

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY

FRESNO COUNTY
CLOVIS, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2013

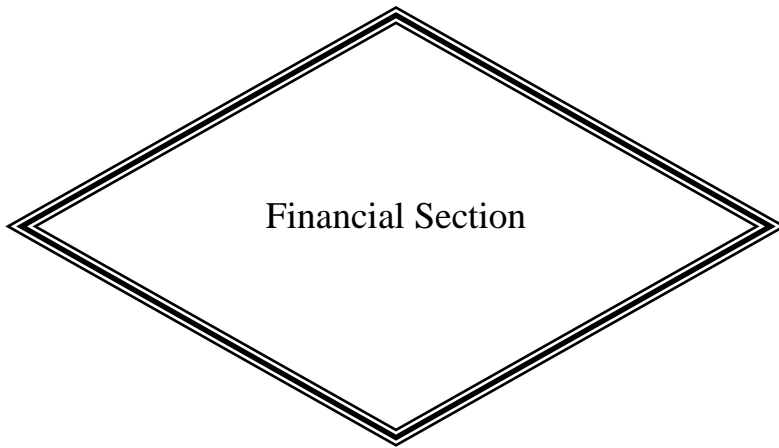
JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



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Jeanette L. Garcia,
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Center for Advanced Research and Technology
Clovis, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, the major fund, and the aggregate remaining fund information of CART, 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.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 and General Fund Budgetary Comparison Schedule on page 28 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 CART's basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the State's audit guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13, published by the Education Audit Appeals Panel, and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of CART'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 CART's internal control over financial reporting and compliance.



Redlands, California
December 3, 2013

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

This section of the Center for Advanced Research and Technology's (CART's) annual financial report presents CART's discussion and analysis of its financial performance during the fiscal year that ended on June 30, 2013.

FINANCIAL HIGHLIGHTS

- Total net position was \$10.9 million
- Overall revenues were \$3.1 million
- Outstanding long-term debt was \$0.2 million

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about CART's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of CART, reporting CART's operations in more detail than the government-wide statements.

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

**Figure A-1 Organization of Cart's Annual
Financial Report**

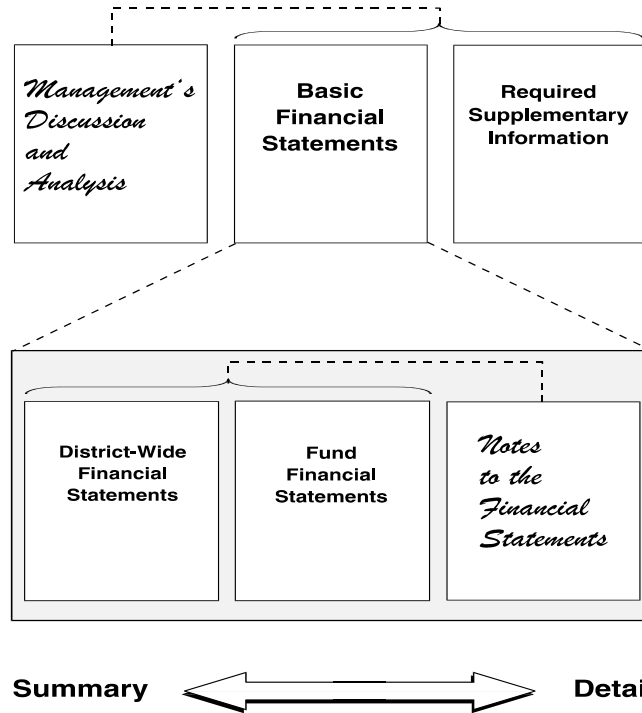


Figure A-2 summarizes the major features of CART's financial statements, including the portion of the CART's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2013

Figure A-2. Major Features of Government-Wide and Fund Financial Statements

Type of Statements	Government-Wide	Governmental Funds
Scope	CART JPA, except fiduciary activities	The activities of CART JPA
Required financial statements	<ul style="list-style-type: none"> •Statement of net position •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures & changes in fund balances •Reconciliation to government-wide financial statements
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about CART as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of CART'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 CART's net position and how it has changed. Net position (the difference between CART's assets and liabilities) is one way to measure CART's financial health or position.

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

In the government-wide financial statements, CART's activities are combined into one category:

- Governmental activities - CART's basic services are included here, such as regular education and administration.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law.
- CART establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

CART has one kind of fund:

- Governmental funds - All of CART'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 CART'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 governmental funds statements that explain the relationship (or differences) between them.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

FINANCIAL ANALYSIS OF CART AS A WHOLE

Net Position: CART's combined net position were approximately \$10.9 million on June 30, 2013:

Table A-1 CART (in thousands of dollars)

	Governmental Activities		% Change
	2012-13	2011-12	
Assets			
Current and Other Assets	\$ 2,179	\$ 2,293	(4.97)
Capital Assets	9,067	9,273	(2.22)
Total Assets	11,246	11,566	(2.77)
Liabilities			
Long-term Debt Outstanding	233	1,177	(80.20)
Other Liabilities	135	35	285.71
Total Liabilities	368	1,212	-
Net Position			
Net Investment in Capital Assets	8,834	9,273	(4.73)
Restricted	-	1,081	(100.00)
Unrestricted	2,044	-	-
Total Net Position	\$ 10,878	\$ 10,354	5.03

CART's financial position is the product of several factors, including:

- Carryover of locally restricted ROP funds.
- Effective management of staffing.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Changes in net position: CART's total revenues were \$3.1 million (see Table A-2). Revenues in lieu of property tax accounted for 43% of the total revenues.

The total cost of all programs and services was \$2.6 million (see Table A-2). CART's expenses related to educating and caring for students accounted for 69%. The other expenses, related to administrative costs and depreciation, accounted for 31% of total costs.

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

	Governmental Activities		% Change
	2012-13	2011-12	
Revenues			
<i>General Revenues:</i>			
Contributions from Member Districts	\$ 1,330	\$ 1,330	-
Other	1,141	1,242	(8.13)
<i>Program Revenues:</i>			
Charges for Services	635	641	(0.94)
Categorical Revenues	-	61	(100.00)
Total Revenues	3,106	3,274	(5.13)
Expenses			
Instruction Related	1,791	2,040	(12.21)
Plant Services	500	797	(37.26)
Administrative and Other	292	291	0.34
Total Expenses	2,583	3,128	(17.42)
Change in Net Position	\$ 523	\$ 146	258.22

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

GOVERNMENTAL ACTIVITIES CONTRIBUTED TO CART'S FISCAL STATUS

Revenues for CART's governmental activities were \$3.1 million, while total expenses were \$2.6 million.

The change in CART's finances is the result of:

- Government-wide financial statement reflecting the depreciation expense of \$0.29 million.
- Planned reduction in reserves for Technology Refresh Program.

FINANCIAL ANALYSIS OF CART'S FUNDS

The financial performance of CART as a whole is reflected in its government-wide statements. As CART completed the year, its governmental funds reported fund balance of \$2,043,990, somewhat lower than last year's ending fund balance of \$2,257,575.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, CART revised the annual operating budget several times due to updated projections and actual costs. Following are highlights of the largest changes:

- Inclusion of prior year carryover funds.
- Posting of deferred categorical revenue.
- Board approved Technology Refresh Program.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2013, CART had invested \$9,067,487 in a broad range of capital assets, including school buildings, computer and audio-visual equipment, and administrative offices (see Table A-3). Total depreciation expense for the year exceeded \$292 thousand.

Table A-3 CART Capital Assets 2012-13
(net of depreciation in thousands of dollars)

	Governmental Activities		% Change
	2012-13	2011-12	
Land	\$ 2,748	\$ 2,748	-
Site Improvements	208	203	2.46
Buildings	6,072	6,310	(3.77)
Furniture & Equipment	39	12	225.00
Total	\$ 9,067	\$ 9,273	2.22

Long-Term Debt

At year end, CART had \$233,690 in Lease Revenue Bonds outstanding.

Table A-4 CART Outstanding Long-Term Debt 2012-13
(in thousands of dollars)

	Governmental Activities		% Change
	2012-13	2011-12	
Lease Revenue Bonds	\$ 234	\$ 1,177	(80.12)

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

FACTORS BEARING ON CART'S FUTURE

CART is facing significant changes in ROC/P funding due to the State's implementation of the Local Control Funding Formula (LCFF). Under this new funding structure, ROC/P will only be funded through 2014/15. Approximately 34% of CART's budget is funded from ROC/P. CART's Board is aware of this issue and will work diligently to resolve.

Another future issue is the sunset date of CART's special legislation which is due to terminate on July 1, 2017, unless legislation is signed into law to extend this date or make the special legislation permanent.

CONTACTING THE CART'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of CART's finances and to demonstrate CART's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Clovis Unified School District, 1450 Herndon Avenue, Clovis, California 93611.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
STATEMENT OF NET POSITION
 JUNE 30, 2013

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash (Note 2)	\$ 1,740,445
Accounts Receivable (Note 3)	438,009
Prepaid Expenses	351
Total Current Assets	2,178,805
Capital Assets: (Note 4)	
Land	2,748,484
Improvement of Sites	951,973
Buildings	11,504,358
Equipment	1,612,786
Less Accumulated Depreciation	(7,750,114)
Total Capital Assets	9,067,487
TOTAL ASSETS	11,246,292
LIABILITIES	
Accounts Payable and Other Current Liabilities	134,815
Long-Term Liabilities: (Note 6)	
Portion due or payable within one year	233,690
TOTAL LIABILITIES	368,505
NET POSITION	
Net Investment in Capital Assets	8,833,797
Restricted for:	
Other Purposes (Nonexpendable)	351
Unrestricted	2,043,639
TOTAL NET POSITION	\$ 10,877,787

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental:				
Instruction	\$ 880,816	\$ 459,495	\$ -	\$ (421,321)
Instruction-Related Services:				
Instructional Supervision and Administration	151,196	151,196	-	-
Instructional Library, Media, and Technology	82,633	-	-	(82,633)
School Site Administration	676,383	-	-	(676,383)
Plant Services	499,913	23,944	-	(475,969)
Depreciation	292,473	-	-	(292,473)
Total Governmental Activities	\$ 2,583,414	\$ 634,635	\$ -	(1,948,779)
General Revenues:				
Interest and Investment Earnings				23,273
Interagency Revenues				2,272,554
Miscellaneous				176,181
Total General Revenues				2,472,008
Change in Net Position				523,229
Net Position - July 1, 2012				10,354,558
Net Position - June 30, 2013				\$ 10,877,787

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash in County Treasury	\$ 1,740,445
Accounts Receivable (Note 3)	438,009
Prepaid Expenditures	<u>351</u>
Total Assets	<u>\$ 2,178,805</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	<u>\$ 134,815</u>
Total Liabilities	<u>134,815</u>
Fund Balance	
Nonspendable for Prepaid Expenditures	351
Assigned to Other	1,508,261
Unassigned	<u>535,378</u>
Total Fund Balance	<u>2,043,990</u>
Total Liabilities and Fund Balance	<u>\$ 2,178,805</u>

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total Fund Balance - Governmental Funds	\$	2,043,990
<p>Amounts reported for governmental activities in the statement of net position is different because:</p>		
<p>Amounts reported as Capital Assets for governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$16,817,601, and the accumulated depreciation is \$7,750,114.</p>		9,067,487
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Lease Revenue Bonds		(233,690)
Total Net Position - Governmental Activities	\$	10,877,787

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>GENERAL FUND</u>
<u>REVENUES</u>	
Other Local Revenue	<u>\$ 2,163,735</u>
<u>EXPENDITURES</u>	
Instruction	916,438
Instruction-related Services:	
Supervision of Instruction	151,196
Instructional Media and Technology	82,633
School Site Administration	676,383
Plant Services	499,913
Facilities Acquisition and Construction	<u>50,757</u>
Total Expenditures	<u>2,377,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(213,585)
<u>FUND BALANCE - JULY 1, 2012</u>	<u>2,257,575</u>
<u>FUND BALANCE - JUNE 30, 2013</u>	<u>\$ 2,043,990</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ (213,585)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$292,472 exceeds capital outlays of \$86,379 in the period.	(206,093)
Repayments of long-term debt in the governmental funds are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt amounted to:	<u>942,907</u>
Change in Net Position of Governmental Activities	<u>\$ 523,229</u>

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CART 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 CART conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

Reporting Entity

CART was established in April, 1997, by a Joint Exercise of Powers Agreement, pursuant to the provision of Title I, Division 7, Chapter 5, Articles 1 through 4 of the California Government Code. Its purpose is to provide for the financing and operation of a joint technical center for high school age students.

Participants for the year ended June 30, 2013 are as follows:

Clovis Unified School District
Fresno Unified School District

The relationship between CART and its members is such that none of the members is a component unit of CART for financial reporting purposes. CART is governed by a board consisting of representatives from the member public educational agencies and related associations. The board controls the operations of CART, independent of any influence by the member public educational agencies beyond their representation on the board. Payment of the costs of operating and maintaining CART will be shared by the member districts on an equal basis.

Fund Accounting

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

Major Governmental Fund:

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

Special Reserve Fund is used to account for monies received from the sale of certain real property. Due to the implementation of GASB 54, the Special Revenue Fund has been consolidated with the General Fund.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of CART.

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

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

Fund Financial Statements:

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

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

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

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

Expenses/Expenditures:

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

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Budgets and Budgetary Accounting

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

These budgets will be revised by CART's Board of Directors during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that will be presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. CART will employ budget control by minor object and by individual appropriation accounts.

Accounting Estimates

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

Encumbrances

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

Cash and Cash Equivalents

CART's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Automotive Equipment	10
Computer Equipment	5
Licensed Vehicles (bus)	15
Portable Structures	25
Building Improvements/Personal Property	10
Audio Visual Equipment	10
Milling Machine	15
Buildings	50

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Net Position in the Government-Wide Financial Statements

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

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

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

Fund Balance Reserves and Designations

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

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

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

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

Change in Accounting Principle

For 2013, CART implemented Governmental Accounting Standards Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in CART’s 2013 financial statements. There was no effect on beginning net position/fund balance.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

2. DEPOSITS AND INVESTMENTS

Cash at June 30, 2013, consisted of the following:

	Governmental Funds
Pooled Funds:	
Cash in County Treasury	\$ 1,740,445

In accordance with Education Code Section 41001, CART maintains substantially all of its cash in the Fresno County Treasury as part of the investment pool (\$2,170,826,000 as of June 30, 2013). The County pools these funds with those of other LEAs 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 fair market value of this pool as of June 30, 2013, as provided by the pool sponsor, was \$2,155,550,000. The County is required by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. CART manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. CART maintains an investment with the Fresno County Investment Pool with a fair value of approximately \$1,740,445 and an amortized book value of \$1,728,198. The average weighted maturity for this pool is 2.4 years.

CART does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, CART had no significant interest rate risk related to cash and investments held.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

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

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

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013, consist of the following:

	<u>GENERAL FUND</u>
Local Sources	
Local Government	\$ 343,294
Interest	5,982
Other	<u>88,733</u>
 Total Receivables	 <u><u>\$ 438,009</u></u>

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2013 is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Land	\$ 2,748,484	\$ -	\$ -	\$ 2,748,484
Site Improvements	901,216	50,757	-	951,973
Buildings	11,504,358	-	-	11,504,358
Furniture and Equipment	1,577,164	35,622	-	1,612,786
Totals at Historical Cost	16,731,222	86,379	-	16,817,601
Less Accumulated Depreciation for:				
Site Improvements	698,443	45,906	-	744,349
Buildings	5,193,777	238,556	-	5,432,333
Furniture and Equipment	1,565,422	8,010	-	1,573,432
Total Accumulated Depreciation	7,457,642	292,472	-	7,750,114
Governmental Activities Capital Assets, Net	\$ 9,273,580	\$ (206,093)	\$ -	\$ 9,067,487

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

5. LEASE REVENUE BONDS

On October 31, 2000, CART issued Lease Revenue Bonds in the amount of \$7,200,000 to finance capital improvement and equipment for use by CART. The Bonds are zero interest Qualified Zone Academy Bonds maturing October 31, 2013. Payment of principal on the Bonds will be secured by revenue held by a Trustee from lease payments provided by Clovis Unified School District and Fresno Unified School District for right to use certain school facilities located within each District. Lease payments to be made by Clovis Unified School District equal 50% of the funds necessary to pay principal on the Bonds. Lease payments to be made by Fresno Unified School District equal 50% of the funds necessary to pay principal on the Bonds. Clovis Unified School District has satisfied its obligation on the Bonds by depositing an amount equal to the present value of \$3,600,000 in 2013 in a guaranteed investment contract with MBIA Investment Management Corporation. The outstanding liability represents Fresno Unified School District's share of the lease revenue bonds.

6. GENERAL LONG-TERM DEBT - SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2013 is shown below:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Amount Due Within One Year
Lease Revenue Bonds	\$ 1,176,597	\$ -	\$ 942,907	\$ 233,690	\$ 233,690

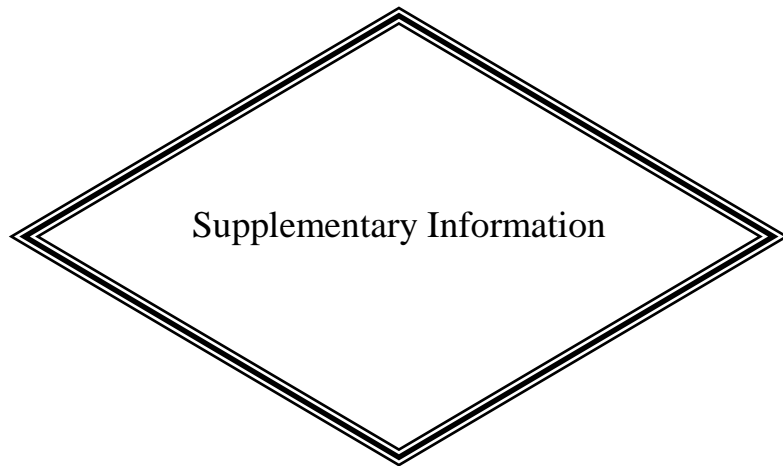


Required Supplementary
Information

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Other Local Revenue	\$ 2,147,318	\$ 2,147,009	\$ 2,147,009	\$ -
Total Revenues	<u>2,147,318</u>	<u>2,147,009</u>	<u>2,147,009</u>	<u>-</u>
<u>EXPENDITURES</u>				
Books and Supplies	373,217	389,604	353,982	35,622
Services and Other Operating	1,963,790	1,936,959	1,936,959	-
Capital Outlay	-	50,757	86,379	(35,622)
Total Expenditures	<u>2,337,007</u>	<u>2,377,320</u>	<u>2,377,320</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (189,689)</u>	<u>\$ (230,311)</u>	(230,311)	<u>\$ -</u>
<u>FUND BALANCE</u> - JULY 1, 2012			<u>821,606</u>	
<u>FUND BALANCE</u> - JUNE 30, 2013			<u>\$ 591,295</u>	

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



Supplementary Information

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
BOARD OF DIRECTORS AND ORGANIZATION
 JUNE 30, 2013

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Richard Lake, CPA	Chairman	2013
Valerie Davis	Vice Chairman	2013
Sam Geil	Member	2013
Janet Young, Ed. D.	Member	Tenure as Superintendent
Pete Weber	Member	2013
Michael Der Manouel, Jr.	Member	2013
Michael Hanson	Member	Tenure as Superintendent

ADMINISTRATORS

Rick Watson	Chief Operating Officer
Bethany Weilicki	Dean, Curriculum and Instruction
Michael Johnston	Assistant Superintendent of Business Services, CUSD

ORGANIZATION

CART was established in April 1997 by a Joint Exercise of Powers Agreement between Clovis Unified School District and Fresno Unified School District.

In partnerships with education, business and community agencies, CART (formerly Charter #280) educates students in a cross curricular, project-based environment that is academically rigorous and facilitated through a business-based instruction model. The focus is specifically on eleventh and twelfth grade high school students.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Second Period Report</u>	<u>Annual Report</u>
Clovis USD Hours of Attendance	312,023	415,307
Fresno USD Hours of Attendance	<u>163,942</u>	<u>217,068</u>
Total	<u><u>475,965</u></u>	<u><u>632,375</u></u>

100% of CART's apportionment hours are classroom-based and are reported to the State by each member District.

See accompanying Notes to Supplementary Information.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>GENERAL FUND</u>	(BUDGET)			
	2014*	2013	2012	2011
Revenues and Other Financial Sources	\$ 2,194,773	\$ 2,147,009	\$ 2,460,806	\$ 2,105,797
Expenditures	2,281,640	2,377,320	2,836,582	2,204,555
Other Uses and Transfers Out	-	-	-	-
Total Outgo	2,281,640	2,377,320	2,836,582	2,204,555
Change in Fund Balance	\$ (86,867)	\$ (230,311)	\$ (375,776)	\$ (98,758)
Ending Fund Balance	\$ 504,428	\$ 591,295	\$ 821,606	\$ 1,197,382
Available Reserves	\$ 504,428	\$ 535,378	\$ 582,612	\$ 710,979
Reserve for Economic Uncertainties	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance	\$ 504,428	\$ 535,378	\$ 582,612	\$ 710,979
Available Reserves as a Percentage of Total Outgo	22.11%	22.52%	20.54%	32.25%
Total Long-Term Debt	\$ -	\$ 233,690	\$ 1,176,597	\$ 2,063,284
Average Daily Attendance at P-2	N/A	N/A	N/A	N/A
Apportionment Hours at Annual**	632,375	632,375	652,891	608,818

The General Fund balance has decreased by \$606,087 over the past two years. The fiscal year 2013-14 budget projects a decrease of \$86,867.

There are no changes in hours anticipated during fiscal year 2013-14.

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

** Effective 2009/10, CART is funded based on actual hours of attendance.

See accompanying Notes to Supplementary Information.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL RESERVE FUND</u>
June 30, 2013 Annual Financial and Budget Report Form Fund Balance	\$ 591,295	\$ 1,452,695
Adjustments and Reclassification: Increase (decrease) Fund Balance for: GASB 54 reporting requirement	<u>1,452,695</u>	<u>(1,452,695)</u>
June 30, 2013 Audited Financial Statement Fund Balance	<u>\$ 2,043,990</u>	<u>\$ -</u>

See accompanying Notes to Supplementary Information.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Financial Trends and Analysis

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

C. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

The schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of General Long-Term Debt as reported on the Form to the audited financial statements.



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Jeanette L. Garcia,
CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Trustees
Center for Advanced Research and Technology
Clovis, California

We have audited, in accordance with the auditing standard 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, the major fund, and the aggregate remaining fund information of the Center for Advanced Research and Technology (CART), 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, and have issued our report thereon dated December 3, 2013.

Internal Control Over Financial Reporting

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

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CART'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*.

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.

A handwritten signature in cursive script that reads "Jeanette L. Garcia + Associates".

Redlands, California
December 3, 2013



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Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Trustees
Center for Advanced Research and Technology
Clovis, California

Report On State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 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 give a direct and material effect on the state programs noted below. 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:

Member:	Attendance Accounting:	Procedures in Audit Guide	Procedures Performed
American	Attendance Reporting	6	Not Applicable
Institute of	Teacher Certification and Misassignments	3	Not Applicable
Certified Public	Kindergarten Continuance	3	Not Applicable
Accountants	Independent Study	23	Not Applicable
	Continuation Education	10	Not Applicable

California
Society of
Certified Public
Accountants

	Procedures in Audit Guide	Procedures Performed
Instructional Time:		
School Districts	6	Not Applicable
County Offices of Education	3	Not Applicable
Instructional Materials:		
General Requirements	8	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Not Applicable
School Accountability Report Card	3	Not Applicable
Juvenile Court Schools	8	Not Applicable
Class Size Reduction (including Charter Schools):		
General Requirements	7	Not Applicable
Option One	3	Not Applicable
Option Two	4	Not Applicable
Districts or Charter Schools with Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not Applicable


We tested CART's compliance with the requirements of Education Code 42238.20 related to the conditions established for apportionment of CART funding.

Opinion on State Compliance

In our opinion, Center for Advanced Research and Technology 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.

Janette L Garcia + Associates

Redlands, California
December 3, 2013



Findings and
Recommendations

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None reported	
Type of auditor's report issued on compliance for major programs:	None. Not required.		
Any audit finding disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> No	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
None	

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

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

State Awards

Internal control over state programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	
Type of auditor's report issued on compliance for State programs:	Unmodified		

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

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CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013

Prior Year Findings and Recommendations:

There were no findings in 2011-12.