

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

JUNE 30, 2007

**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, 2007

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Financial Section

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, 2007, 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, each major fund, and the aggregate remaining fund information of Yosemite Unified School District as of June 30, 2007, 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 7, 2007 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise Yosemite Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting 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. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 7, 2007

YOSEMITE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2007

INTRODUCTION

Our 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, 2007. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ This is a newly formed district resulting from unification of two lapsed districts (voter approved in November 2005 special election): Coarsegold Union School District and Yosemite Joint Union High School District. The unification resulted in increase of blended revenue limit of \$6,314 and an ADA (average daily attendance of 2,267). The District's financial status is strong and projected to remain stable in the foreseeable future. Net capital assets after depreciation are 40.79 Million. The total long term liabilities are 17.38 Million including General Obligation Bonds of 11.14 Million that is paid by the tax payers of Unified School District.
- ❑ Overall General Fund (GF) revenues were \$21.72 Million consisting of both Unrestricted Revenues and Restricted Revenues.
- ❑ Overall GF expenditures including transfers to other funds such as Cafeteria and Deferred Maintenance were \$20.92 Million, consisting of \$16.79 Million in unrestricted expenses and 4.13 Million in restricted expenses.
- ❑ The District's new and modernization construction projects with funding from the Office of Public School Construction and loans include the following:
 - Modernization of Buildings 100, 200 and 300 at Coarsegold Elementary site
 - Additional 12 portable classrooms between Coarsegold and Rivergold sites
 - Replacing the co-generation plant at High School site
 - Construction in progress: Multipurpose room at Coarsegold Elementary site for which a contract has already been signed. This project is due for completion by August, 2008
- ❑ The District had no changes in any major educational programs or sports activities during the year.

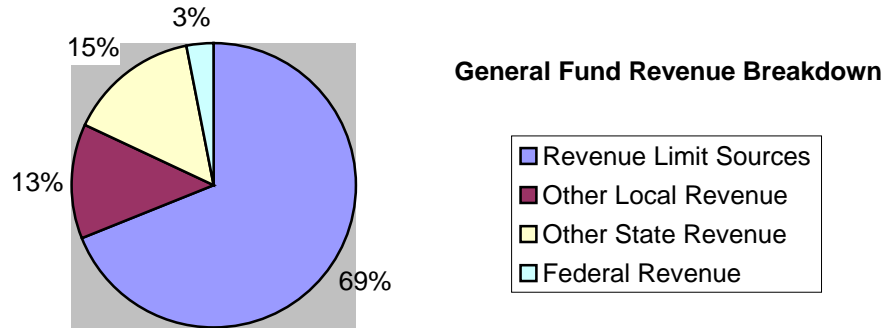
Fund Financial Statements

Fund Revenues and Expenses (in Millions):

	Revenues*	Expenses	Net Change	Fund Balance July 1, 2006	Fund Balance June 30, 2007
General Fund	\$23.382	\$20.920	\$2.462	\$0.000	\$2.462
County Schools Facilities	3.070	1.956	1.114	0.000	1.114
Capital Outlay Projects	3.277	1.181	2.096	0.000	2.096
Other Government Funds	6.212	4.106	2.106	0.000	2.106
Cafeteria Fund – Enterprise	0.802	0.801	0.001	0.000	0.001

* Includes revenue sources from other funds and lapsed districts

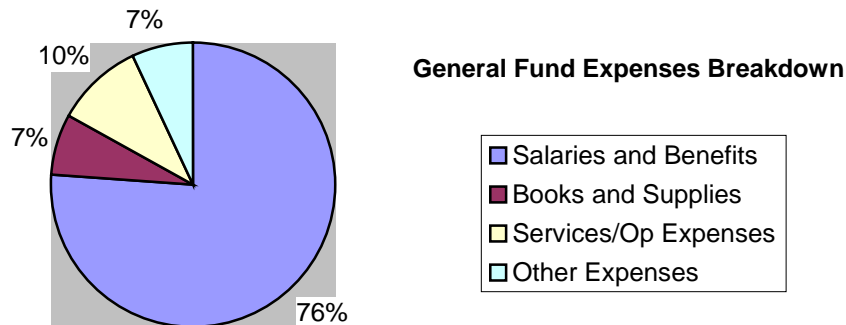
General Fund: Revenue Limit (69% of total revenue) that includes both property tax and state apportionment constitutes major portion of this fund. Federal Revenue (3%) coming from Forest Reserve Fund. State Revenues (15%) that includes Class size reduction and categorical programs, to list a few, forms the next major portion. Local revenues (13% of total revenue) came from interest, revenue from shared services etc. (See chart below)



The General Fund monies are spent on the following:

1. Salaries and benefits → 76%
 - a. Certificated, Classified, and Management personnel
2. Books and supplies → 7%
3. Services and other operating expenses → 10% (fuel, utilities)
4. Other expenses → 7%

See chart below.



The fund has sufficient ending balance to cover the 3% reserve for economic uncertainties mandated by the State

Capital Facilities (Developer Fee) Fund: Revenue collected from developers including homeowners. The current charges are \$2.63 per square foot for residential and \$0.42 per square foot for commercial. 2006-2007 revenues were substantially lower compared to previous year due to higher mortgage interest rates. The developer fees are collected by the high school district and shared on 40% and 60% basis, 60% going to the elementary school districts.

Other Funds:

Deferred Maintenance Fund: This fund has two components: State allotment and district match. Expenses include maintenance of buildings such as paving, plumbing, roofing, etc.

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 06-07, Cafeteria lost \$69,485 on total revenue of \$732,240. Focus is being placed on cutting down its losses. Financial analysis of the entity as a whole is shown below with net assets and liabilities. Total assets are \$53.94 Million and total liabilities amount to 22.70 Million. Total Net Assets after Liabilities are 31.24 Million. The details are given below.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

**Table 1
Statement of Net Assets of all Governmental Funds**

	Governmental Activities		Change
	2007	2006**	2007-2006
Assets			
Cash	\$ 6,844,371		\$ 6,844,371
Cash in revolving fund	\$ 4,500		\$ 4,500
Cash with a Fiscal Agent/Trustee	\$ 4,180,000		\$ 4,180,000
Accounts Receivable	\$ 2,065,327		\$ 2,065,327
Internal Balances	\$ 829		\$ 829
Stores Inventories	\$ 9,452		\$ 9,452
Capital Assets:			
Land	\$ 450,773		\$ 450,773
Land Improvements, Net	\$ 8,145,805		\$ 8,145,805
Buildings, Net	\$28,539,549		\$28,539,549
Equipment, Net	\$ 985,894		\$ 985,894
Work in Progress	\$ 2,669,681		\$ 2,669,681
TOTAL ASSETS	<u>\$53,896,181</u>	<u>\$ -</u>	<u>\$53,896,181</u>
Liabilities			
Accounts Payable	\$ 1,055,753		\$ 1,055,753
Deferred Revenues	\$ 91,985		\$ 91,985
TRAN (Tax Revenue Anticipation Notes)	\$ 4,180,000		\$ 4,180,000
Noncurrent Liabilities:			
Due within one year	\$ 1,159,332		\$ 1,159,332
Due in more than one year	\$16,215,863		\$16,215,863
TOTAL LIABILITIES	<u>\$22,702,933</u>	<u>\$ -</u>	<u>\$22,702,933</u>
Net Assets			
Invested in Capital Assets, net of debt	\$25,037,768		\$25,037,768
Restricted For			
Debt Service	\$ 942,345		\$ 942,345
Capital Projects	\$ 3,772,887		\$ 3,772,887
Unrestricted	\$ 1,440,248		\$ 1,440,248
TOTAL NET ASSETS	<u>\$31,193,248</u>	<u>\$ -</u>	<u>\$31,193,248</u>
2006** The district did not exist – Comparative data is not available			

Shown below are General Fund Revenues and Expenses. The State revenue increased substantially for the year 2006-2007 due to many one-time restricted grants included discretionary block grant (site as well as district), arts and music grant, counseling grant, to list a few.

**Table 2
General Fund
Revenues and Program Expenses (by Function)**

	General Fund		Change
	2007	2006**	2007-2006
Revenues			
Revenue limit	\$16,137,773		\$16,137,773
Federal Revenue	\$ 652,597		\$ 652,597
Other State Revenues	\$ 3,584,209		\$ 3,584,209
Other Local Revenues	\$ 1,340,895		\$ 1,340,895
TOTAL REVENUES	\$21,715,474	\$ -	\$21,715,474
Program Expenses (by function)*			
Instruction	\$11,455,586		\$11,455,586
Instruction-Related Services	\$ 2,371,544		\$ 2,371,544
Pupil Services	\$ 1,016,157		\$ 1,016,157
Community Services	\$ 143,067		\$ 143,067
General Administration	\$ 1,573,497		\$ 1,573,497
Plant Services	\$ 3,071,841		\$ 3,071,841
Debt Services	\$ 122,472		\$ 122,472
Other Outgo	\$ 275,623		\$ 275,623
TOTAL EXPENSES	\$20,029,787	\$ -	\$20,029,787
INCREASE (OR DECREASE)	\$ 1,685,687	\$ -	\$ 1,685,687
Other Financing Sources (Uses)			
Transfers Out	\$ (890,633)		\$ (890,633)
Other Sources	\$ 1,666,542		\$ 1,666,542
TOTAL OTHER FINANCING SOURCES (USES)	\$ 775,909	\$ -	\$ 775,909
Net Change in Fund Balance	\$ 2,461,596		\$ 2,461,596
Fund Balance July 1	\$ -		\$ -
Fund Balance June 30	\$ 2,461,596		\$ 2,461,596
2006** District did not exist – Comparative data not available			

Governmental Activities

The net cost of all governmental activities this year was \$16.024 Million. Table 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 3
Statement of Activities**

	Total Cost of Services		Net Cost of Services	
	2007	2006**	2007	2006**
Instruction	\$13,373,535		\$11,112,454	
Instruction-Related Services	\$ 2,545,915		\$ 2,076,217	
Pupil Services	\$ 1,089,019		\$ 890,338	
Community Services	\$ 142,206		\$ 114,234	
Enterprise	\$ 14,420		\$ 14,420	
General Administration	\$ 1,620,688		\$ 1,311,364	
Plant Services	\$ 3,162,394		\$ (281,390)	
Other Outgo	\$ 1,099,869		\$ 668,791	
Depreciation – Unallocated	\$ 49,663		\$ 49,663	
TOTAL GOVERNMENTAL ACTIVITIES	\$23,097,709	\$ -	\$15,956,091	\$ -
Business-type activities				
Food Services	\$ 801,725		\$ 68,178	
TOTAL PRIMARY GOVERNMENT	\$23,899,434	\$ -	\$16,024,269	\$ -
2006** District did not exist – Comparative data not available				

Capital assets and depreciation for Yosemite Unified School District are shown below.

**Table 4
Capital Assets**

	Transferred from Predecessor Districts	Increases	Decreases	Balance June 30, 2007
Capital assets, not depreciated:				
Land	\$ 325,773	\$ 125,000	\$ --	\$ 450,773
Work in progress	10,608,740	2,453,094	10,392,153	2,669,681
Total assets, not depreciated	10,934,513	2,578,094	10,392,153	3,120,454
Capital assets depreciated:				
Buildings	29,131,977	10,390,726	1,613	39,521,090
Improvements of sites	10,225,411	1,308,356	--	11,533,767
Equipment	3,545,623	174,126	157,963	3,561,786
Total capital assets depreciated	42,903,011	11,873,208	159,576	54,616,643
Less accumulated depreciation for:				
Buildings	10,130,644	850,897	--	10,981,541
Improvement of sites	2,854,908	633,155	--	3,387,962
Equipment	2,534,858	198,997	157,963	2,575,892
Total accumulated depreciation	15,420,309	1,683,049	157,963	16,945,395
Total capital assets, depreciated, net	27,482,702	10,190,159	1,613	37,671,248
Governmental activities capital assets, net	<u>\$38,417,215</u>	<u>\$12,768,253</u>	<u>\$10,393,766</u>	<u>\$40,791,702</u>

Long-Term Debt

At year end, the District had \$17.375 Million in long term debts as shown below.

**Table 5
Long-Term Debt**

	Governmental Activities		Change
	2007	2006**	2007-2006
General Obligation Bonds ⁽¹⁾	\$11,139,000		\$11,139,000
Capital Leases	\$ 5,556,723		\$ 5,556,723
Compensated Absences	\$ 158,290		\$ 158,290
Other Long term liabilities ⁽²⁾	\$ 521,182		\$ 521,182
TOTAL LONG-TERM DEBT	<u>\$17,375,195</u>		<u>\$17,375,195</u>
2006** District did not exist – Comparative data not available			

(1) It is to be noted that the General Obligation Bonds is not a true district liability, since it is 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 AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District is not aware any circumstances that could affect its future financial health. In the November 2005 elections, the voters passed Measure 'P' that would unify this High School District with Coarsegold Union Elementary District. This unification became effective July 1, 2006.

- ❑ The continuing increases in premiums for health care insurance could have a significant effect on employee take home pay and eventually impacting the staff and the district. The 2007 premium for health insurance increased by 8% ~ 10% over 2006 premium. The worker's compensation rate decreased slightly due to experience (mod) factor. Health care premiums are predicted to increase every year.
- ❑ The budget assumptions used to prepare the budget for 2008 included a 3 % cost of living allowance (COLA). As of preparation of this MD&A, all bargaining units have settled on a COLA increase of 3.6%.
- ❑ For 2007-2008 the State will also be funding on additional programs such as Arts and Entertainment, Physical Education, Counseling services, etc.

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. Srimi Vasan, Chief Business Officer at 559-683-8801 x 378.

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash in County Treasury	\$ 6,844,371	\$ 1,392	\$ 6,845,763
Cash in Revolving Fund	4,500	210	4,710
Cash with a Fiscal Agent/Trustee	4,180,000	--	4,180,000
Accounts Receivable	2,065,327	43,004	2,108,331
Internal Balances	829	(829)	--
Stores Inventories	9,452	14,530	23,982
Capital Assets:			
Land	450,773	--	450,773
Land Improvements, Net	8,145,805	--	8,145,805
Buildings, Net	28,539,549	--	28,539,549
Equipment, Net	985,894	--	985,894
Work in Progress	2,669,681	--	2,669,681
Total Assets	<u>53,896,181</u>	<u>58,307</u>	<u>53,954,488</u>
LIABILITIES:			
Accounts Payable	1,055,753	57,748	1,113,501
Deferred Revenues	91,985	--	91,985
Tax Revenue Anticipation Notes	4,180,000	--	4,180,000
Noncurrent Liabilities:			
Due within one year	1,159,332	--	1,159,332
Due in more than one year	16,215,863	--	16,215,863
Total Liabilities	<u>22,702,933</u>	<u>57,748</u>	<u>22,760,681</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	25,037,768	--	25,037,768
Restricted For:			
Debt Service	942,345	--	942,345
Capital Projects	3,772,887	--	3,772,887
Unrestricted	1,440,248	559	1,440,807
Total Net Assets	<u>\$ 31,193,248</u>	<u>\$ 559</u>	<u>\$ 31,193,807</u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Government Activities:				
Instruction	\$ 13,373,535	\$ 191,073	\$ 2,070,008	\$ --
Instruction-Related Services	2,545,915	39,557	430,141	--
Pupil Services	1,089,019	16,950	181,731	--
Community Services	142,206	2,386	25,586	--
Enterprise	14,420	--	--	--
General Administration	1,620,688	26,245	283,079	--
Plant Services	3,162,394	51,237	1,188,043	2,204,504
Other Outgo	1,099,869	6,640	424,438	--
Depreciation - Unallocated	49,663			
Total Governmental Activities	<u>23,097,709</u>	<u>334,088</u>	<u>4,603,026</u>	<u>2,204,504</u>
Business-type Activities:				
Food Services	801,725	466,326	267,221	--
Total Primary Government	<u>\$ 23,899,434</u>	<u>\$ 800,414</u>	<u>\$ 4,870,247</u>	<u>\$ 2,204,504</u>

General Revenues:
 Revenue Limit Sources
 Federal Revenues
 State Revenues
 Local Revenues
 OTHER RESOURCES (Reclassify to revenue)
 Transfers
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (11,112,454)		\$ (11,112,454)
(2,076,217)		(2,076,217)
(890,338)		(890,338)
(114,234)		(114,234)
(14,420)		(14,420)
(1,311,364)		(1,311,364)
281,390		281,390
(668,791)		(668,791)
(49,663)		(49,663)
<u>(15,956,091)</u>		<u>(15,956,091)</u>
--	\$ (68,178)	(68,178)
<u>(15,956,091)</u>	<u>(68,178)</u>	<u>(16,024,269)</u>
16,693,738	--	16,693,738
226,903	--	226,903
1,168,327	--	1,168,327
1,964,776	--	1,964,776
27,131,859	32,474	27,164,333
(36,263)	36,263	--
<u>47,149,340</u>	<u>68,737</u>	<u>47,218,077</u>
31,193,249	559	31,193,808
(1)	--	(1)
<u>\$ 31,193,248</u>	<u>\$ 559</u>	<u>\$ 31,193,807</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2007

	General Fund	County School Facilities Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash in County Treasury	\$ 2,544,560	\$ 1,058,653
Cash in Revolving Fund	4,500	--
Cash with a Fiscal Agent/Trustee	4,180,000	--
Accounts Receivable	1,891,405	--
Due from Other Funds	29,744	325,306
Stores Inventories	9,452	--
Total Assets	<u>\$ 8,659,661</u>	<u>\$ 1,383,959</u>
 LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 869,026	\$ 155,275
Due to Other Funds	1,057,054	115,000
Tax Revenue Anticipation Notes	4,180,000	--
Deferred Revenue	91,985	--
Total Liabilities	<u>6,198,065</u>	<u>270,275</u>
 Fund Balance:		
Reserved Fund Balances:		
Reserve for Revolving Cash	4,500	--
Reserve for Stores Inventories	9,451	--
Designated Fund Balances:		
Designated for Economic Uncertainties	627,613	--
Other Designated	150,000	--
Unreserved	1,670,032	1,113,684
Unreserved, reported in nonmajor:		
Special Revenue Funds	--	--
Debt Service Funds	--	--
Capital Projects Funds	--	--
Total Fund Balance	<u>2,461,596</u>	<u>1,113,684</u>
 Total Liabilities and Fund Balances	<u>\$ 8,659,661</u>	<u>\$ 1,383,959</u>

The accompanying notes are an integral part of this statement.

<u>Capital Outlay Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,580,828	\$ 1,660,330	\$ 6,844,371
--	--	4,500
--	--	4,180,000
--	173,922	2,065,327
515,000	333,407	1,203,457
--	--	9,452
<u>\$ 2,095,828</u>	<u>\$ 2,167,659</u>	<u>\$ 14,307,107</u>
\$ --	\$ 31,452	\$ 1,055,753
--	30,573	1,202,627
--	--	4,180,000
--	--	91,985
<u>--</u>	<u>62,025</u>	<u>6,530,365</u>
--	--	4,500
--	--	9,451
--	--	627,613
--	--	150,000
2,095,828	--	4,879,544
--	599,914	599,914
--	942,345	942,345
--	563,375	563,375
<u>2,095,828</u>	<u>2,105,634</u>	<u>7,776,742</u>
<u>\$ 2,095,828</u>	<u>\$ 2,167,659</u>	<u>\$ 14,307,107</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total fund balances - governmental funds balance sheet	\$ 7,776,742
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.	40,791,702
Payables for bond principal which are not due in the current period are not reported in the funds.	(11,139,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(5,556,723)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(158,290)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(521,182)
Rounding difference	(1)
	<u> </u>
Net assets of governmental activities - statement of net assets	<u>\$ 31,193,248</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	County School Facilities Fund
	<u> </u>	<u> </u>
Revenues:		
Revenue Limit Sources:		
State Apportionments	\$ 8,221,894	\$ --
Local Sources	7,915,879	--
Federal Revenue	652,597	--
Other State Revenue	3,584,209	2,204,504
Other Local Revenue	1,340,895	70,091
Total Revenues	<u>21,715,474</u>	<u>2,274,595</u>
Expenditures:		
Instruction	11,455,585	--
Instruction - Related Services	2,371,544	--
Pupil Services	1,016,157	--
Community Services	143,067	--
General Administration	1,573,498	--
Plant Services	3,071,841	1,881,475
Other Outgo	275,623	--
Debt Service:		
Principal	108,521	--
Interest	13,951	--
Total Expenditures	<u>20,029,787</u>	<u>1,881,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,685,687</u>	<u>393,120</u>
Other Financing Sources (Uses):		
Transfers In	--	--
Transfers Out	(890,633)	(75,000)
Other Sources	1,666,542	795,564
Total Other Financing Sources (Uses)	<u>775,909</u>	<u>720,564</u>
Net Change in Fund Balance	2,461,596	1,113,684
Fund Balance, July 1	--	--
Fund Balance, June 30	<u>\$ 2,461,596</u>	<u>\$ 1,113,684</u>

The accompanying notes are an integral part of this statement.

<u>Capital Outlay Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ --	\$ 555,965	\$ 8,777,859
--	--	7,915,879
--	--	652,597
--	190,782	5,979,495
793,138	1,665,408	3,869,532
<u>793,138</u>	<u>2,412,155</u>	<u>27,195,362</u>
--	529,179	11,984,764
--	182,815	2,554,359
--	--	1,016,157
--	--	143,067
--	30,696	1,604,194
192,119	1,904,652	7,050,087
--	--	275,623
77,005	702,644	888,170
59,610	756,475	830,036
<u>328,734</u>	<u>4,106,461</u>	<u>26,346,457</u>
464,404	(1,694,306)	848,905
500,000	1,282,078	1,782,078
(852,708)	--	(1,818,341)
1,984,132	2,517,862	6,964,100
<u>1,631,424</u>	<u>3,799,940</u>	<u>6,927,837</u>
2,095,828	2,105,634	7,776,742
--	--	--
<u>\$ 2,095,828</u>	<u>\$ 2,105,634</u>	<u>\$ 7,776,742</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, 2007

Net change in fund balances - total governmental funds	\$ 7,776,742
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,059,149
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,633,386)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(1,613)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(600,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	510,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	383,960
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(19,699)
Other reconciling items	<u>20,718,096</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 31,193,249</u>

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

ENTERPRISE FUND

JUNE 30, 2007

	Nonmajor Enterprise Fund	Cafeteria Fund
ASSETS:		
Current Assets:		
Cash in County Treasury	\$ 1,392	
Cash in Revolving Fund	210	
Accounts Receivable	43,004	
Store Inventories	14,530	
Total Current Assets	<u>59,136</u>	
Total Assets	<u>\$ 59,136</u>	
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 57,748	
Due to Other Funds	829	
Total Current Liabilities	<u>58,577</u>	
Total Liabilities	<u>58,577</u>	
NET ASSETS:		
Restricted Net Assets	14,740	
Unrestricted Net Assets	(14,181)	
Total Net Assets	<u>\$ 559</u>	

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Enterprise Fund
	Cafeteria Fund
Operating Revenues:	
Federal Revenue	\$ 227,668
State Revenue	18,774
Local Revenue	487,105
Total Revenues	<u>733,547</u>
Operating Expenses:	
Classified Personnel Salaries	304,611
Employee Benefits	96,149
Books and Supplies	390,863
Services and Other Operating Expenses	10,102
Total Expenses	<u>801,725</u>
Operating Income (Loss)	<u>(68,178)</u>
Nonoperating Revenues (Expenses):	
From Fund of Lapsed/Reorganized Districts	32,474
Total Nonoperating Revenues (Expenses)	<u>32,474</u>
Income (Loss) before Contributions and Transfers	(35,704)
Interfund Transfers In	36,263
Change in Net Assets	<u>559</u>
Total Net Assets - Beginning	--
Total Net Assets - Ending	<u>\$ 559</u>

The accompanying notes are an integral part of this statement.

YOSEMITE JOINT UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Cafeteria Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 437,909
Cash Received from Grants	203,438
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	829
Cash Payments to Employees for Services	(400,760)
Cash Payments to Other Suppliers for Goods and Services	(357,747)
Other Operating Cash Receipts (Payments)	49,196
Net Cash Provided (Used) by Operating Activities	(67,135)
Cash Flows from Non-capital Financing Activities:	
Transfers From Lapsed Districts	32,474
Transfers From (To) Other Funds	36,263
Net Cash Provided (Used) by Non-capital Financing Activities	68,737
Net Increase (Decrease) in Cash and Cash Equivalents	1,602
Cash and Cash Equivalents at Beginning of Year	--
Cash and Cash Equivalents at End of Year	\$ 1,602
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 559
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(43,004)
Decrease (Increase) in Inventories	(14,530)
Increase (Decrease) in Accounts Payable	57,748
Increase (Decrease) in Due to Other Governments	829
Total Adjustments	1,043
Net Cash Provided (Used) by Operating Activities	\$ 1,602

The accompanying notes are an integral part of this statement.

YOSEMITE UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2007

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 210,134
Total Assets	<u>\$ 210,134</u>
LIABILITIES:	
Due to Student Groups	\$ 210,134
Total Liabilities	<u>210,134</u>
NET ASSETS:	
Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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.

County School Facilities Fund. This 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.

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.

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 Schools Fund is used to account for the activities of the District's Charter School.
- The Adult Education Fund is used to account separately for federal, state and local revenues for adult education programs.
- The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes.
- 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.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The following debt service fund is maintained by the District:

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

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

Proprietary Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise. The following enterprise fund is utilized by the District:

- The Cafeteria Fund is used to account separately for federal, state, and local resources to operate the food service program.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 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.

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.

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 \$100,000 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.

Cash with fiscal agent in the General Fund represents proceeds from the sale of a Tax and Revenue Anticipation Note (TRAN) which are placed in federally secured investments and will be used to repay the TRAN payable when the obligation matures.

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	15 - 50
Site Improvements	7 - 40
Machinery and Equipment	5 - 20

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.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in the long-term obligation activity at year end.

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. 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.

h. 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.

i. 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, Reserve for Stores Inventory, and Reserve for Prepaid Expenditures reflect the portions of fund balance represented by revolving fund cash, stores inventory, and prepaid rent, 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.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

j. 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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Excess of Expenditures Over Appropriations

As of June 30, 2007, 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, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Governmental Activities:	
Cash in County Treasury	\$ 6,844,371
Cash in Revolving Fund	4,500
Cash With a Fiscal Agent/Trustee	<u>4,180,000</u>
Total	<u>11,028,871</u>
Business-Type Activities:	
Cash in County Treasury	1,392
Cash in Revolving Fund	<u>210</u>
Total	<u>1,602</u>
Fiduciary Funds:	
Cash on Hand and in Banks	<u>210,134</u>
Grand Total Cash and Investments	<u><u>\$11,240,607</u></u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Cash on Hand, in Banks, and in Revolving Funds are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

Cash and investments as of June 30, 2007 consist of the following:

Deposits with a Fiscal Agent/Trustee	\$ 4,180,000
Deposits with Financial Institutions	214,844
Deposits with County Treasury	<u>6,845,763</u>
Total Cash and Investments	<u>\$11,240,607</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 (\$6,845,763 as of June 30, 2007). The fair value of the District's portion of this pool as of June 30, 2007, as provided by the pool sponsor, was \$6,820,034. Assumptions made in determining the fair value of the 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 (\$210,134 as of June 30, 2007) and in the revolving fund (\$4,710) are insured up to \$100,000 by the Federal Depository Insurance Corporation.

Cash With a Fiscal Agent/Trustee

The Cash With a Fiscal Agent/Trustee in the General Fund is comprised of \$4,180,000, representing reserves for a Tax and Revenue Anticipation Note.

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 it 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.

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.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

E. Accounts Receivable

Accounts receivable as of June 30, 2007, consist of the following:

	General Fund	All Other Governmental Funds	Business- Type Activities	Totals
Apportionment	\$ 817,634	\$ 69,962	\$ -	\$ 887,596
Federal Government:				
Federal Programs	207,910	-	39,507	247,417
State Government:				
Categorical Aid	346,396	-	-	346,396
Lottery	56,862	1,527	-	58,389
Other	166,582	94,999	1,246	262,827
Total State Government	569,840	96,526	1,246	667,612
Local Government:				
Other	211,404	7,334	2,200	220,938
Interest	56,522	-	4	56,526
Miscellaneous	28,095	100	47	28,242
Totals	<u>\$1,891,405</u>	<u>\$173,922</u>	<u>\$43,004</u>	<u>\$2,108,331</u>

F. Capital Assets

Capital asset activity for the period ended June 30, 2007, was as follows:

	Transferred From Predecessor Districts	Increases	Decreases	Ending Balances
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 325,773	\$ 125,000	\$ -	\$ 325,773
Work in progress	10,608,740	2,453,094	10,392,153	2,669,681
Total capital assets not being depreciated	10,934,513	2,578,094	10,392,153	3,120,454
Capital assets being depreciated:				
Buildings	29,131,977	10,390,726	1,613	39,521,090
Site improvements	10,225,411	1,308,356	-	11,533,767
Equipment	3,545,623	174,126	157,963	3,561,786
Total capital assets being depreciated	42,903,011	11,873,208	159,576	54,616,643
Less accumulated depreciation for:				
Buildings	10,130,644	850,897	-	10,981,541
Site improvements	2,754,807	633,155	-	3,387,962
Equipment	2,534,858	198,997	157,963	2,575,892
Total accumulated depreciation	15,420,309	1,683,049	157,963	16,945,395
Total capital assets being depreciated, net	27,482,702	10,190,159	1,613	37,671,248
Governmental activities capital assets, net	<u>\$38,417,215</u>	<u>\$12,768,253</u>	<u>\$10,393,766</u>	<u>\$40,791,702</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,431,916
Instruction-Related Services	1,897
Pupil Services	127,629
Enterprise	14,420
General Administration	5,523
Plant Services	52,001
Other Outgo	49,663
Total	<u>\$ 1,683,049</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2007, consisted of the following:

<u>Due To Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>	<u>Purpose</u>
Charter School	General	\$ 30,573	Glacier direct cost transfer
County School Facilities	Special Reserve for Capital Outlay Projects	15,000	Coding correction
General	Special Reserve for Capital Outlay Projects	500,000	Setup for loan payments
General	Charter School	27,332	Property tax adjustment
General	Adult Education	6,291	Discretionary block grant
Cafeteria	General	(829)	Year end contribution adjustment
General	Deferred Maintenance	100,298	Deferred maintenance match
General	Special Reserve for Post- Employment Benefits	99,486	Retiree benefits
General	County School Facilities	325,306	Joint use facility adjustment
County School Facilities	Capital Facilities	100,000	Reclass WestAmerica deposit
		<u>\$1,203,457</u>	

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

2. Transfers To and From Other Funds

Transfers in to and out from other funds at June 30, 2007, consisted of the following:

<u>Transfers Out From</u>	<u>Transfers In To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Special Reserve Fund for Post-Employment Benefits	\$ 99,486	Setup retiree benefits
General Fund	Cafeteria Fund	36,263	Contribution to cafeteria
General Fund	Deferred Maintenance Fund	254,884	Deferred maintenance match
General Fund	Special Reserve Fund for Capital Outlay Projects	500,000	Setup for loan payments
County School Facilities Fund	Building Fund	75,000	Reclass bond money
Special Reserve Fund for Capital Outlay Projects	Building Fund	102,990	Transfer for construction purposes
Special Reserve Fund for Capital Outlay Projects	Capital Facilities Fund	749,718	Transfer for construction purposes
		<u>\$1,818,341</u>	

H. Tax and Revenue Anticipation Note

On July 2, 2006, the District issued a \$4,000,000 Tax and Revenue Anticipation Note (TRAN) with an interest rate of 4.3%. The TRAN, including interest of \$180,000, is due on July 2, 2007. The TRAN is a general obligation of the District, and is payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance of the TRAN agreement. The funds were used to supplement cash flow.

<u>Description</u>	<u>Transferred From Predecessor Districts</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2006 TRAN	\$2,005,000	\$ -	\$2,005,000	\$ -
2007 TRAN	-	4,180,000	-	4,180,000
	<u>\$2,005,000</u>	<u>\$4,180,000</u>	<u>\$2,005,000</u>	<u>\$4,180,000</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2007, are as follows:

	Transferred From Predecessor Districts	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities</u>					
General Obligation Bonds	\$11,649,000	\$ -	\$ 510,000	\$11,139,000	\$ 568,000
Capital Leases	5,334,892	600,000	378,169	5,556,723	426,998
Sewer Project Assessment	526,973	-	5,791	521,182	6,044
Compensated Absences	138,591	158,290	138,591	158,290	158,290
Total governmental activities	<u>\$17,649,456</u>	<u>\$758,290</u>	<u>\$1,032,551</u>	<u>\$17,375,195</u>	<u>\$1,159,332</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, 2007, is:

Date of Issuance	Interest Rate Payable	Maturity Date	Amount of Original Issue	Transferred From Predecessor Districts	Redeemed Current Year	Amounts Outstanding June 30, 2007
9/1/1998	3.5-4.95	2023	\$7,000,000	\$ 5,810,000	\$215,000	\$ 5,595,000
8/1/2000	5.0-8.00	2025	4,760,000	4,255,000	125,000	4,130,000
2000	6.00	2013	2,218,000	1,584,000	170,000	1,414,000
Totals				<u>\$11,649,000</u>	<u>\$510,000</u>	<u>\$11,139,000</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2007, 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>
2008	\$ 220,000	\$ 259,993	\$ 479,993
2009	230,000	248,855	478,855
2010	240,000	237,883	477,883
2011	255,000	226,865	481,865
2012	265,000	215,165	480,165
2013 - 2017	1,525,000	880,385	2,405,385
2018 - 2022	1,940,000	471,759	2,411,759
2023 - 2024	920,000	45,570	965,570
Totals	<u>\$5,595,000</u>	<u>\$2,586,475</u>	<u>\$8,181,475</u>

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

2000 General Obligation Bond

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 135,000	\$ 215,520	\$ 350,520
2009	140,000	208,645	348,645
2010	150,000	201,395	351,395
2011	155,000	193,770	348,770
2012	160,000	185,895	345,895
2013 - 2017	935,000	795,547	1,730,547
2018 - 2022	1,215,000	513,686	1,728,686
2023 - 2026	1,240,000	141,076	1,381,076
Totals	<u>\$4,130,000</u>	<u>\$2,455,534</u>	<u>\$6,585,534</u>

2000 General Obligation Bond

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 213,000	\$ 78,450	\$ 291,450
2009	247,000	64,650	311,650
2010	264,000	49,320	313,320
2011	276,000	33,120	309,120
2012	233,000	17,850	250,850
2013 - 2017	181,000	10,950	191,950
Totals	<u>\$1,414,000</u>	<u>\$ 254,340</u>	<u>\$1,668,340</u>

During the year, the District made payments on General Obligation Bonds of \$1,092,719 including interest of \$558,810.

3. Capital Leases

The District leases buildings and transportation equipment valued at \$1,265,244, and is constructing other school facilities valued at \$4,300,000 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>	
2008	\$ 690,161
2009	677,438
2010	554,965
2011	554,965
2012	554,965
2013 - 2017	2,722,831
2018 - 2022	<u>1,707,583</u>
	7,462,908
Amount Representing Interest	<u>(1,906,185)</u>
Present Value of Net Minimum Lease Payments	<u>\$5,556,223</u>

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 \$625,487, of which \$247,317 represents interest.

YOSEMITE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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>
2008	\$ 6,044	\$ 23,646	\$ 29,690
2009	6,317	23,372	29,689
2010	6,603	23,085	29,688
2011	6,907	22,785	29,692
2012	7,212	22,472	29,684
2013 - 2017	41,241	107,147	148,388
2018 - 2022	51,404	96,910	148,314
2023 - 2027	64,040	84,153	148,193
2028 - 2032	79,808	68,259	148,067
2033 - 2037	99,447	48,450	147,897
2038 - 2042	123,933	23,766	147,699
2043	28,226	1,281	29,507
Totals	<u>\$521,182</u>	<u>\$545,326</u>	<u>\$1,066,508</u>

During the year, the District made payments on the sewer assessment debt of \$29,700, of which \$23,909 represents interest.

J. Commitments Under Noncapitalized Leases

The District has entered into various operating leases for equipment and portable buildings with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days' written notice to lessors, but is unlikely that the District will cancel any of the agreements 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>
2008	\$146,735
2009	133,639
2010	91,412
2011	18,221
2012	<u>2,322</u>
Total	<u>\$392,329</u>

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

The District made lease payments of \$141,965 for this equipment during the year ended June 30, 2007.

K. 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.

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.

L. Employee Retirement Systems

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

PERS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2006-07 was 9.124% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2007, was \$294,718 and equals 100% of the required contributions for the year.

STRS:

Plan Description

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

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 2006-07 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2007 was \$742,679 and equals 100% of the required contributions for the year. The amount contributed by the State on behalf of the District was \$406,628.

M. 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 on or after attaining age 55 with at least 10 years of service. On June 30, 2007, 20 retirees met these eligibility requirements.

The District pays health insurance premiums on behalf of qualified pre-Medicare retirees at a rate ranging from 50% to 100% of the cost, depending on length of service and other factors. During the year ended June 30, 2007, expenditures of \$155,626 were recognized for post-employment health care. These costs were funded on a pay-as-you-go basis. The District does not recognize a liability for future post-employment health care benefits because an actuarial study has not been made.

N. 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.

Construction Contracts in Progress

The District has construction contracts-in-progress as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Committed</u>
Coarsegold Multi-purpose Room	\$1,600,000	\$ 558,208	\$1,041,792
Coarsegold Modernization	1,860,000	1,686,510	173,490
Ag Arena	80,000	72,859	7,141
Co-generation Plant	200,000	170,390	29,610
Rivergold Ingress/Egress	185,000	176,914	8,086
Quartz Mountain Site Improvement	6,000	4,800	1,200
	<u>\$3,931,000</u>	<u>\$2,669,681</u>	<u>\$1,261,319</u>

O. Subsequent Events

The District entered into a construction contract dated November 15, 2007 for the completion of the Coarsegold Multi-purpose room for \$1,592,750 with Durham Construction.

Required Supplementary Information

YOSEMITE UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 7,709,270	\$ 8,222,860	\$ 8,221,894	\$ (966)
Local Sources	8,072,504	7,915,879	7,915,879	--
Total Revenue Limit	15,781,774	16,138,739	16,137,773	(966)
Federal	699,380	706,125	652,597	(53,528)
Other State	2,463,020	3,632,067	3,584,209	(47,858)
Other Local	1,290,247	1,451,612	1,340,895	(110,717)
Total Revenues	20,234,421	21,928,543	21,715,474	(213,069)
Expenditures:				
Current:				
Certificated Salaries	8,440,374	8,957,334	8,904,005	53,329
Classified Salaries	3,513,729	3,696,042	3,689,041	7,001
Employee Benefits	3,967,505	3,381,485	3,376,921	4,564
Books And Supplies	1,145,372	1,943,762	1,367,447	576,315
Services And Other Operating Expenditures	2,317,581	2,321,904	2,195,158	126,746
Other Outgo	169,529	245,050	245,050	--
Capital Outlay	75,000	175,119	129,693	45,426
Debt Service:				
Principal	30,000	108,521	108,521	--
Interest And Fiscal Charges	--	13,951	13,951	--
Total Expenditures	19,659,090	20,843,168	20,029,787	813,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	575,331	1,085,375	1,685,687	600,312
Other Financing Sources (Uses):				
Transfers Out	(190,225)	(890,633)	(890,633)	--
Other Sources	1,199,904	1,581,169	1,666,542	85,373
Total Other Financing Sources (Uses)	1,009,679	690,536	775,909	85,373
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	1,585,010	1,775,911	2,461,596	685,685
Fund Balances, July 1	--	--	--	--
Fund Balances, June 30	\$ 1,585,010	\$ 1,775,911	\$ 2,461,596	\$ 685,685

Supplementary Information Section

YOSEMITE UNIFIED SCHOOL DISTRICT
ORGANIZATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 current year. The District is currently operating two elementary schools, six high schools consisting of one community day school, one continuation high school, one adult high school, and one adult school. The District also operates a home study, independent study and tutoring site for grades K-8.

On July 1, 2006 Yosemite Union High School District merged with Coarsegold Union Elementary School District to form the Yosemite Unified School District.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Greg Schoonard	President	November 2008
Monica Mouliin	Clerk	November 2010
Priscilla Pike	Member	November 2008
John Reynolds	Member	November 2010
Christine Wilder	Member	November 2008

Administration

Bill McCabe
District Superintendent Since July 1, 2006

Srini Vasan
Chief Business Officer Since July 1, 2006

YOSEMITE UNIFIED SCHOOL DISTRICT
EXCESS SICK LEAVE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Education Audit Appeals Panel Section 19833.5(a)(3) or (a)(3)(b) Disclosure

Yosemite Unified School District does not provide more than 12 sick leave days in a school year to any [superintendent, other high level administrator, teacher] CalSTRS member.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2007

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Kindergarten	96	97
Grades 1 through 3	339	341
Grades 4 through 6	354	354
Grades 7 and 8	290	287
Community day school	3	4
Special education	<u>21</u>	<u>20</u>
Elementary Totals	<u>1,103</u>	<u>1,103</u>
High School:		
Grades 9 through 12, regular classes	1,146	1,131
Special education - master plan	25	24
Home and hospital	5	5
Continuation education	<u>78</u>	<u>78</u>
High School Totals	<u>1,254</u>	<u>1,238</u>
Classes for Adults:		
Concurrently enrolled	13	12
Adults enrolled	95	85
Independent study	<u>10</u>	<u>10</u>
Classes For Adults Totals	<u>118</u>	<u>107</u>
Charter School	<u>67</u>	<u>68</u>
ADA Totals	<u><u>2,542</u></u>	<u><u>2,516</u></u>

<u>Summer School</u>	<u>Hours of Attendance</u>
Elementary	8,919
High School	17,050

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.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2007

Charter Schools Charter by District

Included/Not Included

Glacier High School Charter

Included

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2007

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>2006-07 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	*	36,000	39,380	180	N/A	In Compliance
Grade 1	*	50,400	57,875	180	N/A	In Compliance
Grade 2	*	50,400	57,875	180	N/A	In Compliance
Grade 3	*	50,400	57,875	180	N/A	In Compliance
Grade 4	*	54,000	58,770	180	N/A	In Compliance
Grade 5	*	54,000	58,770	180	N/A	In Compliance
Grade 6	*	54,000	58,770	180	N/A	In Compliance
Grade 7	*	54,000	58,770	180	N/A	In Compliance
Grade 8	*	54,000	58,770	180	N/A	In Compliance
Grade 9	*	64,800	64,844	180	N/A	In Compliance
Grade 10	*	64,800	64,844	180	N/A	In Compliance
Grade 11	*	64,800	64,844	180	N/A	In Compliance
Grade 12	*	64,800	64,844	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.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2007

	(Budget) 2008	2007
<u>General Fund</u>		
Revenues and Other Financial Sources	<u>\$21,829,620</u>	<u>\$23,382,016</u>
Expenditures	21,672,146	20,029,787
Other Uses and Transfers Out	<u>211,571</u>	<u>890,633</u>
Total Outgo	<u>21,883,717</u>	<u>20,920,420</u>
Change in Fund Balance (Deficit)	<u>(54,097)</u>	<u>2,461,596</u>
Ending Fund Balance	<u>\$ 2,407,499</u>	<u>\$ 2,461,596</u>
Available reserves	<u>\$ 2,377,999</u>	<u>\$ 2,297,645</u>
Designated Fund Balance	<u>\$ 656,512</u>	<u>\$ 627,613</u>
Undesignated Fund Balance	<u>\$ 1,721,487</u>	<u>\$ 1,670,032</u>
Available reserves as a percentage of total outgo	10.87%	10.98%
Total long-term debt	\$16,215,863	\$17,375,195
Average daily attendance at P-2	2,300	2,357

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 fiscal year 2007-08 budget projects a decrease in fund balance of \$54,097 (2.2%). 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 anticipates incurring an operating deficit during fiscal year 2007-08.

A decrease of 57 in ADA is expected during fiscal year 2007-08.

On July 1, 2006 Yosemite Union High School District merged with Coarsegold Union Elementary School District to form Yosemite Unified School District. Therefore, no prior information was available for the fiscal years 2004-05 and 2005-06.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education:			
Passed through California Department of Education (CDE):			
NCLB: Title I, Grants to Local Educational Agencies	84.010	14329	\$101,115
NCLB: Title I, Part A, Program Improvement District Intervention	84.010	14581	58,364
Special Ed: IDEA Basic Local Assistance Entitlement, Part B	84.027	13379	150,075
Vocational Education: Vocational and Applied Technology Secondary	84.048	13924	21,803
ESEA: Title VII, Indian Education Grants to Local Educational Agencies	84.060	10011	9,486
NCLB: Title IV, Part A, Safe and Drug-Free Schools and Communities	84.186	14347	100
NCLB: Title V, Part A, Innovative Education Program Strategies	84.298	14354	1,151
NCLB: Title II, Part D, Enhancing Education Through Technology	84.318	14335	2,122
NCLB: Title III, Limited English Proficient (LEP) Student Program	84.365	10084	319
NCLB: Title II, Part A, Improving Teacher Quality	84.367	14341	<u>81,159</u>
Total U.S. Department of Education			<u>425,694</u>
U.S. Department of Agriculture:			
Passed Through Madera County Office of Education:			
Forest Reserve*	10.665	10044	226,903
Passed through CDE:			
National School Breakfast Program*	10.553	13390	32,553
National School Lunch Program*	10.555	13396	<u>195,115</u>
Total U.S. Department of Agriculture			<u>454,571</u>
Total Expenditures of Federal Awards			<u>\$880,265</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 commodities 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 commodities received during 2006-07 was \$34,971.

YOSEMITE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Business- Type Activities
June 30, 2007, Annual Financial and Budget Report Fund Balances	<u>\$2,436,062</u>	<u>\$ 788,228</u>	<u>\$2,092,184</u>	<u>\$1,654,173</u>	<u>\$ -</u>
Adjustments and Reclassifications:					
Increasing (Decreasing) the Fund Balance:					
Cash in county treasury understatement	423,033	150	3,644	499,714	559
Accounts receivable overstatement	(371)	-	-	-	-
Due from other fund understatement	-	325,306	-	-	-
Accounts payable understatement	(67,329)	-	-	-	-
Due to other funds understatement	(325,306)	-	-	-	-
Deferred Revenue understatement	(4,491)	-	-	-	-
Rounding	(2)	-	-	-	-
Net Adjustments and Reclassifications	<u>25,534</u>	<u>325,456</u>	<u>3,644</u>	<u>499,714</u>	<u>559</u>
June 30, 2007 Audited Financial Statement Fund Balances	<u>\$2,461,596</u>	<u>\$1,113,684</u>	<u>\$2,095,828</u>	<u>\$2,153,887</u>	<u>\$559</u>

	Long-Term Obligation Activity
June 30, 2007 Annual Financial and Budget Report - Form Debt	<u>\$17,227,712</u>
Adjustments and Reclassifications:	
Increase (Decrease) in total liabilities:	
Capital Leases	(407,337)
Sewer Project Assessment	521,182
Compensated absences	<u>33,638</u>
Net Adjustments and Reclassifications	<u>147,483</u>
June 30, 2007, Long-Term Obligation Activity	<u>\$17,375,195</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, each major fund, and the aggregate remaining fund information of Yosemite Unified School District, as of and for the year ended June 30, 2007, which collectively comprise Yosemite Unified School District's basic financial statements and have issued our report thereon dated December 7, 2007. 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 Yosemite Unified High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Yosemite Unified School District's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Yosemite Unified School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Yosemite Unified School District's financial statements that is more than inconsequential will not be prevented by Yosemite Unified School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Yosemite Unified School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered 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.

Fresno, California
December 7, 2007

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, 2007, and have issued our report thereon dated December 7, 2007. 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 2006-07*, 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	Not applicable
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	Yes
Regional Occupational Centers and Programs	6	Not applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable
Community Day Schools	9	Yes
Morgan-Hart Class Size Reduction Program	7	Yes
Instructional Materials:		
General Requirements	12	Yes
Grades K-8 Only	1	Yes
Grades 9-12 Only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Early Retirement Incentive Program	4	Not applicable
GANN Limit Calculation	1	Yes
School Construction Funds:		
School District Bonds	3	Yes
State School Facilities Funds	1	Yes
Alternative Pension Plans	2	Not applicable
Excess Sick Leave	2	Yes
Notice of Right to Elect California State Teachers' Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not applicable
School Accountability Report Card	3	Yes

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program:		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	Yes
District or Charter Schools with Only One School Serving Grades K-3	4	Not applicable
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	Not applicable

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

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 items 2007-1 and 2007-2. 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.

Fresno, California
December 7, 2007

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, 2007. 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, 2007.

Internal Control Over Compliance

The management of Yosemite 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 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, 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 Unified School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Yosemite Unified School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Yosemite Unified School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Yosemite Unified School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control 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.

Fresno, California
December 7, 2007

Findings and Recommendations Section

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Reporting condition(s) identified not considered
 to be material 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
 Reporting condition(s) 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>
84.010	NCLB: Title I, Grants to Local Educational Agencies
84.010	NCLB: Title I, Part A, Program Improvement District Intervention
10.665	Forest Reserve

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
 Reporting condition(s) 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, 2007

D. State Award Findings and Recommendations

Finding Identification

2007 - 1 *Attendance - Records* #10000

Criteria or Specific Requirement

Education Code Section 46000

Condition

During our analysis of attendance records, we noted that Form P-2 and Annual Report of Attendance were incorrectly reported. The summary spreadsheet used to consolidate the information reported on the Form P-2 and Annual Report of Attendance did not report the proper amount of actual attendance. The Continuation Education reports were not properly set up to calculate the hourly attendance properly, according to the rules established by California Department of Education.

Questioned Costs

This analysis resulted in a decrease of \$11,491.48 (1.82 ADA x \$6,314 per ADA) on the Form P-2, and also a decrease of 1.49 ADA on the Annual Report of Attendance.

Context

The exception on the Form P-2 affected the Coarsegold Elementary, Mountain View Continuation School, and Yosemite High Special Education. The exception on the Annual affected the schools noted above and Community Day School.

Effect

This exception results in a decrease of 1.82 ADA on the Form P-2 Report of Attendance and a decrease of 1.49 ADA on the Annual Report of Attendance.

Cause

Clerical errors occurred in the preparation of summary documents used to prepare the Form P-2 Report of Attendance at the District office. The attendance software was not properly calculating the attendance for Continuation Education by including passing period in the amount of apportioned hours.

Recommendation

The District should review the preparation of Form P-2 Report of Attendance, along with adjusting the settings on their supporting documentation, to make sure errors are corrected before it is submitted to the California Department of Education. Corrected P-2 and Annual reports need to be filed.

District Response

The District will make sure errors are corrected and review P-2 before submission to CDE. The District is also sending personnel to Aries/Attendance workshops for further training. Corrected P-2 and Annual reports have been filed.

YOSEMITE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

D. State Award Findings and Recommendations

Finding Identification

2007 - 2 Attendance – Adult Education Records #10000

Criteria or Specific Requirement

Education Code Section 46000

Condition

During our analysis of attendance records, we noted that Form P-2 report and Annual Report of Attendance was incorrectly reported. The attendance program used by the District was improperly calculating Adult Education ADA on a daily basis instead of as an hourly program. Therefore District over reported ADA.

Questioned Costs

This analysis resulted in a decrease of \$74,477.32 (29.43 ADA x \$2,530.66 per ADA) on the Annual Report, and also a decrease of 26.22 ADA on the Form P-2 of Attendance.

Context

The exception was noted on both the Form P-2 and Annual Report of Attendance.

Effect

This exception resulted in a decrease of 26.22 ADA on the Form P-2 Report of Attendance and a decrease of 29.43 ADA on the Annual Report of Attendance.

Cause

The attendance software was improperly set up to correctly calculate Adult Education attendance according to the rules set up by the California Department of Education for this program to be reported on an hourly basis instead of a daily basis.

Recommendation

The District should adjust the settings on their attendance software to properly record Adult Education attendance on an hourly basis. Corrected P-2 and Annual reports need to be filed.

District Response

The District will adjust the settings on their attendance software to properly record Adult Education attendance on an hourly basis. The District is also sending personnel to Aries/Attendance workshops for further training. Corrected P-2 and Annual reports have been filed.

YOSEMITE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

<u>Finding/Recommendation</u>	<u>Current Status</u>	District Explanation if <u>Not Implemented</u>
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On July 1, 2006, Yosemite Union High School District merged with Coarsegold Union Elementary School District to form the Yosemite Unified School District. Consequently, there are no prior year findings.