

**DUCOR UNION ELEMENTARY  
SCHOOL DISTRICT  
COUNTY OF TULARE  
DUCOR, CALIFORNIA  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

**M. GREEN AND COMPANY LLP  
Certified Public Accountants  
Visalia, CA 93277**

## Introductory Section

Ducor Union Elementary School District  
Audit Report  
For The Year Ended June 30, 2013

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## Management's Discussion and Analysis

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2013**

**INTRODUCTION**

Our discussion and analysis of Ducor Union Elementary School District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

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

**FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$1,661,637 at June 30, 2013.
- ❑ Total revenues for the General Fund were \$1,466,024 compared to overall expenditures of \$1,570,528.
- ❑ The financial picture for school districts in California has improved with the implementation of the Local Control Funding Formula and thus relieved some of the pressure placed on the District's funding.

**OVERVIEW OF 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 three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
  - **Fiduciary fund** 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 basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

## Government-Wide Statements

The government-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 government'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.

The two government-wide statements report the District's net position and how they have changed. Net position- the difference between the assets and liabilities- is one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and Federal and State grants 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 that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- ❑ Governmental funds - Most of 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 government-wide statements, we provide additional information at the bottom of the government funds statements that explain the relationship (or differences) between them.
- ❑ Fiduciary funds – the District is the trustee, or fiduciary, for assets that belong to others; for the district, the student body activities fund is an agency fund. The District is responsible for ensuring that 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. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was \$1,661,637 at June 30, 2013. See Table 1.

**Table 1:**  
**Net Position**

	Governmental Activities		Total Percentage
	2013	2012	Change 2013-2012
<b>Assets</b>			
Cash	\$ 242,390	\$ 1,190,465	-79.64%
Accounts Receivable	268,387	387,689	-30.77%
Prepaid Expenses	-	1,716	-100.00%
Capital Assets, Net of Accumulated Depreciation	1,339,413	623,545	114.81%
<b>Total Assets</b>	<u>1,850,190</u>	<u>2,203,415</u>	-16.03%
<b>Liabilities:</b>			
Accounts Payable	110,676	284,741	-61.13%
Unearned Revenue	1,151	11,662	-90.13%
TRANS	60,000	290,000	-79.31%
Other Postemployment Benefits	16,726	14,899	12.26%
<b>Total Liabilities</b>	<u>188,553</u>	<u>601,302</u>	-68.64%
<b>Net Position:</b>			
Net Investment in Capital Assets	1,339,413	623,545	114.81%
Restricted	211,062	798,121	-73.56%
Unrestricted	111,162	180,447	-38.40%
<b>Total Net Position</b>	<u>\$ 1,661,637</u>	<u>\$ 1,602,113</u>	3.72%



## Changes in Net Position

The District's total revenues were \$1,804,203. A majority of the revenue comes from Revenue Limit and property taxes (52.5%). Federal and State aid for specific programs accounted for another 26.3% of the total revenues.

The total cost of all programs and services was \$1,744,679. The District's expenses are predominately related to educating and caring for students (82.6%). Administrative activities accounted for just 6.7% of total costs. The remaining expenses were for plant services (maintenance and operations) and ancillary services.

**Table 2:**  
**Changes in Net Position**

	Governmental Activities		Total Percentage
	2013	2012	Change 2013-2012
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 7,605	\$ 10,075	-24.52%
Operating Grants and Contributions	467,008	475,996	-1.89%
Capital Grants and Contributions	190,720	863,009	-77.90%
General Revenues:			
Revenue Limit Sources	931,381	937,661	-0.67%
State Revenues	199,911	194,526	2.77%
Local Revenues	7,578	12,365	-38.71%
<b>Total Revenues</b>	<u>1,804,203</u>	<u>2,493,632</u>	-27.65%
<b>Program Expenses</b>			
Instruction	1,029,537	1,050,274	-1.97%
Instruction-Related Services	212,251	206,743	2.66%
Pupil Services	198,565	231,966	-14.40%
General Administration	115,764	110,094	5.15%
Plant Services	169,353	147,252	15.01%
Ancillary Services	11,076	13,535	-18.17%
Other Outgo	8,133	5,046	61.87%
<b>Total Expenses</b>	<u>1,744,679</u>	<u>1,764,910</u>	-1.15%
<b>Increase in Net Position</b>	<u>\$ 59,524</u>	<u>\$ 728,722</u>	-91.83%

## Governmental Activities

The cost of all governmental activities this year was \$1,744,686.

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

**Table 3:**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Total Percentage Change	Net (Expense) Revenue		Total Percentage Change
	2013	2012	2013-2012	2013	2012	2013-2012
Instruction	\$ 1,029,544	\$ 1,050,274	-1.97%	\$ (634,339)	\$ 69,406	-1013.95%
Instruction-Related Service	212,251	206,743	2.66%	(194,206)	(195,807)	-0.82%
Pupil Services	198,565	231,966	-14.40%	14,848	(18,736)	-179.25%
General Administration	115,764	110,094	5.15%	(113,881)	(106,909)	6.52%
Plant Services	169,353	147,252	15.01%	(167,206)	(145,203)	15.15%
Ancillary Services	11,076	13,535	-18.17%	(11,076)	(13,535)	-18.17%
Other Outgo	8,133	5,046	61.18%	26,514	(5,046)	-625.45%
<b>TOTAL</b>	<u>\$ 1,744,686</u>	<u>\$ 1,764,910</u>	-1.15%	<u>\$ (1,079,346)</u>	<u>\$ (415,830)</u>	159.56%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The 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 \$338,950.

### General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the required supplemental section of the audited financial report.

The District has received State funding for a modernization project of the aged school building. This project has been substantially completed and there is some money left to finish the technology needs of those aging classrooms.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, the District had invested \$1,339,413 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4:**  
**Capital Assets**

	Governmental Activities		Total Percentage
	2013	2012	Change 2013-2012
Land	\$ 7,000	\$ 7,000	0.00%
Land Improvements	135,086	128,581	5.06%
Buildings	1,575,560	581,051	171.16%
Equipment	314,162	288,406	8.93%
Work in Process	32,978	298,810	-88.96%
Totals at Historical Cost	2,064,786	1,303,848	58.36%
Total Accumulated Depreciation	(725,373)	(680,303)	6.63%
<b>NET CAPITAL ASSETS</b>	<u><u>\$ 1,339,413</u></u>	<u><u>\$ 623,545</u></u>	114.81%

### Long-Term Debt

At year end, the District had no long term debts, other than the postemployment benefit obligation reported in accordance with GASB Statement No. 45.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- ❑ The District's enrollment and ADA have shown a slight decrease. The current year 2013-14 enrollment count at this time is 196, compared to a prior year number of 199.
- ❑ For 2013-14, the Governor made the most dramatic change to school funding since SB90 (Chapter 1406/1972 ) and shift the control to local school boards. Yet, the new rules are hard to understand, incomplete and will require continued evolution.
- ❑ The Governor also implemented new Common Core State Standards which changes the educational delivery as much as the Local Control Funding Formula will change school finance.
- ❑ The Governing Board and district administration are aware of the difficulties we are facing for the next few school years, and continue to exercise extreme caution in planning the District budget and spending.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the District's business services consultant, Joanna Fung at 559-731-8269.

## Financial Section



# **M. Green and Company LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **Independent Auditors' Report**

Board of Trustees  
Ducor Union Elementary School District  
23761 Avenue 56  
Ducor, California 93218

Members of the Board of Trustees:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Ducor Union Elementary School 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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

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

## **Emphasis of Matter**

As described in Note A to the financial statements, Ducor Union Elementary School District adopted the provisions of *Government Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended June 30, 2013. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for OPEB benefits on pages 1-7 and 35-37 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 Ducor Union Elementary School District's basic financial statements. The accompanying other required supplementary schedules as supplementary information as required by the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel are not a required part of the basic financial statements.

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

The budgetary comparison schedules presented as other supplementary information on pages 38 through 40 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of Ducor Union Elementary 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 Ducor Union Elementary School District's internal control over financial reporting and compliance.

*McGuire and Company LLP*

Visalia, California  
December 2, 2013



## Basic Financial Statements

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 241,290
Cash in Revolving Fund	1,100
Accounts Receivable	268,387
Capital Assets:	
Land	7,000
Land Improvements, Net	109,526
Buildings, Net	1,158,668
Equipment, Net	31,243
Work in Progress	32,976
Total Assets	<u>1,850,190</u>
<b>LIABILITIES:</b>	
Accounts Payable	110,676
Unearned Revenue	1,151
Tax Revenue Anticipation Notes	60,000
Noncurrent Liabilities:	
Other Postemployment Benefit Obligation	16,726
Total Liabilities	<u>188,553</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,339,413
Restricted For:	
Capital Projects	186,860
Legally Restricted Balances	12,991
Specific Programs	11,211
Unrestricted	111,162
Total Net Position	<u>\$ 1,661,637</u>

The accompanying notes are an integral part of this statement.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Government Activities:					
Instruction	\$ 1,029,537	\$ 3,934	\$ 200,544	\$ 190,720	\$ (634,339)
Instruction-Related Services	212,251	-	18,045	-	(194,206)
Pupil Services	198,565	510	212,903	-	14,848
Ancillary Services	11,076	-	-	-	(11,076)
General Administration	115,764	2	1,881	-	(113,881)
Plant Services	169,353	8	2,139	-	(167,206)
Other Outgo	8,133	3,151	31,496	-	26,514
Total Governmental Activities	<u>1,744,679</u>	<u>7,605</u>	<u>467,008</u>	<u>190,720</u>	<u>(1,079,346)</u>
Total Primary Government	<u>\$ 1,744,679</u>	<u>\$ 7,605</u>	<u>\$ 467,008</u>	<u>\$ 190,720</u>	<u>\$ (1,079,346)</u>
General Revenues:					
Revenue Limit Sources					931,381
State Revenues					199,911
Local Revenues					7,578
Transfers					-
Total General Revenues and Transfers					<u>1,138,870</u>
Change in Net Position					<u>59,524</u>
Net Position - Beginning					<u>1,602,113</u>
Net Position - Ending					<u>\$ 1,661,637</u>

The accompanying notes are an integral part of this statement.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2013

	General Fund	Cafeteria Fund
<b>ASSETS:</b>		
Cash in County Treasury	\$ 43,268	\$ 27,058
Cash in Revolving Fund	1,000	100
Accounts Receivable	247,080	21,307
Due from Other Funds	21,034	-
Total Assets	<u>\$ 312,382</u>	<u>\$ 48,465</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 94,352	\$ 16,220
Due to Other Funds	16,000	21,034
Tax Revenue Anticipation Notes	60,000	-
Unearned Revenue	1,151	-
Total Liabilities	<u>171,503</u>	<u>37,254</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	1,000	100
Restricted Fund Balances	12,991	11,111
Committed Fund Balances	79,896	-
Unassigned:		
Other Unassigned	46,992	-
Total Fund Balance	<u>140,879</u>	<u>11,211</u>
Total Liabilities and Fund Balances	<u>\$ 312,382</u>	<u>\$ 48,465</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

County School Facilities Fund New Construction	County School Facilities Fund Modernization	Capital Facilities Fund	Total Governmental Funds
\$ 136,860	\$ 11,281	\$ 22,823	\$ 241,290
-	-	-	1,100
-	-	-	268,387
16,000	-	-	37,034
<u>\$ 152,860</u>	<u>\$ 11,281</u>	<u>\$ 22,823</u>	<u>\$ 547,811</u>
\$ -	\$ 104	\$ -	\$ 110,676
-	-	-	37,034
-	-	-	60,000
-	-	-	1,151
<u>-</u>	<u>104</u>	<u>-</u>	<u>208,861</u>
-	-	-	1,100
152,860	11,177	22,823	210,962
-	-	-	79,896
-	-	-	46,992
<u>152,860</u>	<u>11,177</u>	<u>22,823</u>	<u>338,950</u>
<u>\$ 152,860</u>	<u>\$ 11,281</u>	<u>\$ 22,823</u>	<u>\$ 547,811</u>

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

Total fund balances - governmental funds balance sheet	\$ 338,950
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,339,413
Other postemployment benefit liabilities which are not due and payable in the current period are not reported in the funds.	(16,726)
Net position of governmental activities - Statement of Net Position	<u>\$ 1,661,637</u>

The accompanying notes are an integral part of this statement.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Cafeteria Fund
Revenues:		
Revenue Limit Sources:		
State Apportionments	\$ 735,400	\$ -
Local Sources	195,981	-
Federal Revenue	159,183	128,380
Other State Revenue	352,966	11,846
Other Local Revenue	22,494	602
Total Revenues	<u>1,466,024</u>	<u>140,828</u>
Expenditures:		
Instruction	986,084	-
Instruction - Related Services	212,251	-
Pupil Services	66,454	131,721
Ancillary Services	11,076	-
General Administration	115,764	-
Plant Services	170,766	2,039
Debt Service:		
Interest	8,133	-
Total Expenditures	<u>1,570,528</u>	<u>133,760</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(104,504)</u>	<u>7,068</u>
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(104,504)	7,068
Fund Balance, July 1	245,383	4,143
Fund Balance, June 30	<u>\$ 140,879</u>	<u>\$ 11,211</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT A-5

County School Facilities Fund New Construction	County School Facilities Fund Modernization	Capital Facilities Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 735,400
-	-	-	195,981
-	-	-	287,563
184,223	2,418	-	551,453
1,613	2,465	6,632	33,806
<u>185,836</u>	<u>4,883</u>	<u>6,632</u>	<u>1,804,203</u>
-	-	-	986,084
-	-	-	212,251
-	-	-	198,175
-	-	-	11,076
-	-	-	115,764
32,976	721,456	-	927,237
-	-	-	8,133
<u>32,976</u>	<u>721,456</u>	<u>-</u>	<u>2,458,720</u>
152,860	(716,573)	6,632	(654,517)
-	56,951	-	56,951
-	-	(56,951)	(56,951)
-	<u>56,951</u>	<u>(56,951)</u>	<u>-</u>
152,860	(659,622)	(50,319)	(654,517)
-	670,799	73,142	993,467
<u>\$ 152,860</u>	<u>\$ 11,177</u>	<u>\$ 22,823</u>	<u>\$ 338,950</u>



**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds	\$ (654,517)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	760,938
The depreciation of capital assets used in governmental activities are not reported in the funds.	(45,070)
Other postemployment benefit obligation in excess of the "pay as you go" amount are expenses in the SOA but not expenditures in the funds.	(1,827)
Change in net position of governmental activities - Statement of Activities	\$ <u>59,524</u>

The accompanying notes are an integral part of this statement.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	Agency Fund	Student Body Fund
<b>ASSETS:</b>		
Cash on Hand and in Banks	\$ 6,138	
Total Assets	<u>6,138</u>	
<b>LIABILITIES:</b>		
Due to Student Groups	6,138	
Total Liabilities	<u>6,138</u>	
<b>NET POSITION:</b>		
Total Net Position	\$ <u>-</u>	

The accompanying notes are an integral part of this statement.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**A. Summary of Significant Accounting Policies**

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

**1. Financial Reporting Entity**

A reporting entity is comprised of the primary government 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 Ducor Union Elementary School District, this includes general operations, food service and student related activities of the District.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The District had no non-major funds for the year ended June 30, 2013.

The District reports the following major governmental funds:

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

The Cafeteria Fund is used to account separately for federal, state and local resources to operate the food service program and is used only for those expenditures as necessary for the operation of the District's food service program.

The County School Facilities Fund - New Construction is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction projects and facility hardship grants.

The County School Facilities Fund - Modernization is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for the modernization of the District.

The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

In addition, the District reports the following fund types:

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

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

The District maintains an agency fund for the school's student body.

b. Measurement Focus, Basis of Accounting

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and function and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

5. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are fully insured or collateralized.

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

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

Information regarding the amount of dollars invested in derivatives with the Tulare County Treasury indicated less than 1% of investments for the year ended June 30, 2013.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. These inventories are immaterial and have been omitted from these statements.

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	7-50
Land Improvements	50
Furniture and Equipment	5-15

d. Interfund Activity

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

e. Unearned Revenue

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

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. At June 30, 2013, the District had no accumulated unpaid employee vacation benefits.

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

g. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as revolving cash and prepaid items) or legally required to remain intact.

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board, the District's highest level of decision making authority. Formal board action must be taken on or before June 30th of each fiscal year. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The committed amount subject to the constraint may be determined after June 30th. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted fund balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

In fiscal year 2011, the District adopted a minimum fund balance policy for the General Fund. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredictable expenditures. Therefore, the District will maintain an unassigned Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than prescribed for fiscal solvency review purposes pursuant to Education Code Section 33127. In the event that the balance drops below the established minimum level, the District's governing board will develop a plan to replenish the fund balance to the established minimum level within two years.

h. Property Taxes

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. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

i. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Accounting Pronouncements

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 a net position, rather than net assets.

The District adopted GASB 63 for the fiscal year ending June 30, 2013. The statements contained herein reflect the changes in deferred outflows of resources, deferred inflows of resources and net position reporting and presentation.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

2. Deficit Fund Balance or Net Position of Individual Funds

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

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

C. Cash and Investments

1. Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Tulare County Treasury as part of the common investment pool (\$241,170 as of June 30, 2013). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$241,290. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks (\$6,138 as of June 30, 2013) and in the revolving fund (\$1,100) are fully insured or collateralized.

3. Analysis of Specific Deposit and Investment Risks

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

Statement of net position:

	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Cash in County Treasury	Not Rated	\$ 241,290
Cash in Revolving Fund	Not Applicable	1,100
Fiduciary Fund:		
Cash on Hand and in Banks	Not Applicable	6,138
Total		<u>\$ 248,528</u>

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

Cash in County Treasury	\$ 241,290
Deposits with Financial Institutions	7,238
Total	<u>\$ 248,528</u>



**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Investments Authorized by the District's Investment Policy

Education Code Section 41001 and the District's investment policy require operating funds to be deposited into the County Treasury and invested in accordance with the current investment policy of the Tulare County Treasurer. Education Code Section 41015 authorizes the investment of surplus moneys, not required for the immediate necessities of the District in any of the investments specified in Section 16430 or 53601 of the Government Code. Additionally, a variety of operational bank accounts are authorized, including but not limited to: Scholarship Accounts, Clearing Accounts and Revolving Cash Accounts. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. The District held no investments at June 30, 2013.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District held no investments at June 30, 2013.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District held no investments at June 30, 2013.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total District investments. The District held no investments at June 30, 2013.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Investment Accounting Policy

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

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

D. Accounts Receivable

Accounts receivable as of June 30, 2013, consists of the following:

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Totals</u>
Federal Government:			
Federal Programs	\$ 24,794	\$ 19,544	\$ 44,338
State Government:			
State Aid	159,204	-	159,204
Categorical Programs	59,176	-	59,176
Child Nutrition	-	1,763	1,763
Total State Government	218,380	1,763	220,143
Miscellaneous	3,906	-	3,906
Totals	<u>\$ 247,080</u>	<u>\$ 21,307</u>	<u>\$ 268,387</u>

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**E. Capital Assets**

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

	Beginning Balances	Increases	Reclassification/ Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Work in progress	298,810	32,976	(298,810)	32,976
Total capital assets not being depreciated	305,810	32,976	(298,810)	39,976
Capital assets being depreciated:				
Buildings	581,051	695,700	298,810	1,575,561
Land improvements	128,581	6,505	-	135,086
Equipment	288,406	25,757	-	314,163
Total capital assets being depreciated	998,038	727,962	298,810	2,024,810
Less accumulated depreciation for:				
Buildings	(377,270)	(39,623)	-	(416,893)
Land improvements	(23,196)	(2,364)	-	(25,560)
Equipment	(279,837)	(3,083)	-	(282,920)
Total accumulated depreciation	(680,303)	(45,070)	-	(725,373)
Total capital assets being depreciated, net	317,735	682,892	298,810	1,299,437
Governmental activities capital assets, net	\$ 623,545	\$ 715,868	\$ -	\$ 1,339,413

Depreciation was charged to functions as follows:

Instruction	\$ 41,626
Pupil Services	390
Plant Services	3,054
	<u>\$ 45,070</u>

**F. Interfund Balances and Activities**

**1. Due To and From Other Funds**

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

Due To Fund	Due From Fund	Amount	Purpose
County School Facilities Fund	General Fund	\$ 16,000	Short-term loan
New Construction			
General Fund	Cafeteria Fund	21,034	Short-term loan
	Total	<u>\$ 37,034</u>	

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
Capital Facilities Fund	County School Facilities Fund Modernization	\$ 56,951	Matching contribution
	Total	<u>\$ 56,951</u>	

G. Short-Term Debt Activity

Tax and Revenue Anticipation Notes

The District accounts for current loans for cash flow purposes through the General Fund. The District chooses Tax and Revenue Anticipation Notes for cash flow purposes.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
2011-2012 Cross Year Tax and Revenue Anticipation Notes - Series A	\$ 290,000	\$ -	\$ 290,000	\$ -
2012-2013 Single Year Tax and Revenue Anticipation Notes - Series A	-	240,000	240,000	-
2012-2013 Cross Year Tax and Revenue Anticipation Notes - Series B	-	60,000	-	60,000
	<u>\$ 290,000</u>	<u>\$ 300,000</u>	<u>\$ 530,000</u>	<u>\$ 60,000</u>

On December 6, 2011, the District passed a resolution authorizing a temporary borrowing from the Tulare County Office of Education. The District authorized the participation in the Tulare County Office of Education's \$53,440,000 2011-12 Cross-Year Tax and Revenue Anticipation Notes, Series A (School District Pooled Program) to fund the loan proceeds. The loan in the amount of \$290,000 was for the purpose of providing for current expenditures and capital outlay requirements. The note was issued at a premium of \$4,193 with an issuance cost of \$2,900. The short-term loan, including interest of \$4,946, was paid in full in August 2012.

On April 17, 2012, the District passed a resolution authorizing a temporary borrowing from the Tulare County Office of Education. The District authorized the participation in the Tulare County Office of Education's \$6,580,000 2012-13 Single-Year Tax and Revenue Anticipation Notes, Series A (School District Pooled Program) to fund the loan proceeds. The loan in the amount of \$240,000 is for the purpose of providing for current expenditures and capital outlay requirements. The note was issued at a premium of \$2,815, with an underwriter's discount of \$240 and an issuance cost of \$2,260. The District pledged future revenues and authorized the Tulare County of Education to transfer the loan repayment. The short-term loan, including interest of \$3,187, was paid in full in January 2013.

On April 17, 2012, the District approved participation in the California School Cash Reserve Program Authority's 2012-13 Cross-Year Tax and Revenue Anticipation Notes (TRANS). The District purchased the TRANS on February 20, 2013, in the amount of \$60,000 for the purpose of providing current expenditures and capital outlay requirements. The note was issued at a premium of \$633, with an underwriter's discount of \$60 and an issuance cost of \$2,440. The short term loan, including interest of \$713, is payable in full by October 1, 2013. The loan including interest was paid in full in September 2013.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**H. Fund Balances and Restricted Net Position**

Fund balances at June 30, 2013, are as follows:

	General Fund	Cafeteria Fund	County School Facilities Fund New Construction	County School Facilities Fund Modernization	Capital Facilities Fund	Total Governmental Funds
Nonspendable:						
Revolving Cash	\$ 1,000	\$ 100	\$ -	\$ -	\$ -	\$ 1,100
Total Nonspendable	1,000	100	-	-	-	1,100
Restricted:						
Transportation:						
Home to School	8,358	-	-	-	-	8,358
Other Educational Purposes	4,633	-	-	-	-	4,633
State School Facilities	-	-	152,860	11,177	22,823	186,860
Child Nutrition	-	11,111	-	-	-	11,111
Total Restricted	12,991	11,111	152,860	11,177	22,823	210,962
Committed:						
Deferred						
Maintenance	16,839	-	-	-	-	16,839
School and Library Improvement Block Grant	63,057	-	-	-	-	63,057
Total Committed	79,896	-	-	-	-	79,896
Unassigned:						
Other Unassigned	46,992	-	-	-	-	46,992
Total						
Fund Balances	\$ 140,879	\$ 11,211	\$ 152,860	\$ 11,177	\$ 22,823	\$ 338,950

The government-wide statement of net position reports \$211,062 of restricted net position, none of which are restricted by enabling legislation.

**I. Commitments Under Noncapitalized Leases**

The District has entered into an operating lease for two copiers with a lease term in excess of one year. This agreement contains no purchase option. The agreement is a non-cancelable lease. Future minimum lease payments under this agreement is as follows:

<u>Year Ending June 30.</u>	
2014	\$ 7,560
2015	7,560
2016	6,930
Total minimum rentals	\$ 22,050

The District will receive no sublease rental revenues nor pay any contingent rentals associated with this lease. Rent expense for this lease for the year ended June 30, 2013, was \$9,343.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**J. Participation In Public Entity Risk Pools and Joint Powers Authorities**

The Ducor Union Elementary School District participates in three public entity risk pools under joint powers agreements (JPAs); the Central Tulare County School Districts' Liability/Property Self-Insurance Authority (C.T.C.S.D.L.P.S.I.A.), the Self-Insured Schools of California III (S.I.S.C. III), and the Tulare County Schools Insurance Group (T.C.S.I.G.). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

The JPAs were established as agencies under the provisions of the California Government Code, Title I, Division 7, Chapter 5, Article 1, Section 6500, et. seq. The purpose of each JPA is to provide self insurance programs as follows:

C.T.C.S.D.L.P.S.I.A. provides a \$200,000 stop-loss fund for liability and \$150,000 for property claims against the public educational agency members.

S.I.S.C. III provides the services necessary and appropriate for the establishment, operation, and maintenance of a medical Self-Insurance Fund that provides for payment of medical, dental, vision, and prescription claims of the member public educational agency employees and their covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations.

T.C.S.I.G. is an insurance purchasing pool for workers' compensation insurance.

Membership in the JPAs consists of various public educational agencies.

The JPAs are governed by boards consisting of representatives from the member public educational agencies and related associations. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by member public educational agencies beyond their representation on the board. Each member public educational agency pays a premium based on student population, or number of covered individuals. Surpluses remain in each fund or JPA, while deficits are covered by assessments on the member districts in proportion to their participation in each JPA.

During the last three fiscal (claims) years none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**K. Employee Retirement Systems**

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

PERS:

**Plan Description**

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-13 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$35,359, \$31,016 and \$29,471, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$0.

STRS:

Plan Description

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

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$51,069, \$53,421 and \$49,628, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$31,133.

**L. Postemployment Benefits Other Than Pension Benefits**

Plan Description:

The District provides a self-funded, single employer, defined benefit plan to provide medical, dental, and vision insurance benefits for certificated employees who retire from the District after attaining a minimum age of 55 and performing 20 years of service. The District contribution is 100% and dependents are also covered. The District currently has an active cap. This coverage continues until the retiree reaches the age of 65 or becomes eligible for Medicare. The District is a member in a joint powers agreement (JPA), the Self-Insured Schools of California III (S.I.S.C.III) as described in Note J, to provide this health coverage.

Funding Policy:

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. The District participates in the Self Insured Schools of California GASB 45 Trust, an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 with pooled administrative and investment functions. The Trust was established as a mechanism for pre-funding other postemployment benefits liabilities. However, contributions are voluntarily determined by the District's own funding schedule. The Self Insured School of California GASB 45 Trust issues an annual stand-alone financial report which can be obtained by contacting SISC at PO Box 1847, Bakersfield, California 93303-1847 or by phoning SISC at 661-636-4710.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefits (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 30 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 retiree health plan:

Annual required contribution (ARC)	\$	15,959
Interest on net OPEB obligation	-	
Adjustment to annual required contribution	-	
Annual OPEB cost		15,959
Employer Contributions		(14,132)
Increase in net OPEB obligation		1,827
Beginning net OPEB obligation		14,899
Ending net OPEB obligation	\$	16,726

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and prior years, are as follows:

Fiscal Year Ended	Annual OPEB COST	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 12,780	57.5%	\$ 8,215
6/30/2012	\$ 15,959	58.1%	\$ 14,899
6/30/2013	\$ 15,959	88.6%	\$ 16,726

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the funded status of the retiree health plan was as follows:

Actuarial accrued liability (AAL)	\$	75,186
Actuarial value of plan assets		10,580
Unfunded actuarial accrued liability (UAAL)	\$	64,606
Funded ratio (actuarial value of plan assets/AAL)		14.1%
Annual covered payroll (active plan members)	\$	928,823
UAAL as a percentage of annual covered payroll		7.0%

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, mortality and health care 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 multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial liabilities and actual value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the "entry age normal" actuarial cost method was used to measure accruing costs. Under the entry age normal cost method, an average age at hire and average retirement age are determined for eligible employees. Then, the actuary determines what amount needs to be expensed each year from hire until retirement to fully accrue the expected cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, the normal cost can be expressed either as a level dollar amount or as a level percentage of payroll. The actuarial assumptions included a 3% inflation rate, a 7% discount rate, and a 3% payroll increase rate. A medical trend rate was used beginning at 4% per year. The initial unfunded actuarial accrued liability (UAAL) is being amortized using a closed 14 year amortization period and level percentage of payroll method. An open 30 year amortization period and level percentage of payroll method is being used for any residual UAAL.

M. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

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

Short-Term Loan

On March 12, 2013, the District passed a resolution authorizing a temporary maximum borrowing of \$300,000. The District has authorized the participation in the California School Cash Reserve Program Authority's 2013-14 Single-Year Tax Revenue Anticipation Notes. The District borrowed \$140,000 for the purpose of providing current expenditures and capital outlay requirements. The note was issued at a premium of \$1,767, with an underwriter's discount of \$140 and an issuance cost of \$2,500. The short term loan, including interest of \$1,991, is payable in full by April 1, 2014.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

# DUCOR UNION ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-1

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 692,413	\$ 756,663	\$ 735,400	\$ (21,263)
Local Sources	162,097	174,628	195,981	21,353
Federal Revenue	178,313	183,557	159,183	(24,374)
Other State Revenue	309,657	344,290	352,966	8,676
Other Local Revenue	4,500	19,885	22,494	2,609
Total Revenues	<u>1,346,980</u>	<u>1,479,023</u>	<u>1,466,024</u>	<u>(12,999)</u>
Expenditures:				
Current:				
Certificated Salaries	605,443	626,784	626,784	-
Classified Salaries	261,258	297,957	297,957	-
Employee Benefits	307,760	352,243	352,243	-
Books And Supplies	43,124	84,084	82,491	1,593
Services And Other Operating Expenditures	179,278	215,121	196,415	18,706
Capital Outlay	-	6,505	6,505	-
Debt Service:				
Interest	-	8,133	8,133	-
Total Expenditures	<u>1,396,863</u>	<u>1,590,827</u>	<u>1,570,528</u>	<u>20,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,883)</u>	<u>(111,804)</u>	<u>(104,504)</u>	<u>7,300</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(49,883)	(111,804)	(104,504)	7,300
Fund Balance, July 1	245,383	245,383	245,383	-
Fund Balance, June 30	<u>\$ 195,500</u>	<u>\$ 133,579</u>	<u>\$ 140,879</u>	<u>\$ 7,300</u>

# DUCOR UNION ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-2

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal Revenue	\$ 120,000	\$ 125,000	\$ 128,380	\$ 3,380
Other State Revenue	13,500	13,500	11,846	(1,654)
Other Local Revenue	850	850	602	(248)
Total Revenues	<u>134,350</u>	<u>139,350</u>	<u>140,828</u>	<u>1,478</u>
Expenditures:				
Current:				
Classified Salaries	-	17,230	17,228	2
Employee Benefits	-	3,812	3,805	7
Books And Supplies	250	250	179	71
Services And Other Operating Expenditures	126,500	113,050	112,548	502
Total Expenditures	<u>126,750</u>	<u>134,342</u>	<u>133,760</u>	<u>582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,600</u>	<u>5,008</u>	<u>7,068</u>	<u>2,060</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	7,600	5,008	7,068	2,060
Fund Balance, July 1	4,143	4,143	4,143	-
Fund Balance, June 30	<u>\$ 11,743</u>	<u>\$ 9,151</u>	<u>\$ 11,211</u>	<u>\$ 2,060</u>

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN  
YEAR ENDED JUNE 30, 2013

**EXHIBIT B-3**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/2009	\$ -	\$ 83,293	\$ 83,293	-	\$ 904,441	9.2%
7/1/2011	\$ 10,580	\$ 75,186	\$ 64,606	14.1%	\$ 928,823	7.0%

## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**

COUNTY SCHOOL FACILITIES FUND - NEW CONSTRUCTION

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2013

**EXHIBIT C-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other State Revenue	\$ -	\$ 184,223	\$ 184,223	\$ -
Other Local Revenue	-	-	1,613	1,613
Total Revenues	-	184,223	185,836	1,613
Expenditures:				
Capital Outlay	-	32,976	32,976	-
Total Expenditures	-	32,976	32,976	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	151,247	152,860	1,613
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	151,247	152,860	1,613
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	\$ -	\$ 151,247	\$ 152,860	\$ 1,613

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT****EXHIBIT C-2**

COUNTY SCHOOL FACILITIES FUND - MODERNIZATION

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other State Revenue	\$ -	\$ 2,418	\$ 2,418	\$ -
Other Local Revenue	-	3,000	2,465	(535)
Total Revenues	-	5,418	4,883	(535)
Expenditures:				
Capital Outlay	851,700	732,375	721,456	10,919
Total Expenditures	851,700	732,375	721,456	10,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	(851,700)	(726,957)	(716,573)	10,384
Other Financing Sources (Uses):				
Transfers In	-	56,951	56,951	-
Total Other Financing Sources (Uses)	-	56,951	56,951	-
Net Change in Fund Balance	(851,700)	(670,006)	(659,622)	10,384
Fund Balance, July 1	670,799	670,799	670,799	-
Fund Balance, June 30	\$ (180,901)	\$ 793	\$ 11,177	\$ 10,384



# DUCOR UNION ELEMENTARY SCHOOL DISTRICT

EXHIBIT C-3

CAPITAL FACILITIES FUND  
CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other Local Revenue	\$ 8,700	\$ 7,586	\$ 6,632	\$ (954)
Total Revenues	<u>8,700</u>	<u>7,586</u>	<u>6,632</u>	<u>(954)</u>
Expenditures:				
Current:				
Services And Other Operating Expenditures	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,700</u>	<u>7,586</u>	<u>6,632</u>	<u>(954)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>(56,951)</u>	<u>(56,951)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(56,951)</u>	<u>(56,951)</u>	<u>-</u>
Net Change in Fund Balance	3,700	(49,365)	(50,319)	(954)
Fund Balance, July 1	<u>73,142</u>	<u>73,142</u>	<u>73,142</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 76,842</u>	<u>\$ 23,777</u>	<u>\$ 22,823</u>	<u>\$ (954)</u>

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT****TABLE D-1**

LOCAL EDUCATION AGENCY  
ORGANIZATION STRUCTURE  
JUNE 30, 2013

The Ducor Union Elementary School District was established January 6, 1909. There were no changes in the boundaries of the District during the fiscal year ended June 30, 2013. The District is currently operating one elementary school, grades K-8.

Governing Board		
Name	Office	Term and Term Expiration
Patricia Hughes	President	Four year term expires 12/1/16
Allen Hunsaker	Clerk	Four year term expires 12/1/14
Vicki Theye	Member	Four year term expires 12/1/16
Roman Dowling	Member	Four year term expires 12/1/14
Samuel Valadez	Member	Four year term expires 12/1/14

Administration		
Name	Office	Tenure
F.P. Samples, Jr.	Superintendent	Five years

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT****SCHEDULE OF AVERAGE DAILY ATTENDANCE****YEAR ENDED JUNE 30, 2013****TABLE D-2**

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Kindergarten	22.38	22.13
Grades 1 through 3	68.76	68.36
Grades 4 through 6	49.84	50.64
Grades 7 and 8	36.44	36.27
Elementary totals	<u>177.42</u>	<u>177.40</u>

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**YEAR ENDED JUNE 30, 2013**

**TABLE D-3**

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2012-13 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	38,700	N/A	36,000	N/A	57,880	180	Complied
Grade 1	50,700	N/A	50,400	N/A	56,080	180	Complied
Grade 2	50,700	N/A	50,400	N/A	56,080	180	Complied
Grade 3	50,700	N/A	50,400	N/A	56,080	180	Complied
Grade 4	54,500	N/A	54,000	N/A	57,880	180	Complied
Grade 5	54,500	N/A	54,000	N/A	57,880	180	Complied
Grade 6	54,500	N/A	54,000	N/A	57,880	180	Complied
Grade 7	54,500	N/A	54,000	N/A	57,880	180	Complied
Grade 8	54,500	N/A	54,000	N/A	57,880	180	Complied

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

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2013**

**TABLE D-4**

General Fund	Budget (1) 2014	2013	2012	2011
Revenues and other financial sources	\$ 1,370,378	\$ 1,466,024	\$ 1,478,649	\$ 1,537,475
Expenditures	1,388,412	1,570,528	1,627,879	1,543,270
Other uses and transfers out	-	-	-	7,000
Total outgo	1,388,412	1,570,528	1,627,879	1,550,270
Change in fund balance (deficit)	(18,034)	(104,504)	(149,230)	(12,795)
Ending fund balance	\$ 122,845	\$ 140,879	\$ 245,383	\$ 394,613
Available reserves (2)	\$ 100,851	\$ 46,992	\$ 140,671	\$ 216,304
Available reserves as a percentage of total outgo (3)	7.3%	3.1%	8.8%	14.2%
Total long-term debt	\$ 16,726	\$ 16,726	\$ 14,899	\$ 8,215
Average daily attendance at P-2	177	177	185	187

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

The General Fund balance has decreased by \$253,734 (64.30%) over the past two years. The fiscal year 2013-2014 budget projects a decrease of \$18,034 (12.80%). For a district of this size, the State recommends available reserves of at least five percent of total General Fund expenditures, transfers out and other uses (total outgo). The District has not met this requirement as a result of the committed fund balance, however, the budget for 2013-14 meets the requirement for available reserves and the District will change the fund balance policy in order to meet the requirement in the future.

The District has had an operating deficit in all of the past three years. The District anticipates an operating deficit for the 2013-2014 fiscal year. Total long-term debt has increased by \$8,511 over the past two years.

Average daily attendance has decreased by 10 over the past two years. No change in ADA is anticipated during the fiscal year 2013-2014.

**NOTES:**

- (1) Budget 2014 is included for analytical purposes only and has not been subjected to audit.
- (2) Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- (3) On behalf payments of \$31,133, \$29,387, and \$25,668, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2013, 2012, and 2011.

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET**  
**REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**TABLE D-5**

	General Fund
June 30, 2013, annual financial and budget report fund balances	\$ 150,880
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Unearned revenue understatement	(10,001)
Net adjustments and reclassifications	(10,001)
June 30, 2013, audited financial statement fund balances	\$ 140,879

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2013

**TABLE D-6**

No charter schools are chartered by Ducor Union Elementary School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

## Other Independent Auditors' Reports





# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Hanford

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Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Trustees  
Ducor Union Elementary School District  
23761 Avenue 56  
Ducor, California 93218

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Ducor Union Elementary School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Ducor Union Elementary School District's basic financial statements and have issued our report thereon dated December 2, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ducor Union Elementary 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 Ducor Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ducor Union Elementary School District's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ducor Union Elementary 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 Ducor Union Elementary School District in a separate letter dated December 2, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*M. Green and Company LLP*

Visalia, California  
December 2, 2013



# M. Green and Company LLP

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## Independent Auditors' Report on State Compliance

Board of Trustees  
Ducor Union Elementary School District  
23761 Avenue 56  
Ducor, California 93218

Members of the Board of Trustees:

### **Report on State Compliance**

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

### **Management's Responsibility for State Compliance**

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

### **Auditors' Responsibility**

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

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

Description	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	N/A
Continuation Education	10	N/A

Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	No (See Below)
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	N/A
GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	N/A
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	No (See Below)
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	N/A
Mode of Instruction	1	N/A
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom-Based Instruction	3	N/A
Annual Instructional Minutes - Classroom Based	4	N/A

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

We did not perform testing for Ratios of Administrative Employees to Teachers. The procedure was not required to be performed since there is only one administrator employed by the District.

The District had two or fewer classes per participating grade level but did not exceed 20.4 average with regards to only one school serving Grades K-3.

### Opinion on State Compliance

In our opinion, Ducor Union Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Agencies 2012-13*, published by the Education Audit Appeals Panel and which is described in the accompanying Schedule of Findings and Questioned Costs as item 12-2.

Visalia, California  
December 2, 2013

## Findings and Recommendations Section

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary of Auditors' Results**

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes   N/A   No

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

Type of auditors' report issued on compliance for major programs: N/A

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

Identification of major programs:

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

The District had less than \$500,000 in federal expenditures this year.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee?        Yes   N/A   No

3. State Awards

Internal control over state programs:

One or more material weaknesses identified?        Yes   X   No

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

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

Unmodified

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**D. State Award Findings and Questioned Costs**

**FINDING 12-2**

**72000**

**STATE COMPLIANCE - SCHOOL ACCOUNTABILITY REPORT CARD**

Criteria

Pursuant to the provisions of subdivision (b)(8) of Education Code Section 33126, if the Facility Inspection Tool (FIT) was completed prior to the publication of the school's School Accountability Report Card (SARC), the information included in the SARC is required to agree to the FIT.

Condition

The repair status of the restrooms/fountains is reported in the SARC as "Good" when the FIT reports the repair status as "Poor".

Questioned Costs

Not Applicable

Context

The finding applies to reporting on the School Accountability Report Card.

Effect

Parents of the students currently enrolled with the District, as well as those considering enrolling their children, do not have an accurate SARC with which to make decisions.

Cause

The discrepancy was a clerical error.

Recommendation

We recommend the District staff agree the information in the SARC to the most recent FIT prior to publication.

LEA's Response

The District will be very thorough in providing the most accurate and current information for the annual SARC.



# *M. Green and Company LLP*

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## **Letter to Management**

Board of Trustees  
Ducor Union Elementary School District  
23761 Avenue 56  
Ducor, California 93218

Dear Members of the Board of Trustees:

We have completed the audit of Ducor Union Elementary School District for the year ended June 30, 2013. The following items came to our attention which we are providing for your consideration:

### **Revolving Fund**

The District should compare bank reconciliations to book balances for the revolving fund. The District should also reconcile the balance in the account to match the amounts recorded on the financial reports. We recommend the revolving fund cash account be replenished and balanced to \$1,000 at least monthly, if not more often.

### **Fixed Asset Listing**

During our review of the fixed asset listing, we noted that the District had not removed assets from their fixed asset listing that they no longer have. Although these items are fully depreciated, we recommend the District annually review their fixed asset listing and ensure all assets are removed if they have been disposed of.

### **OPEB Actuarial Valuation**

The District obtained an actuarial valuation as of July 1, 2011. An actuarial valuation is required at least triennially for plans with total membership of fewer than 200. We recommend the District obtain a new actuarial valuation triennially to continue to be in compliance with the GASB 45 requirements in the future with an effective date of July 1, 2014.

### **GASB 54 Fund Balance Policy and Available Reserves**

The District did not meet the minimum available reserves as required by the State as a result of the committed fund balance in the General Fund. We recommend the District annually review their GASB 54 fund balance policy and take formal action on or before June 30th of each year to establish, modify, or rescind fund balance commitments in order to ensure the District meets the State requirements for minimum available reserves. Committed funds are considered to be unavailable because the funds cannot be used for any other purpose and cannot be modified unless the same formal action of the board is taken to modify the policy.

### **Prior Year Issues**

Revolving Fund: The District should have compared bank reconciliations to book balances for the revolving fund. The District should have also reconciled the balance in the account to match the amounts recorded on the financial statements. We recommended the revolving fund cash account be replenished and balanced to \$1,000 at least monthly, if not more often. This issue has been repeated.



Interfund Activity: As of June 30, 2012, the District had not cleared out the previous year's interfund receivable and payable between the general fund and the cafeteria fund in the amount of \$24,000. The interfund receivable and payable increased an additional \$1,231 during the fiscal year 2012. These amounts were considered short term borrowings and should have been repaid within one year. We recommended these accounts be repaid within one year. This issue has been implemented.

Small School Budget Resolution: School districts are allowed to authorize the County Superintendent of Schools in accordance with Education Code 42601, to make year-end budget transfers between unappropriated fund balance and/or any expenditure classifications of the budget as are necessary to permit the payment of obligations the school district incurred during the year. We recommended the District consider such action for future fiscal years to avoid potential excess expenditures over appropriations. This issue has been implemented.

We would like to thank management and all of the office personnel for the excellent cooperation we received during our audit, and look forward to working with you again in 2014 and beyond.

Very truly yours,

A handwritten signature in cursive script that reads "M Green and Company LLP".

M. GREEN AND COMPANY LLP  
Certified Public Accountants

December 2, 2013

**DUCOR UNION ELEMENTARY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>10-1</p> <p>The District did not appear to keep adequate records of actual collections from students for cookie dough sales. There appeared to be missing order forms; therefore, we could not determine what was actually collected from the students. We recommended the District keep detailed fundraiser documentation that substantiates each type of revenue raised and deposited in a given fundraiser. Include detailed information of cost of sales (if applicable), quantity and sales price of any items sold.</p>	Implemented	
<p>12-1</p> <p>P-2 ADA is over-reported by .89 ADA. Component difference was as follows: Kindergarten: ADA per report = 21.94. ADA per audit = 21.05. The difference was .89. Annual ADA was over-reported by .71 ADA. Component difference was as follows: Kindergarten: ADA per report = 21.44. ADA per audit = 20.73. The difference was .71. We recommended the District staff review ADA supporting data and calculations for accuracy before filing attendance reports. We also recommended the District amend the P-2 and Annual reports to reflect the correct figures and remit the funds back to the State.</p>	Implemented	
<p>12-2</p> <p>The repair status of the interior surfaces was reported in the SARC as "Good" when the FIT reported the repair status as "Fair" and the repair status of the bathrooms/fountains was reported in the SARC as "Good" when the FIT reported the repair status as "Poor". We recommended the District staff agree the information in the SARC to the most recent FIT prior to publication.</p>	Not implemented	Refer to current year finding 12-2.