MADERA UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

MADERA UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Madera Unified School District
Madera, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-2013*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 13, budgetary comparison information and postemployment benefits information on pages 54 and 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madera Unified School District's basic financial statements. The supplementary information, such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Madera Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madera Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 27, 2013

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MADERA UNIFIED SCHOOL DISTRICT
Management Discussion and Analysis 2012-13

This section of Madera Unified School District (MUSD) annual financial report presents the District's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Madera Unified's Annual Financial Report

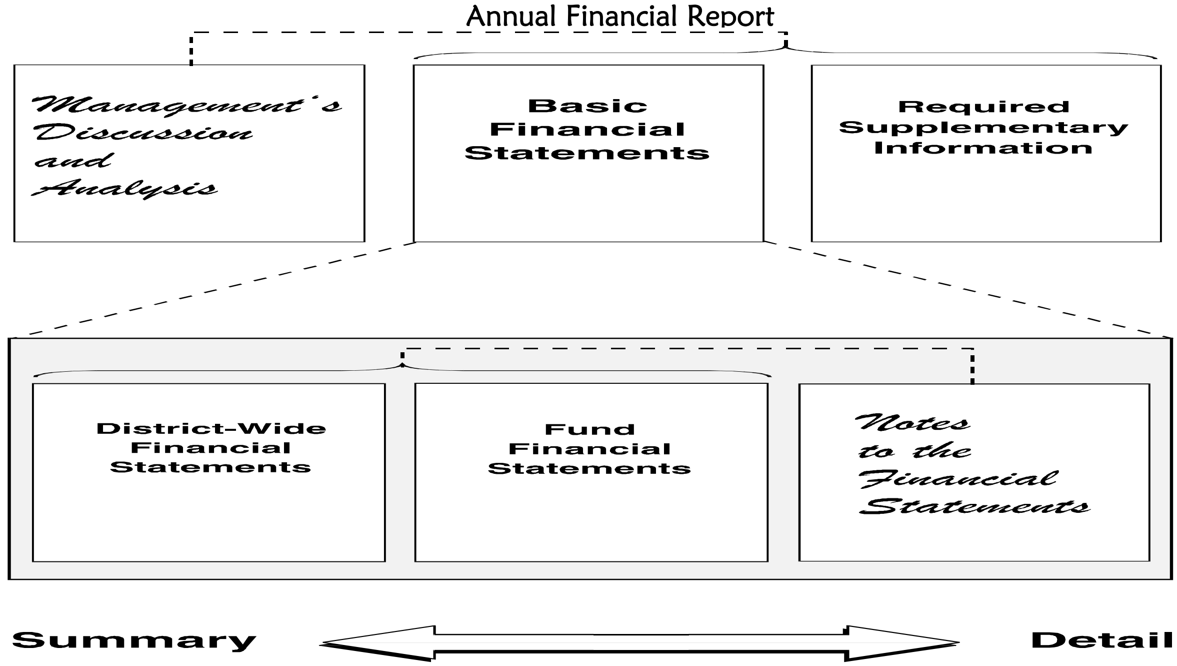

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the District-wide and Fund Financial Statements

		Fund Statements	
Type of Statements	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities.
Required financial statements	•statement of net position •statement of activities	•balance sheet •statement of revenues, expenditures & changes in fund balances •reconciliation to government-wide financial statements	•statement of fiduciary net position •statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two district-wide statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are combined into one category:

- Governmental activities - The District's basic services are included here, such as regular and special education, transportation, food services, adult education and administration. Property taxes, state formula aid and fees charged, finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The District establishes other funds to control and manage money for particular purposes (like food services and adult education) or to show that it is properly using certain revenues.

The District has two kinds of fund types:

- Governmental funds - The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was $173.0 million on June 30, 2013, increasing by $1.2 million (0.7 percent). (See Table A-1.)

Table A-1
Net Position
(in millions of dollars)

	Governmental Activities		
	2013	2012	Change
Assets			
Current and Other Assets	$ 91.2	$ 86.4	$ 4.8
Capital Assets	198.0	200.6	(2.6)
Total Assets	289.2	287.0	2.2
Liabilities			
Long-Term Obligations Outstanding	102.1	104.8	(2.7)
Other Liabilities	14.0	10.5	3.5
Total Liabilities	116.1	115.3	0.8
Net Position			
Net Investment in Capital Assets	115.6	116.4	(0.8)
Restricted	19.3	21.3	(2.0)
Unrestricted	38.1	34.1	4.0
Total Net Position	$ 173.0	$ 171.8	$ 1.2

Changes in net position. The District's total governmental revenues were $167.0 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with federal and state unrestricted aid contributing about $101.6 million and property taxes contributing about $22.5 million. Another $38.5 million came from categorical programs $3.0 million came from fees charged for services, and $1.4 million from miscellaneous sources including developer fees.

The total cost of all governmental programs and services was $165.8 million. The District's expenses are predominantly related to educating and caring for students (82.1%). The purely administrative activities of the District accounted for just 4.9% of total costs. Maintenance and operations account for 8.9% of the District's expenses.

Total revenues surpassed expenses, increasing net position $1.2 million over last year. Governmental activities contributed to the District's healthier fiscal status.

Table A-2
Changes in Net Position
(in millions of dollars)

	Governmental Activities		
	2013	2012	Change
Revenues			
General Revenues:			
Federal and State Aid Formula	$ 101.6	$ 98.4	$ 3.2
Property Taxes	22.5	22.3	0.2
Other	1.4	1.0	0.4
Program Revenues:			
Charges for Services	3.0	3.7	(0.7)
Categorical Programs	38.5	36.3	2.2
Total Revenues	167.0	161.7	5.3
Expenses			
Instruction Related	113.9	108.5	5.4
Pupil Services	22.2	20.5	1.7
General Administration	7.6	8.1	(0.5)
Plant Services	14.8	15.7	(0.9)
Other	7.3	7.6	(0.3)
Total Expenses	165.8	160.4	5.4
Increase in Net Position	**$ 1.2**	**$ 1.3**	**$ (0.1)**

GOVERNMENTAL ACTIVITIES

The recent good health of the District's finances can be credited both to diligent planning and monitoring of the budget to sustain financial solvency:

- During the past 5 years, $24.2 million in budget reductions have been made to maintain the District's financial solvency during the State's fiscal crisis. In 2008-09, $4.4 million in budget reductions were made along with an additional $5.4 million in reductions in 2009-10, $12.1 million in reductions in 2010-11, and $1.6 million in 2011-12.
- Revenue Limit funding in 2012-13 was approximately 1.1% higher than 2011-12, due to the growth of 2.4% average daily attendance over the prior year.
- The District is currently staffing at 28:1 in grades K-3 and 36:1 in grades 4-12.
- Utilizing the flexibiilty of previously restricted Tier II funds and K-3 Class Size Reduction funds has also contributed to the solvency of the district.
- The Net Capital Assets decreased $2.6 million due to depreciation and completion of site improvement projects.

Table A-3 presents the cost of six major District activities: instruction, student transportation services, food services, all other pupil services, general administration, plant services, and other costs. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Net Cost of Governmental Activities
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction	$ 113.9	$ 108.5	$ 91.1	$ 86.4
Student Transportation	6.3	6.1	2.5	2.9
Food Services	9.7	8.3	-	(1.0)
All Other Pupil Services	6.2	6.1	5.5	5.2
General Administration	7.6	8.1	6.4	6.9
Plant Services	14.8	15.7	14.2	14.9
Other	7.3	7.6	4.6	5.1
Total	**$ 165.8**	**$ 160.4**	**$ 124.3**	**$ 120.4**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $75.9 million which was an increase of $1.3 million over the prior year. The primary reasons for the increase were:

- The increase in the General Fund Balance of $2.5 million is due primarily to increased State revenues and budgetary reductions.
- The capital projects fund decreased by $0.8 million due to continued capital outlay.
- The debt service funds increased by about $0.2 million as local debt service tax revenues exceeded debt service costs.
- The special revenue funds decreased by $0.6 million. The deferred maintenance fund decreased by $0.3 million due to ongoing maintenance and the cafeteria fund decreased by about $0.3 million due to purchasing more products under contract.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget through May 31, 2013 was adopted on July 23, 2013. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report. Significant Federal and State revenue revisions were made during the year increasing those estimates as it became apparent that actual increases would be realized. Corresponding expenditure revisions were made as well.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2013, the District had invested $198.0 million in a broad range of capital assets, including land, school buildings, computer and audio visual equipment, and administrative offices. (See Table A-4.) This amount represents a net decrease of $2.6 million or 1.3% over last year. Total accumulated depreciation for the year was $73.8 million.

Table A-4
Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities 2013	Governmental Activities 2012	Total Percentage Change
Land	$ 13.8	$ 13.8	0.0%
Site Improvements	9.6	8.8	9.1%
Construction in Progress	8.5	8.5	0.0%
Buildings	160.5	164.1	-2.2%
Furniture and Equipment	5.6	5.4	3.7%
Total	**$ 198.0**	**$ 200.6**	**-1.3%**

We present more detailed information about our capital assets in the Notes to Financial Statements.

LONG-TERM OBLIGATIONS

At year-end the District had $102.1 million long-term obligations outstanding – a decrease of 2.6% from last year - as shown in Table A-5.

Table A-5
Outstanding Long-Term Obligations
(in millions of dollars)

	Governmental Activities 2013	Governmental Activities 2012	Total Percentage Change
General Obligation Bonds	$ 73.9	$ 74.7	-1.1%
Certificates of Participation	16.2	16.7	-3.0%
Capital Leases Payable	5.7	6.4	-10.9%
Early Retirement	1.7	2.6	-34.6%
Compensated Absences	0.9	1.0	-10.0%
Other Postemployment Benefits	3.5	3.2	9.4%
State Preschool Loan	0.2	0.2	0.0%
Total	**$ 102.1**	**$ 104.8**	**-2.6%**

The District's S&P bond rating as of the most recent bond issuance was "AAA". In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AAA". We present more detailed information about our long-term obligations in the Notes to Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The State Budget Local Control Funding Formula (LCFF) and the impact it will have on funding for education in future years
- The State's ability to meet the cash flow obligations in previous years
- The outcome of District's negotiations with the various unions cannot be predicted
- Facilities Master Plan, Capital Projects, and Equipment Replacement needs
- The on-going cost of funding Post Employment Benefits for retirees per GASB 45
- Changing enrollment trends reflecting a fluctuation in growth compared to previous years
- Implementation of Common Core, Instructional Materials & Professional Development needs
- Technology infrastructure needs
- K-3 Class Size Reduction moving to 24:1 ratio's per LCFF
- Review of all staffing levels

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 the Business Office, Madera Unified School District, 1902 Howard Road, Madera, California 93637.

MADERA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Deposits and investments	$ 58,970,404
Receivables	29,921,357
Prepaid expenses	25,247
Deferred issuance costs	1,251,717
Stores inventories	1,014,628
Nondepreciable capital assets	22,255,951
Capital assets being depreciated	249,554,914
Accumulated depreciation	(73,847,756)
Total Assets	289,146,462
LIABILITIES	
Accounts payable	10,557,372
Deferred revenue	47,328
Current loans	3,390,000
Current portion of long-term obligations	4,639,677
Noncurrent portion of long-term obligations	97,506,883
Total Liabilities	116,141,260
NET POSITION	
Net investment in capital assets	115,622,247
Restricted for:	
Debt service	4,191,535
Capital projects	8,553,927
Educational programs	1,217,023
Other activities	5,316,920
Unrestricted	38,103,550
Total Net Position	$ 173,005,202

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 94,783,745	$ 169,610	$ 16,735,643
Instruction-related activities:			
Supervision of instruction	6,147,303	3,024	5,128,532
Instructional library, media, and technology	1,282,420	571	325,510
School site administration	11,660,076	8,490	329,173
Pupil services:			
Home-to-school transportation	6,293,991	447,610	3,350,111
Food services	9,701,150	693,384	9,101,895
All other pupil services	6,232,131	437	770,136
Administration:			
Data processing	1,919,537	-	-
All other administration	5,673,140	45,402	1,110,911
Plant services	14,804,553	44,561	557,382
Ancillary services	1,960,276	1,391	10,685
Community services	13,819	-	-
Interest on long-term obligations	4,686,086	-	-
Other outgo	709,754	1,626,556	1,074,078
Total Governmental Activities	$ 165,867,981	$ 3,041,036	$ 38,494,056

General revenues and subventions:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Taxes levied for other specific purposes

Federal and State aid not restricted to specific purposes

Interest and investment earnings

Transfers

Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (77,878,492)
(1,015,747)
(956,339)
(11,322,413)
(2,496,270)
94,129
(5,461,558)
(1,919,537)
(4,516,827)
(14,202,610)
(1,948,200)
(13,819)
(4,686,086)
1,990,880
(124,332,889)
17,908,834
4,077,412
543,748
101,617,165
206,987
121,622
1,039,203
125,514,971
1,182,082
171,823,120
$ 173,005,202

MADERA UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	Building Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	$ 26,835,503	$ 13,673,928	$ 18,460,973
Receivables	27,990,363	-	1,930,994
Due from other funds	311,446	-	5,695
Prepaid expenditures	25,247	-	-
Stores inventories	668,932	-	345,696
Total Assets	$ 55,831,491	$ 13,673,928	$ 20,743,358
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 10,269,078	$ -	$ 288,294
Due to other funds	360	4,271	312,510
Current loans	3,390,000	-	-
Deferred revenue	47,328	-	-
Total Liabilities	13,706,766	4,271	600,804
Fund Balances:			
Nonspendable	722,179	-	350,836
Restricted	1,142,197	13,669,657	17,800,325
Committed	-	-	956,633
Assigned	7,845,573	-	1,034,760
Unassigned	32,414,776	-	-
Total Fund Balances	42,124,725	13,669,657	20,142,554
Total Liabilities and Fund Balances	$ 55,831,491	$ 13,673,928	$ 20,743,358

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds
$ 58,970,404
29,921,357
317,141
25,247
1,014,628
$ 90,248,777
$ 10,557,372
317,141
3,390,000
47,328
14,311,841
1,073,015
32,612,179
956,633
8,880,333
32,414,776
75,936,936
$ 90,248,777

MADERA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balance - Governmental Funds		**$ 75,936,936**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 271,810,865	
Accumulated depreciation is	(73,847,756)	
Net Capital Assets		197,963,109
Expenditures relating to issuance of debt were recognized on modified accrual basis, but are amortized over the life of the debt on the accrual basis.		1,251,717
Long-term obligations at year-end consist of:		
Bonds payable	73,890,621	
Certificates of participation	16,235,000	
State preschool loan program	153,675	
Compensated absences (vacations)	875,218	
Early retirement programs	1,743,455	
Capital leases payable	5,731,223	
Other postemployment benefits	3,517,368	
Total Long-Term Obligations		(102,146,560)
Total Net Position - Governmental Activities		**$ 173,005,202**

The accompanying notes are an integral part of these financial statements.

MADERA UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Non-Major Governmental Funds
REVENUES			
Revenue limit sources	$ 97,217,695	$ -	$ -
Federal sources	12,162,118	-	9,266,022
Other State sources	32,595,228	-	2,262,265
Other local sources	6,131,409	71,414	7,330,762
Total Revenues	148,106,450	71,414	18,859,049
EXPENDITURES			
Current			
Instruction	89,674,461	-	1,605,483
Instruction-related activities:			
Supervision of instruction	5,935,028	-	206,493
Instructional library, media and technology	1,283,670	-	-
School site administration	11,116,365	-	425,763
Pupil services:			
Home-to-school transportation	6,067,793	-	-
Food services	957	-	10,108,037
All other pupil services	6,206,625	-	30,796
Administration:			
Data processing	1,928,391	-	-
All other administration	5,142,176	-	653,318
Plant services	13,178,499	-	1,072,148
Facility acquisition and construction	119,256	-	1,681,162
Ancillary services	2,024,289	-	-
Community services	13,801	-	-
Other outgo	709,754	-	-
Debt service			
Principal	671,675	-	2,713,735
Interest and other	309,189	-	2,854,517
Total Expenditures	144,381,929	-	21,351,452
Excess (Deficiency) of Revenues Over Expenditures	3,724,521	71,414	(2,492,403)
Other Financing Sources (Uses)			
Transfers in	17,421	-	2,596,259
Other sources	13,150	-	-
Transfers out	(1,260,231)	(70,909)	(1,282,540)
Net Financing Sources (Uses)	(1,229,660)	(70,909)	1,313,719
NET CHANGE IN FUND BALANCES	2,494,861	505	(1,178,684)
Fund Balance - Beginning	39,629,864	13,669,152	21,321,238
Fund Balance - Ending	$ 42,124,725	$ 13,669,657	$ 20,142,554

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds
$ 97,217,695
21,428,140
34,857,493
13,533,585
167,036,913
91,279,944
6,141,521
1,283,670
11,542,128
6,067,793
10,108,994
6,237,421
1,928,391
5,795,494
14,250,647
1,800,418
2,024,289
13,801
709,754
3,385,410
3,163,706
165,733,381
1,303,532
2,613,680
13,150
(2,613,680)
13,150
1,316,682
74,620,254
$ 75,936,936

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds		**$ 1,316,682**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation expense	$ (5,963,098)	
Capital outlays	3,279,937	
Net Expense Adjustment		(2,683,161)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid exceeded those awarded by $842,181. Vacation paid was more than the amounts earned by $129,324.		971,505
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the Statement of Activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(285,974)
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds		2,240,000
Certificates of participation		440,000
State preschool loan program		33,735
Capital lease obligations		671,675
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of bond premium		299,010
Amortization of cost of issuance		(74,564)

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2013

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds.	$ (1,746,826)
Change in Net Position of Governmental Activities	**$ 1,182,082**

The accompanying notes are an integral part of these financial statements.

MADERA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013

	Scholarship Trusts	Agency Funds
ASSETS		
Deposits and investments	$ 92,947	$ 346,298
Total Assets	92,947	$ 346,298
LIABILITIES		
Due to student groups		
Jefferson	-	3,673
King	-	21,669
La Vina	-	869
Washington	-	4,637
Madera High	-	132,068
Eastin Arcola Continuation	-	10,706
Desmond Middle	-	17,790
Madera South High	-	154,886
Total Liabilities	-	$ 346,298
NET POSITION - RESERVED		
Lorraine Thompson Scholarship	42,164	
Student Government Scholarship	2,820	
Ray Pool Scholarship	5,000	
J. Desmond Scholarship	120	
Michael A. Wong Class 85' Scholarship	3,000	
Dave Schoettler Memorial Scholarship	1,040	
Esperanza Scholarship	125	
K. Roberts Memorial Scholarship	120	
J. Hinton Scholarship	500	
Science and Health Scholarship	43	
FCCLA Scholarship	296	
Binger Scholarship	2,321	
Cardenazzi Roberts Scholarship	600	
Rodger Scott Memorial Scholarship	600	
School of Business Scholarship	500	
Joan Davis Scholarship	1,425	
Madera Lions Club	24,941	
Audrey Pool Scholarship	5,000	
F.F.A Memorial Fund Scholarship	2,332	
Total Net Position	$ 92,947	

The accompanying notes are an integral part of these financial statements.

MADERA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS - SCHOLARSHIP TRUSTS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Scholarship Trusts
ADDITIONS	
Private donations and earnings	
Lorraine Thompson Scholarship	$ 224
Albonico Scholarship	11
E.L.L. Scholarship	125
Ray Pool Scholarship	5,000
Michael A Wong Class 85' Scholarship	3,000
Dave Schoettler Mem Scholarship	1,000
J. Hinton Scholarship	500
Binger Scholarship	12
Cardenazzi Roberts Scholarship	3
Madera Lions Club	145
Audrey Pool Scholarship	5,000
F.F.A Memorial Fund Scholarship	390
Total Additions	15,410
DEDUCTIONS	
Scholarships awarded and other expenditures	
Lorraine Thompson Scholarship	4,000
Student Government Scholarship	937
Albonico Scholarship	9,211
Ray Pool Scholarship	44
Michael A. Wong Class 85' Scholarship	3,450
Dave Schoettler Mem Scholarship	1,000
Esperanza Scholarship	255
J. Hinton Scholarship	500
Joan Davis Scholarship	500
Madera Lions Club	5,000
Audrey Pool Scholarship	500
F.F.A Memorial Fund Scholarship	323
Total Deductions	25,720
Change in Net Position	(10,310)
Net Position - Beginning	103,257
Net Position - Ending	$ 92,947

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Madera Unified School District (the District) was established in 1966, under the laws of the State of California. The District operates under a locally-elected seven-member Board form of government and provides educational services to grades K - 12 and adults, as mandated by the State and/or Federal agencies. The District operates sixteen elementary schools, three middle schools, two comprehensive high schools, three alternative education schools, and one adult education school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Madera Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component unit discussed below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Madera Unified School District Financing Corporation (the "Corporations") financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

COP Debt Service Fund The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into two classifications: scholarship trust funds and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund is the Scholarship Trust Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net position use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Certain grants received before the eligibility requirements are met are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2013, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the *Statement of Net Position*.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Deferred Issuance Costs and Premiums

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Fund Balances - Governmental Funds

As of June 30, 2013, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business official may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy states that the District intends to maintain a minimum fund balance of three percent of the District's General Fund in the third year of the District's current multi-year plan.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $19,279,405 of restricted net position.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the *Statement of Activities*.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Madera bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Changes in Accounting Principles

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Governmental activities	$ 58,970,404
Fiduciary funds	439,245
Total Deposits and Investments	$ 59,409,649

Deposits and investments as of June 30, 2013, consist of the following:

Cash on hand and in banks	$ 387,746
Cash in revolving	33,140
Investments	58,988,763
Total Deposits and Investments	$ 59,409,649

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	$ 58,682,028	$ -	$ -	$ 58,682,028	$ -

Credit Risk

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

			Rating as of Year End		
Investment Type	Fair Value	Minimum Legal Rating	AAA	Aa	Unrated
County Pool	$ 58,682,028	N/A	$ -	$ -	$ 58,682,028

N/A - Not applicable

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, $185,082 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2013, consisted of intergovernmental grants, entitlements, state apportionments, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 1,880,742	$ 1,436,729	$ 3,317,471
State Government			
Apportionment	19,273,030	-	19,273,030
Categorical aid	6,107,475	169,845	6,277,320
Local Sources	729,116	324,420	1,053,536
Total Fund Statements	$ 27,990,363	$ 1,930,994	$ 29,921,357

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 13,763,332	$ -	$ -	$ 13,763,332
Construction in progress	8,466,761	221,808	195,950	8,492,619
Total Capital Assets Not Being Depreciated	22,230,093	221,808	195,950	22,255,951
Capital Assets being depreciated				
Land improvements	11,211,893	1,307,413	-	12,519,306
Buildings and improvements	216,385,484	426,017	-	216,811,501
Furniture and equipment	18,703,458	1,561,917	41,268	20,224,107
Total Capital Assets Being Depreciated	246,300,835	3,295,347	41,268	249,554,914
Less Accumulated Depreciation				
Land improvements	2,394,482	547,642	-	2,942,124
Buildings and improvements	52,238,910	4,039,947	-	56,278,857
Furniture and equipment	13,251,266	1,416,777	41,268	14,626,775
Total Accumulated Depreciation	67,884,658	6,004,366	41,268	73,847,756
Governmental Activities Capital Assets, Net	$ 200,646,270	$ (2,487,211)	$ 195,950	$ 197,963,109

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 4,139,633
School Administration	124,602
Pupil Transportation	916,737
Food Services	35,097
Data Processing Services	115,740
Plant Maintenance and Operations	672,557
Total Depreciation Expenses Governmental Activities	$ 6,004,366

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2013, between major and non-major governmental funds are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds		
General	$ 311,446	$ 360
Building	-	4,271
Total Major Governmental Funds	311,446	4,631
Total Non-Major Governmental Funds	5,695	312,510
Total All Governmental Funds	$ 317,141	$ 317,141

The General Fund owes the Child Development Fund to adjust indirect to actual expenses.	$ 68
The General Fund owes the Adult Education Fund to adjust indirect to actual expenses.	292
The Building Fund owes the County School Facilities Fund for year-to-date expenses.	4,271
The Adult Education Fund owes the General Fund for adjustments to benefit accounts and indirect costs.	11,317
The Child Development Fund owes the General Fund for adjustments to benefit accounts and indirect costs.	14,675
The Capital Facilities Fund owes the General Fund for adjustments to benefit accounts.	1,228
The County School Facilities Fund owes the General Fund for adjustment to benefit accounts.	81
The Child Development Fund owes the General Fund for a temporary cash flow loan.	235,000
The Child Development Fund owes the Cafeteria Fund for adjustments to contract meals.	1,064
The Cafeteria Fund owes the General Fund for adjustments to benefit accounts.	43,185
The Cafeteria Fund owes the General Fund for indirect costs.	5,960
Total	$ 317,141

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2013, consisted of the following:

The Building Fund transferred to the County School Facilities Fund for qualified bond school construction costs.	$ 70,909
The General Fund transferred to the Deferred Maintenance Fund for maintenance projects.	660,231
The Capital Facilities Fund transferred to the General Fund three percent of the developer fees collected for administrative services.	17,421
The Capital Facilities Fund transferred to the COP Debt Service Fund for the required debt service payment.	1,265,119
The General Fund transferred to the Adult Education Fund for program operations.	600,000
Total	$ 2,613,680

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2013, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 1,774,336	$ 235,295	$ 2,009,631
Deferred payroll	3,506,194	-	3,506,194
Health and welfare pass-through	3,910,439	1,913	3,912,352
Accrued salaries and benefits	1,037,806	51,086	1,088,892
TRAN interest	40,303	-	40,303
Total	$ 10,269,078	$ 288,294	$ 10,557,372

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2013, consists of the following:

	General Fund
Federal financial assistance	$ 452
State categorical aid	12,042
Local sources	34,834
Total	$ 47,328

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On February 20, 2013, the District issued $3,390,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal are due and payable on October 1, 2013. Outstanding balance is recorded as a current loan in the financial statements.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes is as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2012	Additions	Payments	Outstanding June 30, 2013
2/20/13	2.00%	10/1/13	$ -	$ 3,390,000	$ -	$ 3,390,000

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due in One Year
General obligation bonds-2003	$ 195,000	$ -	$ 195,000	$ -	$ -
General obligation bonds-2005					
Current Interest Bonds	8,355,000	-	1,060,000	7,295,000	1,180,000
Capital Appreciation Bonds	19,138,305	979,211	-	20,117,516	-
General obligation bonds-2006					
Current Interest Bonds	1,425,000	-	150,000	1,275,000	170,000
Capital Appreciation Bonds	2,520,201	157,863	-	2,678,064	-
General obligation bonds-2007					
Current Interest Bonds	16,680,000	-	700,000	15,980,000	800,000
Capital Appreciation Bonds	11,790,971	609,752	-	12,400,723	-
Premium	1,089,162	-	261,399	827,763	43,566
2012 Refunding general obligation bonds	12,925,000	-	135,000	12,790,000	315,000
Premium	564,166	-	37,611	526,555	37,611
Certificates of participation-2004	16,675,000	-	440,000	16,235,000	455,000
State Preschool Revolving Loan	187,410	-	33,735	153,675	33,735
Compensated absences - net	1,004,542	-	129,324	875,218	-
Early retirement programs	2,585,636	457,050	1,299,231	1,743,455	1,013,942
Capital leases	6,402,898	-	671,675	5,731,223	590,823
Other postemployment benefits	3,231,394	3,077,666	2,791,692	3,517,368	-
Total	$ 104,769,685	$ 5,281,542	$ 7,904,667	$ 102,146,560	$ 4,639,677

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. Payments on the State Preschool Revolving Loan are made by Child Development Fund. The COP Debt Service Fund makes payments for the Certificates of Participation. The compensated absences, early retirement programs, and other postemployment benefits obligations will be paid by the fund for which the employee worked. Payments on the capital leases are made by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2012	Accreted/ Issued	Defeased/ Redeemed	Bonds Outstanding June 30, 2013
Current Interest Bonds:							
2002 - Series 2003 General Obligation Bonds:							
8/1/2003	8/2004-8/2028	1-4.90%	$ 16,200,000	$ 195,000	$ -	$ 195,000	$ -
2002 - Series 2005 General Obligation Bonds:							
5/1/05	8/2006-8/2017	3-5%	12,670,000	8,355,000	-	1,060,000	7,295,000
2002 - Series 2006 General Obligation Bonds							
3/1/06	8/1/2018	3.75-4%	1,915,000	1,425,000	-	150,000	1,275,000
2006 - Series 2007 General Obligation Bonds							
3/1/07	8/2007-8/2023	4-5%	18,690,000	16,680,000	-	700,000	15,980,000
2012 - Refunding General Obligation Bonds							
2/22/12	8/2012-8/2028	2-3.625%	12,925,000	12,925,000	-	135,000	12,790,000
Capital Appreciation Bonds:							
2002 - Series 2005 General Obligation Bonds:							
5/1/05	8/2018-8/2029	4.77-5.23%	13,329,104	19,138,305	979,211	-	20,117,516
2002 - Series 2006 General Obligation Bonds							
3/1/06	8/1/2029	4.68-4.68%	1,885,059	2,520,201	157,863	-	2,678,064
2006 - Series 2007 General Obligation Bonds							
3/1/07	8/2024-8/2031	4.41-4.52%	9,308,839	11,790,971	609,752	-	12,400,723
	Total			$ 73,029,477	$ 1,746,826	$ 2,240,000	$ 72,536,303

Debt Service Requirements to Maturity

2002 - Series 2005 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 1,180,000	$ 335,250	$ 1,515,250
2015	1,310,000	273,000	1,583,000
2016	1,450,000	204,000	1,654,000
2017	1,600,000	127,750	1,727,750
2018	1,755,000	43,875	1,798,875
Total	$ 7,295,000	$ 983,875	$ 8,278,875

2002 - Series 2006 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 170,000	$ 50,010	$ 220,010
2015	185,000	43,210	228,210
2016	200,000	35,810	235,810
2017	220,000	27,810	247,810
2018	240,000	19,010	259,010
2019	260,000	10,010	270,010
Total	$ 1,275,000	$ 185,860	$ 1,460,860

2002 - Series 2007 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 800,000	$ 762,588	$ 1,562,588
2015	895,000	730,588	1,625,588
2016	1,005,000	694,788	1,699,788
2017	1,120,000	654,588	1,774,588
2018	1,255,000	598,588	1,853,588
2019-2023	8,615,000	1,951,000	10,566,000
2024	2,290,000	114,500	2,404,500
Total	$ 15,980,000	$ 5,506,640	$ 21,486,640

2012 Refunding Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2014	$ 315,000	$ 469,719	$ 784,719
2015	355,000	463,419	818,419
2016	405,000	452,769	857,769
2017	450,000	444,669	894,669
2018	510,000	426,669	936,669
2019-2023	3,580,000	1,783,645	5,363,645
2024-2028	5,710,000	962,420	6,672,420
2029	1,465,000	53,106	1,518,106
Total	$ 12,790,000	$ 5,056,416	$ 17,846,416

2002 Capital Appreciation Bonds

The Capital Appreciation Bonds due not require annual principal and interest payments. The bonds accrete in value for the interest earned on the bonds for each fiscal year until the bonds maturity date at which time, the maturity value of the bonds is payable. Below is a summary of the current valuation (accreted value) of the bonds including the maturity value of those bonds.

	2002 - Series 2005		2002 - Series 2006		2006 - Series 2007	
Fiscal Year	Final Maturity	Accreted Obligation	Final Maturity	Accreted Obligation	Final Maturity	Accreted Obligation
2019-2023	$ 8,240,000	$ 6,022,855	$ 1,540,000	$ 1,080,585	$ -	$ -
2024-2028	12,575,000	7,226,989	1,930,000	1,068,039	10,720,000	6,185,470
2029-2032	15,315,000	6,867,672	1,435,000	529,440	12,830,000	6,215,253
Total	$ 36,130,000	$ 20,117,516	$ 4,905,000	$ 2,678,064	$ 23,550,000	$ 12,400,723

Certificates of Participation

On May 14, 2004, the Madera Unified School District Financing Corporation issued certificates of participation in the amount of $18,240,000 with interest rates ranging from 3.50 to 5.35 percent. As of June 30, 2013, the principal balance outstanding was $16,235,000.

Series	Issue Date	Amount Issued	Interest Rates	Balance Beginning of Year	Principal Paid Defeased- Current Year	Outstanding End of Year
2004	5/14/2004	$ 18,240,000	3.50-5.35%	$ 16,675,000	$ 440,000	$ 16,235,000

The Certificates of Participation mature through 2034 as follows:

Year Ending June 30,	Principal	Interest	Total
2014	$ 455,000	$ 815,769	$ 1,270,769
2015	475,000	795,863	1,270,863
2016	500,000	772,113	1,272,113
2017	525,000	747,113	1,272,113
2018	555,000	720,863	1,275,863
2019-2023	3,205,000	3,160,565	6,365,565
2024-2028	4,085,000	2,275,814	6,360,814
2029-2033	5,225,000	1,138,620	6,363,620
2034	1,210,000	62,013	1,272,013
Total	$ 16,235,000	$ 10,488,733	$ 26,723,733

Preschool Revolving Loan

The District has entered into four agreements with the California Department of Education for non-interest loans for child care facilities at the Madison site, the George Washington site, the Ceasar Chavez site, and the Pershing site. The District is required to make annual loan payments ranging from $9,974 to $21,000 for each loan.

Year Ending June 30,	Lease Payment
2014	$ 33,735
2015	33,735
2016	33,735
2017	33,735
2018	18,735
Total	$ 153,675

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2013, amounted to $875,218.

Early Retirement

The District has entered into contracts with certain eligible employees whereby a predetermined percentage of the employees final years salary will be paid for a 60-month period for Certificated employees and a 36-month period for Classified employees and continued medical insurance coverage equivalent to the medical plan in effect for all Certificated and Classified employees until age 65. The outstanding contract amount for this purpose is $1,743,455 and is reported as long-term obligations. The amount paid during the current fiscal year related to the early retirement programs totaled $1,299,231.

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Leases
Balance, July 1, 2012	$ 6,402,898
Payments	671,675
Balance, June 30, 2013	$ 5,731,223

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2014	$ 800,776
2015	800,776
2016	800,776
2017	800,776
2018	438,853
2019-2023	1,955,195
2024-2027	1,368,634
Total	6,965,786
Less: Amount Representing Interest	1,234,563
Present Value of Minimum Lease Payments	$ 5,731,223

Other Postemployment Benefit (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2013, was $2,916,096, and contributions made by the District during the year were $2,581,485 (including the implicit rate subsidy factor of 1.1385). Interest on the net OPEB obligation and adjustments to the annual required contribution were $161,570 and $(210,207), respectively, which resulted in an increase to the net OPEB obligation of $285,974. As of June 30, 2013, the net OPEB obligation was $3,517,368. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 28,000	$ -	$ 5,140	$ 33,140
Stores inventories	668,932	-	345,696	1,014,628
Prepaid expenditures	25,247	-	-	25,247
Total Nonspendable	722,179	-	350,836	1,073,015
Restricted				
Legally restricted programs	1,142,197	-	11,953	1,154,150
Childcare programs	-	-	74,826	74,826
Capital projects	-	13,669,657	8,553,927	22,223,584
Debt services	-	-	4,191,535	4,191,535
Food service	-	-	4,968,084	4,968,084
Total Restricted	1,142,197	13,669,657	17,800,325	32,612,179
Committed				
Adult education program	-	-	744,863	744,863
Deferred maintenance program	-	-	211,770	211,770
Total Committed	-	-	956,633	956,633
Assigned				
Tier III textbooks	1,601,307	-	-	1,601,307
Tier III technology infrastructure	2,340,114	-	-	2,340,114
Vacation accrual	786,504	-	-	786,504
District textbooks	1,225,981	-	-	1,225,981
Equipment replacement	1,235,067	-	-	1,235,067
P.A.C.E.S.	5,669	-	-	5,669
Unanticipated site requests	272,912	-	-	272,912
Mammoth project	206	-	-	206
Capital projects	-	-	1,034,760	1,034,760
Other	377,813	-	-	377,813
Total Assigned	7,845,573	-	1,034,760	8,880,333
Unassigned				
Reserve for economic uncertainties	4,271,646	-	-	4,271,646
Remaining unassigned	28,143,130	-	-	28,143,130
Total Unassigned	32,414,776	-	-	32,414,776
Total	$ 42,124,725	$ 13,669,657	$ 20,142,554	$ 75,936,936

NOTE 11 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2013, the following District major fund exceeded the budgeted amounts as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General			
Classified salaries	$ 17,568,443	$ 17,707,382	$ 138,939
Other outgo	$ 137,525	$ 178,376	$ 40,851
Debt service - interest	$ 304,668	$ 309,189	$ 4,521

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Madera Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 200 retirees and beneficiaries currently receiving benefits and approximately 1,500 active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Madera Unified Teachers Association (MUTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2012-2013, the District contributed $2,267,444 to the plan (excluding the implicit rate subsidy factor), all of which was used for current premiums (approximately 85 percent of total premiums). Plan members receiving benefits contributed approximately $400,000, or approximately 15 percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 2,916,096
Interest on net OPEB obligation	161,570
Adjustment to annual required contribution	(210,207)
Annual OPEB cost (expense)	2,867,459
Contributions made (includes implicit rate subsidy factor)	(2,581,485)
Increase in net OPEB obligation	285,974
Net OPEB obligation, beginning of year	3,231,394
Net OPEB obligation, end of year	$ 3,517,368

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	$ 2,867,459	$ 2,581,485	90.03%	$ 3,517,368
2012	2,873,922	2,444,489	85.06%	3,231,394
2011	2,921,147	2,477,529	84.81%	2,801,961

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2011	$ -	$ 26,570,686	$ 26,570,686	0.00%	$ 84,497,116	31.45%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates were 8.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2012, was 26 years.

NOTE 13 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2013, the District contracted with the California Risk Management Authority (CRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District pays for workers' compensation through the California Risk Management Authority.

Employee Medical Benefits

The District has contracted with California's Valued Trust to provide employee health, dental and vision benefits. Benefits are self funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and CTA or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0 percent 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2013, 2012, and 2011, were $5,433,143, $5,272,769, and $5,262,148, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the 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 survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were $2,122,666, $2,033,025, and $2,018,415, respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $3,258,060 (5.176 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted and actual amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

Litigation

The District is involved in various litigation arising from the normal course of business and which are mainly dealing with personnel issues. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

Operating Leases

The District has entered into various operating leases for equipment 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 it is unlikely that the District will cancel any of the agreements prior to the expiration date.

Construction Commitments

As of June 30, 2013, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Future High School	$ 195,000,000	2021
Future Elementary School	23,000,800	2017
Total	$ 218,000,800	

NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the California Risk Management Authority (CRMA) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to these entities for its property and liability, workers' compensation and health coverage. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

The entities have budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the entities and the District is included in these statements. Audited financial statements are available from the entities.

The District has appointed one member to the governing board of CRMA and CVT.

During the year ended June 30, 2013, the District made payment of $2,138,707 to CRMA for property and liability, and workers' compensation coverage.

During the year ended June 30, 2013, the District made payment of $26,541,994 to CVT for health and welfare benefits.

REQUIRED SUPPLEMENTARY INFORMATION

MADERA UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Revenue limit sources	$ 89,675,964	$ 97,329,284	$ 97,217,695	$ (111,589)
Federal sources	10,538,591	14,605,202	12,162,118	(2,443,084)
Other State sources	24,802,735	27,300,431	29,337,168	2,036,737
Other local sources	5,105,734	6,096,075	6,131,409	35,334
Total Revenues [1]	130,123,024	145,330,992	144,848,390	(482,602)
EXPENDITURES				
Current				
Certificated salaries	67,770,404	67,551,167	66,854,688	696,479
Classified salaries	16,997,844	17,568,443	17,707,382	(138,939)
Employee benefits	35,480,361	35,542,125	35,032,837	509,288
Books and supplies	10,753,841	11,460,279	8,595,021	2,865,258
Services and operating expenditures	9,798,751	12,639,850	10,632,320	2,007,530
Other outgo	253,943	137,525	178,376	(40,851)
Capital outlay	-	1,212,897	1,142,382	70,515
Debt service - principal	322,261	671,674	671,674	-
Debt service - interest	87,477	304,668	309,189	(4,521)
Total Expenditures [1]	141,464,882	147,088,628	141,123,869	5,964,759
Excess (Deficiency) of Revenues Over Expenditures	(11,341,858)	(1,757,636)	3,724,521	5,482,157
Other Financing Sources (Uses)				
Transfers in	18,935	18,935	17,421	(1,514)
Other sources	-	80,125	13,150	(66,975)
Transfers out	(1,260,231)	(1,260,231)	(1,260,231)	-
Other uses	(9,335)	(9,335)	-	9,335
Net Financing Sources (Uses)	(1,250,631)	(1,170,506)	(1,229,660)	(59,154)
NET CHANGE IN FUND BALANCES	(12,592,489)	(2,928,142)	2,494,861	5,423,003
Fund Balance - Beginning	37,686,766	39,629,864	39,629,864	-
Fund Balance - Ending	$ 25,094,277	$ 36,701,722	$ 42,124,725	$ 5,423,003

[1] On behalf payments are not included in the revenues and expenditures in this Schedule.

MADERA UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2011	$ -	$ 26,570,686	$ 26,570,686	0.00%	$ 84,497,116	31.45%
July 1, 2009	$ -	$ 25,869,698	$ 25,869,698	0.00%	$ 82,634,976	31.31%
March 31, 2007	$ -	$ 31,004,861	$ 31,004,861	0.00%	$ 85,523,838	36.25%

SUPPLEMENTARY INFORMATION

MADERA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA/ Contract Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education (CDE):			
Adult Education			
Basic	84.002A	14508	$ 65,147
Secondary Education	84.002	13978	38,519
Institutionalized Adults	84.002	13971	10,000
English Literacy and Civics Education	84.002A	14109	33,711
No Child Left Behind			
Title I - Part A, Basic	84.010	14329	7,231,475
Title I - Part C, Migrant	84.011	14326	18,176
Title I - Part G, Advanced Placement Fee Program	84.330B	14831	11,191
Title II - Part A, Teacher Quality	84.367	14341	1,254,774
Title II - Part A, Administrator Training	84.367	14344	(6,000)
Education Technology Programs			
Title II - Part D, EETT - Formula Grants	84.318	14334	17,861
Title II - Part D, EETT - Competitive Grants	84.318	14368	87,706
Subtotal Education Technology Programs			105,567
Title III - LEP	84.365	14346	1,058,058
Safe and Supportive Schools Programmatic Intervention	84.184	15164	364,709
Special Education Programs			
IDEA, Basic Local Assistance	84.027	13379	1,269,932
IDEA, Basic Local Assistance, Private School	84.027	10115	2,915
Subtotal Special Education Programs			1,272,847
Vocational Educational Programs			
Adult	84.048	14893	15,016
Technology Secondary Education	84.048	14894	189,256
Total U.S. Department of Education			11,662,446

[1] Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA/ Contract Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	$ 6,702,923
Especially Needy Breakfast	10.553	13526	1,668,312
Meals Supplements - Snack	10.555	13391	208,905
Summer Food Program	10.559	13004	171,414
Food Distribution	10.555	13391	540,923
Subtotal Child Nutrition Cluster			9,292,477
Fresh Fruit and Vegetable Program	10.582	14968	352,076
Total U.S. Department of Agriculture			9,644,553
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	56,263
Total U.S. Department of Health and Human Services			56,263
U.S. DEPARTMENT OF TRANSPORTATION			
Local Assistance Congestion Mitigation and Air Quality	CML-6414(003)	[1]	605,801
Total Expenditures of Federal Awards			$ 21,969,063

[1] Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2013

ORGANIZATION

The Madera Unified School District was established in 1966 and consists of an area comprising approximately 400 square miles. The District operates sixteen elementary schools, three middle schools, two comprehensive high schools, two alternative education schools, and one adult education school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ricardo Arredondo	President	2016
Maria Velarde-Garcia	Clerk	2014
Lynn Cogdill	Trustee	2014
Robert E. Garibay	Trustee	2016
Jose Rodriguez	Trustee	2014
Ray G. Seibert	Trustee	2016
Michael Salvador	Trustee	2014

ADMINISTRATION

Anthony Monreal	Interim Superintendent
Vacant	Associate Superintendent, Business and Operations
Deborah Wood	Associate Superintendent, Educational Services
Robert Chavez	Chief Academic Officer, K-12

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2013

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,633.07	1,636.72
First through third	4,768.50	4,780.75
Fourth through sixth	4,336.14	4,338.87
Seventh and eighth	2,618.34	2,614.94
Home and hospital	9.58	9.84
Special education	99.14	98.68
Total Elementary	13,464.77	13,479.80
SECONDARY		
Regular classes	4,571.00	4,515.11
Continuation education	227.64	223.74
Home and hospital	8.83	11.94
Special education	150.23	148.24
Total Secondary	4,957.70	4,899.03
Total K-12	18,422.47	18,378.83
CLASSES FOR ADULTS		
Adults in correctional facilities	9.58	9.67
Total Classes for Adults	9.58	9.67
Grand Total	18,432.05	18,388.50

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2013

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	29,205	28,394	36,000	35,000	41,925	180	N/A	Complied
Grades 1 - 3	40,710	39,579	50,400	49,000				
Grade 1					55,320	180	N/A	Complied
Grade 2					55,320	180	N/A	Complied
Grade 3					55,320	180	N/A	Complied
Grades 4 - 8	42,480	41,300	54,000	52,500				
Grade 4					54,545	180	N/A	Complied
Grade 5					54,545	180	N/A	Complied
Grade 6					54,545	180	N/A	Complied
Grade 7					57,540	180	N/A	Complied
Grade 8					57,540	180	N/A	Complied
Grades 9 - 12	58,608	56,980	64,800	63,000				
Grade 9					63,875	180	N/A	Complied
Grade 10					63,875	180	N/A	Complied
Grade 11					63,875	180	N/A	Complied
Grade 12					63,875	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2013.

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

	(Budget) 2014 [1]	2013	2012	2011
GENERAL FUND				
Revenues and other sources [4]	$ 141,821,065	$ 144,878,961	$ 146,207,855	$ 146,594,328
Expenditures and other uses [4]	143,887,112	142,384,100	141,895,973	139,746,401
INCREASE/(DECREASE) IN FUND BALANCE	$ (2,066,047)	$ 2,494,861	$ 4,311,882	$ 6,847,927
ENDING FUND BALANCE	$ 40,058,678	$ 42,124,725	$ 39,629,864	$ 35,317,982
AVAILABLE RESERVES [2]	$ 29,374,825	$ 32,414,776	$ 31,921,910	$ 28,988,481
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	20.4%	22.8%	22.5%	20.7%
LONG-TERM OBLIGATIONS	Not Available	$ 102,146,560	$ 104,769,685	$ 101,441,297
AVERAGE DAILY ATTENDANCE AT P-2 [3]	18,422	18,422	18,318	17,977

The General Fund balance has increased by $6,806,743 over the past two years. The fiscal year 2013-2014 budget projects a decrease of $2,066,047 (4.90 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the 2013-2014 fiscal year. Total long-term obligations have increased by $705,263 over the past two years.

Average daily attendance has increased by 445 over the past two years. No growth of ADA is anticipated during fiscal year 2013-2014.

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[1] Budget 2014 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned funds contained within the General Fund.

[3] Excludes Adult Education ADA.

[4] On behalf payments have been excluded from revenues and expenditures and the calculation of available reserve percentage in this schedule.

See accompanying note to supplementary information.

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013

Name of Charter School	Included in Audit Report
Sherman Thomas Charter School (Charter Number 0507)	No
Ezequiel Tafoya Alvarado Academy (Charter Number 0676)	No

See accompanying note to supplementary information.

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 636,858	$ 223,863	$ 3,730,553
Receivables	139,837	106,121	1,475,849
Due from other funds	292	68	1,064
Stores inventories	-	-	345,696
Total Assets	$ 776,987	$ 330,052	$ 5,553,162
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 6,854	$ 4,487	$ 187,097
Due to other funds	11,317	250,739	49,145
Total Liabilities	18,171	255,226	236,242
Fund Balances:			
Nonspendable	2,000	-	348,836
Restricted	11,953	74,826	4,968,084
Committed	744,863	-	-
Assigned	-	-	-
Total Fund Balances	758,816	74,826	5,316,920
Total Liabilities and Fund Balances	$ 776,987	$ 330,052	$ 5,553,162

See accompanying note to supplementary information.

Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund
$ 214,675	$ 4,776,895	$ 3,828,289	$ 1,067,492	$ 3,372,810
-	-	-	-	209,187
-	-	4,271	-	-
-	-	-	-	-
$ 214,675	$ 4,776,895	$ 3,832,560	$ 1,067,492	$ 3,581,997
$ 2,905	$ 49,939	$ 4,280	$ 32,732	$ -
-	1,228	81	-	-
2,905	51,167	4,361	32,732	-
-	-	-	-	-
-	4,725,728	3,828,199	-	3,581,997
211,770	-	-	-	-
-	-	-	1,034,760	-
211,770	4,725,728	3,828,199	1,034,760	3,581,997
$ 214,675	$ 4,776,895	$ 3,832,560	$ 1,067,492	$ 3,581,997

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET, Continued
JUNE 30, 2013

	COP Debt Service Fund	Total Non-Major Governmental Funds
ASSETS		
Deposits and investments	$ 609,538	$ 18,460,973
Receivables	-	1,930,994
Due from other funds	-	5,695
Stores inventories	-	345,696
Total Assets	$ 609,538	$ 20,743,358
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ 288,294
Due to other funds	-	312,510
Total Liabilities	-	600,804
Fund Balances:		
Nonspendable	-	350,836
Restricted	609,538	17,800,325
Committed	-	956,633
Assigned	-	1,034,760
Total Fund Balances	609,538	20,142,554
Total Liabilities and Fund Balances	$ 609,538	$ 20,743,358

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ 162,393	$ -	$ 9,103,629
Other State sources	92,958	1,403,610	718,314
Other local sources	254,999	104,291	873,516
Total Revenues	510,350	1,507,901	10,695,459
EXPENDITURES			
Current			
Instruction	494,271	1,111,212	-
Instruction-related activities:			
Supervision of instruction	-	206,493	-
School site administration	425,763	-	-
Pupil services:			
Food services	-	15,253	10,092,784
All other pupil services	-	30,796	-
Administration:			
All other administration	7,564	70,999	452,815
Plant services	76,220	32,458	492,392
Facility acquisition and construction	-	9,280	-
Principal	-	33,735	-
Interest and other	-	-	-
Total Expenditures	1,003,818	1,510,226	11,037,991
Excess (Deficiency) of Revenues Over Expenditures	(493,468)	(2,325)	(342,532)
Other Financing Sources (Uses)			
Transfers in	600,000	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	600,000	-	-
NET CHANGE IN FUND BALANCES	106,532	(2,325)	(342,532)
Fund Balance - Beginning	652,284	77,151	5,659,452
Fund Balance - Ending	$ 758,816	$ 74,826	$ 5,316,920

See accompanying note to supplementary information.

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund
	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	47,383
	1,078	1,636,159	22,332	6,135	4,429,719
	1,078	1,636,159	22,332	6,135	4,477,102
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	121,940	-	-	-
	286,138	-	24,152	160,788	-
	716,630	729,602	145,360	80,290	-
	-	-	-	-	2,240,000
	-	-	-	-	2,029,398
	1,002,768	851,542	169,512	241,078	4,269,398
	(1,001,690)	784,617	(147,180)	(234,943)	207,704
	660,231	-	70,909	-	-
	-	(1,282,540)	-	-	-
	660,231	(1,282,540)	70,909	-	-
	(341,459)	(497,923)	(76,271)	(234,943)	207,704
	553,229	5,223,651	3,904,470	1,269,703	3,374,293
	$ 211,770	$ 4,725,728	$ 3,828,199	$ 1,034,760	$ 3,581,997

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

	COP Debt Service Fund	Total Non-Major Governmental Funds
REVENUES		
Federal sources	$ -	$ 9,266,022
Other State sources	-	2,262,265
Other local sources	2,533	7,330,762
Total Revenues	2,533	18,859,049
EXPENDITURES		
Current		
Instruction	-	1,605,483
Instruction-related activities:		
Supervision of instruction	-	206,493
School site administration	-	425,763
Pupil services:		
Food services	-	10,108,037
All other pupil services	-	30,796
Administration:		
All other administration	-	653,318
Plant services	-	1,072,148
Facility acquisition and construction	-	1,681,162
Principal	440,000	2,713,735
Interest and other	825,119	2,854,517
Total Expenditures	1,265,119	21,351,452
Excess (Deficiency) of Revenues Over Expenditures	(1,262,586)	(2,492,403)
Other Financing Sources (Uses)		
Transfers in	1,265,119	2,596,259
Transfers out	-	(1,282,540)
Net Financing Sources (Uses)	1,265,119	1,313,719
NET CHANGE IN FUND BALANCES	2,533	(1,178,684)
Fund Balance - Beginning	607,005	21,321,238
Fund Balance - Ending	$ 609,538	$ 20,142,554

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget 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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of the fair market value of commodities which are not reported as revenues and expenditures in the financial statements.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 21,428,140
Reconciling items:		
Food Distribution	10.555	540,923
Total Schedule of Expenditures of Federal Awards		$ 21,969,063

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

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 instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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*

Governing Board
Madera Unified School District
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madera Unified School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Madera Unified School District's basic financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

We noted certain matters that we reported to management of Madera Unified School District in a separate letter dated November 27, 2013.

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 27, 2013

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
Madera Unified School District
Madera, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Madera Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Madera Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Madera Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Madera Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 27, 2013

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Madera Unified School District
Madera, California

Report on State Compliance

We have audited Madera Unified School District's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2012-2013* that could have a direct and material effect on each of Madera Unified School District's State government programs as noted below for the year ended June 30, 2013.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of each of the Madera Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-2013*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Madera 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 opinions. Our audit does not provide a legal determination of Madera Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Madera Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2013.

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

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes (see below)
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Class Size Reduction Program (including in charter schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	Not Applicable
Districts or Charter Schools With Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Yes
After School	5	Yes
Before School	6	Not Applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not Applicable
Mode of Instruction	1	Not Applicable
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instruction Minutes Classroom-Based	4	Not Applicable

We did not perform testing for continuation work experience nor the independent study calculation because neither program is offered through the continuation program.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 27, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MADERA UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

CFDA Number	Name of Federal Program or Cluster
84.010	Title I - Part A, Basic
CML-6414 (003)	Local Assistance Congestion Mitigation and Air Quality

Dollar threshold used to distinguish between Type A and Type B programs:	$ 659,072
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Type of auditors' report issued on compliance for programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

MADERA UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

State Awards Findings

2012-1 40000

Exclusion of Pupils – Pertussis Immunization

Criteria

Students under the age of 18 should have a Pertussis booster vaccine given on or after their seventh birthday, or a Pertussis booster immunization exemption statement by the 30th calendar day after the student's first day of attendance as per Health and Safety Code Section 120335.1(a). The District cannot claim any attendance on or after the student's 31st calendar day of school until the student has received their Pertussis booster vaccine or has filed an immunization exemption.

Condition

During our audit of the Pertussis records, we found four students who did not have the Pertussis booster vaccine given on or after their seventh birthday or an immunization exemption statement by the 30th calendar day after their first day of attendance. The District claimed 0.25 ADA for those four students.

Effect

The 0.25 ADA is not allowable and results in a questioned cost of $1,287.54 based on the District's deficited base revenue limit per ADA of $5,150.14.

Cause

The four students failed to get immunized prior to the 31st calendar day after school began. The District missed these students during its review of the immunization records.

Recommendation

The District should obtain current immunization records for all students and ensure that they have or will have obtained their Pertussis booster vaccine or filed an exemption statement within the required time frame. The attendance on or after the 31st day of attendance for any students that did not have their Pertussis booster vaccine or an exemption statement by the 30th calendar day of the first day of school should not be claimed until the student has obtained their vaccination or filed an exemption statement.

Current Status

Implemented.

November 27, 2013

Governing Board
Madera Unified School District
Madera, California

In planning and performing our audit of the financial statements of Madera Unified School District for the year ended June 30, 2013, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 27, 2013, on the financial statements of Madera Unified School District.

MADERA HIGH SCHOOL – ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

While testing the cash receipts system, we discovered that some teachers are not using sub-receipt books or a class roster (there is no supporting documentation) to document when money is being turned in, how much money, and by which students. Without this supporting documentation we cannot determine the deposit's intactness or if the teachers are forwarding money to the ASB bookkeeper in a timely manner. Since there are no sub-receipts attached to the monies turned in, the bookkeeper cannot reconcile the money back to any documentation to determine the accuracy of the cash count sheet and the actual money turned in.

Recommendation

Prenumbered receipts should be issued for all cash collections by teacher, advisors and the site bookkeeper which would include a specific description of the source of the funds. A carbon of the receipts issued by the teachers and advisors should be forwarded with the cash to the bookkeeper as documentation that all monies collected have been turned in. The receipts issued to teachers and advisors from the bookkeeper should be totaled and reconciled to the current bank deposit. A system to mark the last receipt which corresponds to a deposit must be started in order to know which receipts are related to the current bank deposit.

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DESMOND MIDDLE SCHOOL – ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

During our audit of cash receipts, we discovered the following deficiencies:

- ASB bookkeeper does not immediately issue prenumbered receipts for money received. Instead, she will store the money in the safe until such time a deposit is to be made and will then prepare receipts.
- Teachers/advisors do not always turn in money on a timely basis to the ASB bookkeeper.
- There was one instance where the sub-receipts attached to a deposit totaled more than what was turned into the bookkeeper.

Recommendation

In order for the site to strengthen the internal controls over the cash receipting process the site should implement the following:

- Prenumbered receipts should always be issued immediately at the time money is turned in to the ASB bookkeeper.
- Money collected by teachers/advisors for any event should be turned in daily and should not be stored in classrooms. Under no circumstance, money should not be held by teachers/advisors over the weekends.
- At the time a deposit is made to the ASB bookkeeper, a reconciliation between the sub-receipts and money received should be performed. This will verify that all money collected by the teachers/advisors was turned in to the ASB bookkeeper.

Cash Disbursements

Observation

We discovered that five out of the ten disbursement requests were dated after the date on the invoice. This would indicate that items are being purchased prior to their approval.

Recommendation

The site should review the cash disbursement procedures outlined in the "Associated Student Body Accounting Manual & Desk Reference" published by FCMAT. In order to provide proper controls over spending, the site should take the necessary steps to ensure that expenditures are approved prior to the item being purchased.

Revenue Potentials

Observation

We discovered revenue potential forms are on file, but with only preliminary "potential" income reported. The current form used does not provide a section for an analysis of the actual results of the fundraiser.

Recommendation

The site should change the current form in use to provide a section to track the actual results of the fundraiser. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. In addition, the form allows the bookkeeper to compare the advisors log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure all entries were correctly posted. The revenue potential form also indicates the weak control areas in the fundraising procedures, including lost or stolen merchandise, problems with collecting all moneys due and so forth. Revenue earned in the student body fund is subject to greater risk of loss due to the nature of the fundraising events and decentralization of the cash collection procedures. The revenue potential form and reconciliation are vital internal control tools that are used to document revenues, expenditures, potential revenue and actual revenue for fundraisers.

Master Ticket Log

Observation

A master ticket log is not being utilized to account for all tickets on hand and used during the year.

Recommendation

A master ticket log should be maintained, which notes the type of ticket, color, and beginning and ending ticket number in the roll. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the ending ticket number should be recorded in the master ticket log and the form should be reconciled to the log. The log should be used in conjunction with a ticket sales recap form.

Budgeting

Observation

The student body organization at the site does not incorporate a budget into their control procedures as suggested in the "Associated Student Body Accounting Manual & Desk Reference" published by FCMAT.

Recommendation

The manual suggests preparing budgets to control and monitor the financial activities of the student body organizations. The ASB should prepare a budget at the beginning of the school year. Some aspects that the Department of Education highlights are:

- Updates will be necessary to the budget as circumstances change; the budgeting procedures are an ongoing process.
- The preliminary budget should include the beginning balances of the organizations, estimated sources of income, and estimated expenditures.
- The surplus left over in the accounts at the end of the year must be kept at a minimum. The underlying focus of a student body is that the funds generated by a group of students should be spent during the same year for the benefit of those students.
- The budget should be compared regularly to the actual financial activities of the organizations. One reason for this is to ensure that no organization enters into a deficit spending situation during the year.

Inventory

Observation

During our audit, we discovered the site does not perform an inventory count for concession stand items and PE clothes available for sale. Without inventory tracking, it is impossible for the site to determine that all items purchased for resale were accounted for.

Recommendation

According to the policies and procedures outlined in the "Associated Student Body Accounting Manual & Desk Reference" published by FCMAT, a physical inventory should be taken quarterly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen. The June 30 inventory report would also be used in the preparation of the financial statements prepared for the Associated Student Body of the site.

DIXIELAND ELEMENTARY SCHOOL – ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

While auditing the cash receipts system, we discovered that teachers are not using sub-receipt books or a class roster (there is no supporting documentation) to document when money is being turned in, how much money, and by which students. Without this supporting documentation we cannot determine the deposit's intactness or if the teachers are forwarding money to the ASB bookkeeper in a timely manner. Since there are no sub-receipts attached to the monies turned in, the bookkeeper cannot reconcile the money back to any documentation to determine the accuracy of the cash count sheet and the actual money turned in.

Recommendation

In order for receipting to be intact, it is necessary for teachers to use sub-receipts or logs when they receive cash and checks. One copy of each receipt should be turned in to the ASB bookkeeper with the cash. The bookkeeper should maintain control over all sub-receipt books, issuing them out as needed.

Untimely Deposit

Observation

During our prior year audit of cash receipts, we noted that deposits are not made in a timely manner. In the current year it appears deposits are still not made in a timely manner. This can result in large cash balances being maintained at the site.

Recommendation

At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high activity there may be a need to make more than one deposit. The District should establish guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

LA VINA ELEMENTARY SCHOOL – ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

While auditing the cash receipts system, we discovered that some teachers are not using sub-receipt books or a class roster (there is no supporting documentation) to document when money is being turned in, how much money, and by which students. Without this supporting documentation we cannot determine the deposit's intactness or if the teachers are forwarding money to the ASB bookkeeper in a timely manner. Since there are no sub-receipts attached to the monies turned in, the bookkeeper cannot reconcile the money back to any documentation to determine the accuracy of the cash count sheet and the actual money turned in.

Recommendation

Prenumbered receipts should be issued for all cash collections by teacher, advisors and the site bookkeeper which would include a specific description of the source of the funds. A carbon of the receipts issued by the teachers and advisors should be forwarded with the cash to the bookkeeper as documentation that all monies collected have been turned in. The receipts issued to teachers and advisors from the bookkeeper should be totaled and reconciled to the current bank deposit. A system to mark the last receipt which corresponds to a deposit must be started in order to know which receipts are related to the current bank deposit.

We will review the status of the current year comments during our next audit engagement.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 27, 2013