in banks (\$226,177 as of June 30, 2010) and in the revolving fund (\$4,710) are insured up to \$250,000 by the Federal Depository Insurance Corporation

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Investment Accounting Policy

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

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investments types that are authorized for investments held by trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Security</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

Disclosures Relating to 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.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: 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..

All of the District's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts in accordance with California Government Code.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

E. Accounts Receivable

Accounts receivable as of June 30, 2010, consist of the following:

	General Fund	Bond Interest and Redemption Fund	All Other Governmental Funds	Totals
Apportionment	\$1,991,406	\$ -	\$ -	\$1,991,406
Federal Government:				
Federal Programs	97,732	-	41,906	139,638
State Government:				
Categorical Aid	142,601	-	54,961	197,562
Lottery	71,287	-	-	71,287
Other	62,161	-	2,520	64,681
Total State Government	276,049	-	57,481	333,530
Local Government:				
Other	140,488	82,580	17,311	240,379
Interest	15,544	-	-	15,544
Miscellaneous	122,402	-	23	122,425
Totals	<u>\$2,643,621</u>	<u>\$82,580</u>	<u>\$116,721</u>	<u>\$2,842,922</u>

Government-wide accounts receivable balance of \$2,883,300 includes an adjustment for \$40,378 related to the charter school note receivable. (See Note N)

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

F. Capital Assets

Capital asset activity for the period ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 450,773	\$ -	\$ -	\$ 450,773
Work in progress	170,389	-	170,389	-
Total capital assets not being depreciated	<u>621,162</u>	<u>-</u>	<u>170,389</u>	<u>450,773</u>
Capital assets being depreciated:				
Buildings	45,116,960	-	116,796	45,000,164
Site improvements	11,986,146	392,528	-	12,378,674
Equipment	<u>3,771,095</u>	<u>10,850</u>	<u>24,675</u>	<u>3,757,270</u>
Total capital assets being depreciated	<u>60,874,201</u>	<u>403,378</u>	<u>141,471</u>	<u>61,136,108</u>
Less accumulated depreciation for:				
Buildings	13,249,637	1,414,361	15,295	14,648,703
Site improvements	4,970,942	808,370	-	5,779,312
Equipment	<u>2,911,679</u>	<u>187,982</u>	<u>4,882</u>	<u>3,094,779</u>
Total accumulated depreciation	<u>21,132,258</u>	<u>2,410,713</u>	<u>20,177</u>	<u>23,522,794</u>
Total capital assets being depreciated, net	<u>39,741,943</u>	<u>(2,007,335)</u>	<u>121,294</u>	<u>37,613,314</u>
Governmental activities capital assets, net	<u>\$40,363,105</u>	<u>(\$2,007,335)</u>	<u>\$291,683</u>	<u>\$38,064,087</u>

Depreciation was charged to functions as follows:

Instruction	\$1,417,929
Instruction-Related Services	3,394
Pupil Services	105,198
Enterprise	14,623
General Administration	769
Plant Services	819,136
Other Outgo	49,664
Total	<u>\$2,410,713</u>

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2010, consisted of the following:

<u>Due To Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>	<u>Purpose</u>
Adult Education	General	\$144,864	To transfer flexibility funds
Cafeteria	General	33,080	To repay General Fund for over contribution
General	Charter School	10,824	To transfer in-lieu property tax adjustment for 2008-09
General	Special Reserve Fund for Post-Employment Benefits	204,047	Other Post-Employment Benefits Contribution
General Fund	Special Reserve Fund for Capital Outlay Projects	<u>295,861</u>	To reimburse Capital Outlay Projects Fund for debt payments
		<u>\$688,676</u>	

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

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

2. Transfers To and From Other Funds

Transfers in to and out from other funds at June 30, 2010, consisted of the following:

<u>Transfers Out From</u>	<u>Transfers In To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Cafeteria Fund	\$ 152,101	Encroachment
General Fund	Special Reserve Fund for Post-Employment Benefits	243,542	Other post-employment benefits contribution
General Fund	Capital Facilities Fund	429,918	Contribution and reimbursement for debt payments
General Fund	Special Reserve Fund for Capital Outlay Projects	295,861	To reimburse Capital Outlay Projects Fund for debt payments
		<u>\$1,121,422</u>	

H. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2010, are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
General Obligation Bonds	\$ 9,954,000	\$ --	\$ 654,000	\$ 9,300,000	\$ 686,000
Capital Leases	4,796,032	--	367,075	4,428,957	383,006
Sewer Project Assessment	508,821	--	6,602	502,219	6,907
OPEB Liability (Note M)	--	150,700	--	150,700	--
Compensated Absences	123,100	119,398	123,100	119,398	119,398
Total governmental activities	<u>\$15,381,953</u>	<u>\$270,098</u>	<u>\$1,150,777</u>	<u>\$14,501,274</u>	<u>\$1,195,311</u>

The funds typically used to liquidate Compensated Absences in the past are as follows:

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

2. General Obligation Bonds

The outstanding general obligation bonded debt of the District as of June 30, 2010, is:

<u>Date of Issuance</u>	<u>Interest Rate Payable</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amounts Outstanding July 1, 2009</u>	<u>Redeemed Current Year</u>	<u>Amounts Outstanding June 30, 2010</u>
9/1/ 1998	3.5-4.95	2023	\$ 7,000,000	\$5,145,000	\$240,000	\$4,905,000
8/1/2000	5.0-8.00	2025	4,760,000	3,855,000	150,000	3,705,000
2000	6.00	2014	2,218,000	954,000	264,000	690,000
Totals			<u>\$13,978,000</u>	<u>\$9,954,000</u>	<u>\$654,000</u>	<u>\$9,300,000</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2010, are as follows:

1998 General Obligation Bond

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 255,000	\$ 226,865	\$ 481,865
2012	265,000	215,165	480,165
2013	275,000	203,015	478,015
2014	290,000	190,303	480,303
2015	305,000	176,915	481,915
2016 - 2020	1,760,000	650,224	2,410,224
2021 - 2024	1,755,000	177,258	1,932,258
Totals	\$4,905,000	\$1,839,745	\$6,744,745

2000 General Obligation Bond

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 155,000	\$ 193,770	\$ 348,770
2012	160,000	185,895	345,895
2013	170,000	177,645	347,645
2014	180,000	168,895	348,895
2015	185,000	159,678	344,678
2016 - 2020	1,090,000	637,329	1,727,329
2021 - 2025	1,670,000	297,550	1,967,550
2026	335,000	9,213	344,213
Totals	\$3,945,000	\$1,829,975	\$5,774,975

2000 General Obligation Bond

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 276,000	\$ 33,120	\$ 309,120
2012	233,000	17,850	250,850
2013	89,000	8,190	97,190
2014	92,000	2,760	94,760
Totals	\$ 690,000	\$ 61,920	\$ 751,920

During the year, the District made payments on General Obligation Bonds of \$1,142,598 including interest of \$488,598.

3. Capital Leases

The District leases a bus and facilities at Yosemite High School and the two elementary schools valued at \$6,995,000 under agreements that provide for title to pass upon expiration of the lease. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	
2011	\$ 586,165
2012	586,165
2013	586,166
2014	554,965
2015	537,633
2016 - 2020	2,688,167
2021 - 2022	94,683
	<u>5,633,944</u>
Amount Representing Interest	<u>(1,204,987)</u>
Present Value of Net Minimum Lease Payments	<u>\$4,428,957</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

During the year, the District made payments on capital leases of \$367,075, of which \$219,225 represents interest.

4. Sewer Assessment

On December 16, 2003, assessments to pay for the sewer system improvements on Yosemite Unified School were presented to the District. Annual debt service payments will be made from the Capital Facilities Fund. Interest rate will not exceed 5.00% per year. The District's future payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 6,907	\$ 22,785	\$ 29,692
2012	7,212	22,472	29,684
2013	7,536	22,145	29,681
2014	7,879	21,803	29,682
2015	8,234	21,446	29,680
2016 - 2020	47,069	101,277	148,346
2021 - 2025	58,649	89,594	148,243
2026 - 2030	73,086	75,038	148,124
2031 - 2035	91,066	56,899	147,965
2036 - 2040	113,489	34,296	147,785
2041 - 2043	81,092	7,466	88,558
Totals	<u>\$502,219</u>	<u>\$475,221</u>	<u>\$977,440</u>

During the year, the District made payments on the sewer assessment debt of \$29,687, of which \$23,085 represents interest.

I. Commitments Under Noncapitalized Leases

The District has entered into an operating lease for 17 copiers with a lease term in excess of one year. This agreement contains no purchase options. The agreement contains a termination clause providing for cancellation after a specified number of days' written notice to lessors, but is unlikely that the District will cancel the agreement prior to the expiration date. Future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2011	\$180,420
2012	181,020
2013	181,020
2014	8,400
2015	8,400
Total	<u>\$559,260</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for these copiers.

The District made lease payments of \$179,820 for this equipment during the year ended June 30, 2010.

J. Joint Ventures (Joint Powers Agreements)

The District participates in joint ventures under joint powers agreements (JPAs) with the California Risk Management Authority I, the Self-Insured Schools of California I, and the Self-Insured Schools of California III. The relationship between the District and the JPAs is such that neither of the JPAs is a component unit of the District for financial reporting purposes.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

California Risk Management Authority I (CRMA)

CRMA I arranges for and provides property and liability insurance for its member districts. CRMA I is governed by a Board consisting of a representative from each member district. The Board controls the operations of CRMA I, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in CRMA I.

Self-Insured Schools of California I (SISC I)

The SISC I arranges for and provides workers' compensation insurance for its member districts. SISC I is governed by a Board consisting of a representative from each member district. The Board controls the operations of SISC I, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the SISC I.

Self-Insured Schools of California III (SISC III)

SISC III arranges for and provides health, dental and vision benefits for its member districts. SISC III is governed by a Board consisting of a representative from each member district. The Board controls the operations of SISC III, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in SISC III.

K. Employee Retirement Systems

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

PERS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute at 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 2009-10 was 9.709% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, was \$306,374, \$336,926, and \$334,386, respectively and equals 100% of the required contributions for the year.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

STRS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2010, 2009, and 2008 was \$663,131, \$763,310, and \$796,538, respectively and equals 100% of the required contributions for the year. The amount contributed by the State on behalf of the District was \$342,977.

L. Post-Employment Benefits Other Than Pension Benefits

The District provides post-employment health care benefits, as established by board policy, to all employees who retire from the District. Certificated and management employees who are age 55 and have completed 10 years of full time service are eligible for benefits. The maximum benefit is \$30,000 over a three year period. Classified employees follow the same eligibility requirements with a few exceptions. The age requirement is 50 years old and for employees hired prior to December 1, 2005 and the service requirement is 5 years. The maximum benefit is \$21,000 over a three year period. On June 30, 2010, 13 retirees met these eligibility requirements. (Because actuarial studies are performed bi-annually a variance in number of participating employees may result between reporting periods.)

District Funding Policy

The contribution requirements of program members and the District are established and may be amended through negotiations between the District and the respective bargaining units. For the fiscal year ended June 30, 2010, the funding was based on the "pay-as-you-go" basis. For the fiscal year ended June 30, 2010, the District paid \$105,847, as the "pay-as-you-go" cost (approximately 59.7% of total premiums). Plan members receiving benefits contributed \$71,473 or approximately 40.3% of the total premiums, through their required contribution.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$256,547
Interest on net OPEB obligation	—
Adjustment to annual required contribution	—
Annual OPEB cost (expense)	<u>256,547</u>
Contributions made	<u>105,847</u>
Increase in net OPEB obligation	150,700
Net OPEB obligation - beginning of year	—
Net OPEB obligation - end of year	<u>\$150,700</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$256,547	31.8%	\$150,700

Refer to the Required Supplemental Information for the Schedule of Funding Progress.

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,675,145 based on 201 employees, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,675,145. The covered payroll (annual payroll of active employees covered by the Plan) was \$11,193,463, and the ratio of the UAAL to the covered payroll was 15%.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5% investment rate, and an annual healthcare cost trend rate of 12% initially, reduced by decrements to ultimate rate of 9% after 4 years. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 29 years.

M. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to 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.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

N. Glacier High School

Effective July 1, 2009 the Glacier High School Charter will become an independent charter sponsored by Yosemite Unified School District. As the sponsoring district, they will be receiving 1% of the charter school's apportionment revenue as their district oversight charge. The new charter corporation will be called Western Sierra Charter Schools. During the year the District transferred \$208,152 of the 2008-09 fund balance which closed the Charter School Fund. At June 30, 2010 the District still owed the Charter \$30,635 related to the transfer. The District also transferred fixed assets totaling \$39,843 related to a portable and equipment to the charter school. In addition to the transfer, the District entered into a contract to sell a portable to the charter school for \$60,566. This loan is to be paid over three years in installments of \$20,189. During the year the District received the first payment of \$20,189 and has a remaining long-term accounts receivable of \$40,378.

Required Supplementary Information

YOSEMITE UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 6,460,709	\$ 6,964,200	\$ 7,063,384	\$ 99,184
Local Sources	7,136,635	6,061,413	6,061,413	--
Total Revenue Limit	<u>13,597,344</u>	<u>13,025,613</u>	<u>13,124,797</u>	<u>99,184</u>
Federal	1,740,650	1,407,921	1,261,009	(146,912)
Other State	2,686,377	2,790,127	3,072,112	281,985
Other Local	1,190,822	1,330,825	1,464,362	133,537
Total Revenues	<u>19,215,193</u>	<u>18,554,486</u>	<u>18,922,280</u>	<u>367,794</u>
Expenditures:				
Current:				
Certificated Salaries	8,226,896	8,105,990	8,105,990	--
Classified Salaries	3,405,963	3,389,496	3,388,404	1,092
Employee Benefits	3,255,901	3,154,224	3,154,224	--
Books And Supplies	690,273	966,162	809,229	156,933
Services And Other Operating Expenditures	2,011,155	2,365,321	2,335,142	30,179
Other Outgo	24,758	92,353	30,324	62,029
Capital Outlay	--	52,212	52,212	--
Debt Service:				
Principal	87,071	87,071	87,071	--
Interest And Fiscal Charges	49,545	49,545	49,545	--
Total Expenditures	<u>17,751,562</u>	<u>18,262,374</u>	<u>18,012,141</u>	<u>250,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,463,631	292,112	910,139	618,027
Other Financing Sources (Uses):				
Transfers Out	(598,092)	(1,121,422)	(1,121,422)	--
Other Sources	--	--	20,189	20,189
Total Other Financing Sources (Uses)	<u>(598,092)</u>	<u>(1,121,422)</u>	<u>(1,101,233)</u>	<u>20,189</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>865,539</u>	<u>(829,310)</u>	<u>(191,094)</u>	<u>638,216</u>
Fund Balances, July 1	4,246,293	4,246,293	4,246,293	--
Fund Balances, June 30	<u>\$ 5,111,832</u>	<u>\$ 3,416,983</u>	<u>\$ 4,055,199</u>	<u>\$ 638,216</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2008	\$-0-	\$1,675,145	\$1,675,145	0%	\$11,193,463	15%

Supplementary Information Section

**YOSEMITE UNIFIED SCHOOL DISTRICT
ORGANIZATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The District was established on July 1, 2006 and is comprised of an area of 500 square miles located in Madera and Mariposa Counties. There were no changes in the boundaries of the District during the year ended June 30, 2010. The District is currently operating ten schools consisting of two elementary schools, three high schools, two community day schools, two continuation high schools, and one adult school. The District also operates a home study, independent study, tutoring sites for grades K-12.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
John Reynolds	President	November 2010
Tammy Loveland	Clerk	November 2012
Monica Moullin	Member	November 2010
Greg Schoonard	Member	November 2012
Christine Wilder	Member	November 2012

Administration

Steve Raupp
Superintendent Since July 1, 2009

Srini Vasan
Assistant Superintendent/Chief Business Officer Since July 1, 2006

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2010

	<u>*Second Period Report</u>	<u>*Annual Report</u>
Elementary:		
Kindergarten	94	95
Grades 1 through 3	305	303
Grades 4 through 6	339	340
Grades 7 and 8	226	225
Special education	18	18
Community day school	<u>5</u>	<u>5</u>
Elementary Totals	<u>987</u>	<u>986</u>
High School:		
Grades 9 through 12, regular classes	923	913
Continuation education	30	29
Home and hospital	6	6
Special education	21	20
Community day school	<u>5</u>	<u>5</u>
High School Totals	<u>985</u>	<u>973</u>
ADA Totals	<u>1,972</u>	<u>1,959</u>

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

*The average daily attendance above are the original and audited amounts, since the District did not have findings that impact average daily attendance.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>1986-87 Reduced</u>	<u>2009-10 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	*	36,000	35,000	44,100	180	N/A	In Compliance
Grade 1	*	50,400	49,000	58,140	180	N/A	In Compliance
Grade 2	*	50,400	49,000	58,140	180	N/A	In Compliance
Grade 3	*	50,400	49,000	58,140	180	N/A	In Compliance
Grade 4	*	54,000	52,500	59,040	180	N/A	In Compliance
Grade 5	*	54,000	52,500	59,040	180	N/A	In Compliance
Grade 6	*	54,000	52,500	59,040	180	N/A	In Compliance
Grade 7	*	54,000	52,500	59,040	180	N/A	In Compliance
Grade 8	*	54,000	52,500	59,040	180	N/A	In Compliance
Grade 9	*	64,800	63,000	64,603	180	N/A	In Compliance
Grade 10	*	64,800	63,000	64,603	180	N/A	In Compliance
Grade 11	*	64,800	63,000	64,603	180	N/A	In Compliance
Grade 12	*	64,800	63,000	64,603	180	N/A	In Compliance

*District did not exist in 1982-83.

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

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

Due to an instructional minute finding in 2007-08, Foothill High School increased their minutes in 2008-09 to 66,110, and in 2009-10 to 66,250 (grades 9 through 12) in order to satisfy the waiver agreement.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2010

	(Budget) 2011	2010	2009	2008
<u>General Fund</u>				
Revenues and Other Financial Sources	<u>\$16,228,382</u>	<u>\$18,942,469</u>	<u>\$21,932,789</u>	<u>\$21,841,333</u>
Expenditures	17,419,887	18,012,141	20,401,844	21,169,380
Other Uses and Transfers Out	<u>1,000,684</u>	<u>1,121,422</u>	<u>143,856</u>	<u>311,674</u>
Total Outgo	<u>18,420,571</u>	<u>19,133,563</u>	<u>20,545,700</u>	<u>21,481,054</u>
Change in Fund Balance (Deficit)	<u>(2,192,189)</u>	<u>(191,094)</u>	<u>1,387,089</u>	<u>360,279</u>
Ending Fund Balance	<u>\$ 1,863,010</u>	<u>\$ 4,055,199</u>	<u>\$ 4,246,293</u>	<u>\$ 2,859,204</u>
Available reserves	<u>\$ 1,528,084</u>	<u>\$ 3,760,427</u>	<u>\$ 3,858,201</u>	<u>\$ 2,116,324</u>
Designated Fund Balance	<u>\$ 552,617</u>	<u>\$ 575,868</u>	<u>\$ 609,460</u>	<u>\$ 648,203</u>
Undesignated Fund Balance	<u>\$ 975,467</u>	<u>\$ 3,184,559</u>	<u>\$ 3,248,741</u>	<u>\$ 1,468,121</u>
Available reserves as a percentage of total outgo	8.30%	19.65%	18.78%	9.85%
Total long-term debt	\$13,305,963	\$14,504,274	\$15,381,953	\$16,516,255
Average daily attendance at P-2	1,830	1,972	2,189	2,282

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

The General Fund balance has increased by \$1,195,995 over the past two years. The fiscal year 2010-11 budget projects an decrease in fund balance of \$2,192,189 (54.05%). For a district of this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years, and anticipates incurring an operating deficit during the 2010-11 fiscal year. Total long-term debt has decreased by \$2,011,981 over the past two years.

Average daily attendance has decrease by 310 over the past two years. An decrease of 142 ADA is expected during fiscal year 2010-11. The majority of the ADA decrease relates to a neighboring school district's completion of their high school and those students will no longer be attending Yosemite High School, as well as the transfer of the charter school students.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through California Department of Education (CDE):			
NCLB: Title I, Grants to Local Educational Agencies*	84.010	14329	\$ 235,994
Special Ed: IDEA , Basic Local Assistance Entitlement, Part B*	84.027	13379	159,020
Vocational Programs: Vocational and Applied Technology Secondary	84.048	13924	23,050
ESEA: Title VII, Indian Education Grants to Local Educational Agencies	84.060	10011	22,479
NCLB: Title V, Part A, Innovative Education Program Strategies	84.298	14354	-
NCLB: Title II, Part A, Improving Teacher Quality	84.367	14341	74,226
ARRA: Title I, Part A, Basic Grants Low-Income and Neglected*	84.389	15005	78,379
Special Ed: ARRA, IDEA, Basic Local Assistance, Part B*	84.391	15003	176,457
ARRA: State Fiscal Stabilization Fund	84.394	25008	<u>220,976</u>
Total U.S. Department of Education			<u>990,581</u>
U.S. Department of Agriculture:			
Passed through CDE:			
National School Breakfast Program*	10.553	13390	43,131
National School Lunch Program*	10.555	13396	<u>235,809</u>
Total U.S. Department of Agriculture			<u>278,940</u>
Total Expenditures of Federal Awards			<u>\$1,269,521</u>

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

The accompanying notes are an integral part of this schedule.

Basis of Presentation

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

Non-Cash Assistance

Non-cash assistance in the form of donated foods was received from California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The total market value of the donated foods received during 2009-10 was \$40,442.

Reconciliation of Expenditures

Reconciliation of expenditures per schedule of federal grant activity with the federal revenue reported on the District's Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds follows:

Schedule of Expenditures of Federal Awards	\$1,269,521
MAA received in 2009-10	85,862
Forest Reserve Funds received in 2009-10	<u>184,566</u>
Federal revenue reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$1,539,949</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Other Governmental Funds</u>
June 30, 2010, Annual Financial and Budget Report Fund Balances	<u>\$3,893,986</u>	<u>\$ —</u>	<u>\$522,454</u>
Adjustments and Reclassifications:			
Increasing (Decreasing) the Fund Balance:			
Cash	—	1,034,621	—
Accounts receivable understatement	99,184	82,580	—
Accounts payable (understatement) overstatement	<u>62,029</u>	<u>—</u>	<u>(30,635)</u>
Net Adjustments and Reclassifications	<u>161,213</u>	<u>1,117,201</u>	<u>(30,635)</u>
June 30, 2010 Audited Financial Statement Fund Balances	<u>\$4,055,199</u>	<u>\$1,117,201</u>	<u>\$491,819</u>

	<u>Long-Term Obligation Activity</u>
June 30, 2010 Annual Financial and Budget Report - Form Debt	<u>\$14,683,297</u>
Adjustments and Reclassifications:	
Increase (Decrease) in total liabilities:	
General obligation bonds	750
Capital Leases	(333,475)
OPEB Liability	150,700
Rounding	<u>2</u>
Net Adjustments and Reclassifications	<u>(182,023)</u>
June 30, 2010, Long-Term Obligation Activity	<u>\$14,501,274</u>

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

Other Independent Auditors' Reports

Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Yosemite Unified School District
Oakhurst, California

We have audited the financial statements the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yosemite Unified School District, as of and for the year ended June 30, 2010, which collectively comprise the Yosemite Unified School District's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Yosemite Unified School District's financial statements will not be prevented, or detected and corrected on a time basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Borchardt, Corona & Faeth

Fresno, California
December 15, 2010

Independent Auditors' Report on State Compliance

Board of Trustees
 Yosemite Unified School District
 Oakhurst, California

We have audited the general purpose financial statements of Yosemite Unified School District, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Yes
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Class Size Reduction Program (including Charter Schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	4	N/A
Before School	5	N/A
Contemporaneous Records of Attendance, for Charter Schools	1	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	3	N/A

The term "N/A" is used above to mean one or more of the following: 1) The District did not offer the program during the current fiscal year, 2) The program applies only to a different type of local education agency, or 3) The procedures in the audit guide have been revised by subsequent state legislation.

Based on our audit, we found that, for the items tested, Yosemite Unified School District complied with the state laws and regulations referred to, except as described in the findings and recommendations section of this report as item 2010-1. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Yosemite Unified School District had not complied with the state laws and regulations.

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

Borchardt, Corona & Faeth

Fresno, California
December 15, 2010

Independent Auditors' Report on Compliance With
Requirements Applicable to Each Major Program and
Internal Control over Compliance in Accordance With OMB Circular A-133

Board of Trustees
Yosemite Unified School District
Oakhurst, California

Compliance

We have audited the compliance of Yosemite Unified School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Yosemite Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Yosemite Unified School District's management. Our responsibility is to express an opinion on Yosemite Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yosemite Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Yosemite Unified School District's compliance with those requirements.

In our opinion, Yosemite Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Yosemite Joint Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Yosemite Joint Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Yosemite Joint Unified School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, 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.

Borchardt, Corona & Faeth

Fresno, California
December 15, 2010

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YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified not considered
 to be material weakness(es) _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified not considered
 to be material weakness(es) _____ Yes X None reported

Type of auditors' report issued on compliance for
 major programs: **Unqualified**

Any audit findings disclosed that are required to be
 reported in accordance with Circular A-133,
 Section .510(a) _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Ed: IDEA, Basic Local Assistance, Part B
84.391	Special Ed: ARRA, IDEA, Basic Assistance, Part B

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

Auditee qualified as low-risk auditee? X Yes _____ No

State Awards

Internal control over state programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified not considered
 to be material weakness(es) X Yes _____ None reported

Type of auditors' report issued on compliance for
 state programs: **Qualified**

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

D. State Awards Findings and Questioned Costs

Finding Identification

2010 - 1 *State Compliance - School Accountability Report Card (SARC) #72000*

Criteria or Specific Requirement

Education Code section 33126 (B)(8) - All school sites with a County-District-School (CDS) code must prepare an annual School Accountability Report Card (SARC). They must include an annual facilities inspection on school site safety, cleanliness, and adequacy of school facilities including any needed maintenance to ensure the site is in good repair. The Facilities Inspection Tool has been developed by the Office of Public School Construction to be used to document the inspection. This report should support what was reported on the SARC for each site.

Condition

The District's SARC did not match what was documented on facility inspection tool for one of the sites tested.

Effect

The District did not comply with State requirements for the School Accountability Report Card.

Cause

The District did not properly report the information from facility inspection tool to prepare the SARC.

Questioned Costs

It has not been determined how the State will assess this matter.

Recommendation

The SARC needs to disclose all issues regarding safety, cleanliness, and adequacy of school facilities documented in the Facilities Inspection Tool.

District Response

The District will make sure that what was documented on the facility inspection tool for sites matches district SARC.

YOSEMITE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation if Not Implemented</u>
<p>1. Our audit of controls over cash collected for the After School Programs (daycare) at Rivergold Elementary and Coarsegold Elementary noted that the employees involved in receiving the cash did not maintain adequate documentation. As a result, there was inadequate control over the cash collections prior to being recorded in the accounting records and deposited to their Yosemite Bank accounts. Additionally, the lax controls led to families incurring large unpaid balances for their child's day care services. It was recommended that the District establish reliable controls over the two daycare operations. Daily sign-in and sign-out sheets need to be retained. Daily sheets need to be priced and accumulated to ensure that the proper weekly fee is collected. Parents with unpaid fees need to be advised that their child will not be allowed in the program and their account will be subject to collection charges.</p>	Implemented	
<p>2. During our analysis of attendance records, we noted that Form P-2 and Annual Report of Attendance were incorrectly prepared. The following errors were noted:</p> <ul style="list-style-type: none"> • The summary spreadsheet used to consolidate the information reported on the Form P-2 Report of Attendance did not report the proper amount of actual attendance. The error was corrected prior to preparing the Annual Report of Attendance. • Also, during our analysis of Independent Study, we noted one student who lacked a proper Independent Study Master Agreement. 	Implemented	
<p>It was recommended that the District review the preparation of Form P-2 Report of Attendance, to make sure errors are corrected before it is submitted to the California Department of Education. The District should also ensure the proper completion of the Independent Study Agreements to include all required information.</p>		

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