

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY

FRESNO COUNTY  
CLOVIS, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2009

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

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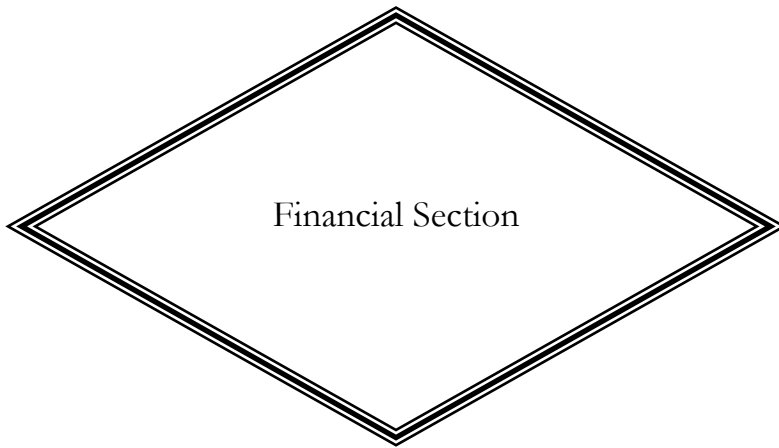
CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
OBJECTIVES OF THE ANNUAL AUDIT  
JUNE 30, 2009

The audit had the following objectives:

- To determine whether the financial statements of the Center for Advanced Research and Technology (CART) present fairly its financial position and the results of its financial operations in accordance with accounting principles generally accepted in the United States of America;
- To assess the adequacy of CART's internal accounting control structure and procedures for financial accounting and reporting purposes and for compliance with certain rules and regulations related to Federal financial assistance programs;
- To determine whether Federal and State financial reports are presented fairly and in accordance with the terms of the applicable agreements;
- To determine whether CART has complied with laws and regulations that would have a material effect on the financial statements and on each major Federal program;
- To determine whether CART has met the specified State compliance issues; and
- To make recommendations related to any deficiencies or conditions noted in the course of the audit.

The annual audit is not designed to:

- Detect small scattered instances of theft, embezzlement, or other dishonest acts;
- Provide information on whether CART is operating with economy, efficiency or effectiveness; or
- Evaluate the results of the programs run by CART.



Financial Section



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Jeanette L. Garcia,  
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## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each 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, 2009, which collectively comprise CART's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of CART's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CART as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2009, on our consideration of CART's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Member:

American  
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Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

The Management's Discussion and Analysis on pages 3 through 11 and budgetary comparison information is not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CART's basic financial statements. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the CART. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the basic financial statements of CART. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Jeanette L Garcia & Associates*

December 3, 2009

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

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, 2009.

**FINANCIAL HIGHLIGHTS**

- Total net assets were \$10.2 million
- Overall revenues were \$4.3 million
- Outstanding long-term debt was \$1.1 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 school 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, 2009

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

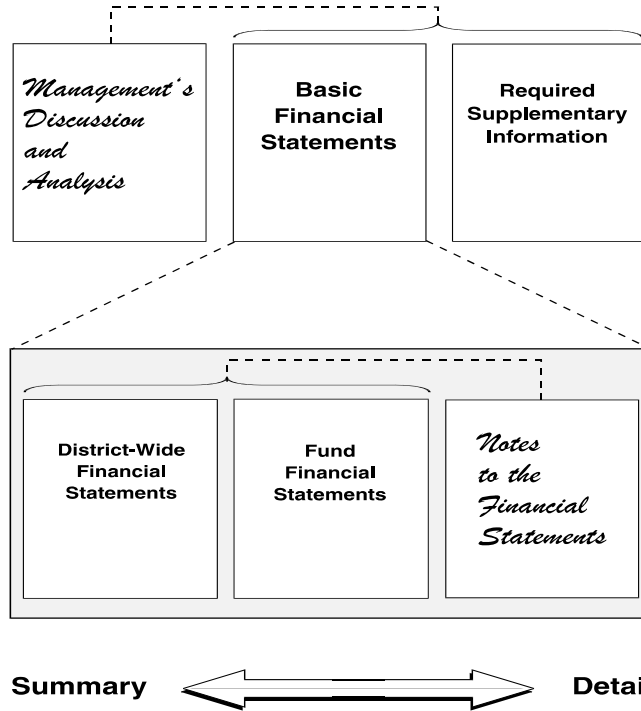


Figure A-2 summarizes the major features of CART's financial statements, including the portion of the CART's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2009

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

<i>Type of Statements</i>	<b>Fund Statements</b>	
	<b>School Wide</b>	<b>Governmental Funds</b>
Scope	CART JPA, except fiduciary activities	The activities of CART JPA that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures &amp; changes in fund balances</li> <li>•Reconciliation to government wide financial statements</li> </ul>
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 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

**SCHOOL WIDE STATEMENTS**

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

- Over time, increases or decreases in CART's net assets 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 CART's property tax base 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, 2009

In the school 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 (like food services and adult education) 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 school 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, 2009

**FINANCIAL ANALYSIS OF CART AS A WHOLE**

**Net assets:** CART's combined net assets were over \$10.16 million on June 30, 2009.

<b>Table A-1</b>				
<b>CART</b>				
(in millions of dollars)				
	<b>Governmental Activities</b>		<b>Total Percentage Change</b>	
	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>		
Current and other assets	\$ 7.13	\$ 3.59	98.6	
Capital Assets	<u>8.58</u>	<u>8.85</u>	<u>(3.0)</u>	
<b><i>Total Assets</i></b>	<b><u>15.71</u></b>	<b><u>12.44</u></b>	<b>26.3</b>	
Long-term debt outstanding	1.14	2.05	(44.4)	
Other Liabilities	<u>4.41</u>	<u>1.32</u>	<u>234.1</u>	
<b><i>Total Liabilities</i></b>	<b><u>5.55</u></b>	<b><u>3.37</u></b>	<b>64.7</b>	
Net Assets				
Invested in capital assets, net of related debt	7.44	6.80	9.4	
Restricted	.61	0.27	125.9	
Other Purposes (expendable)	<u>1.44</u>	<u>0.00</u>	<u>(66.5)</u>	
Unrestricted	<u>.67</u>	<u>2.00</u>		
<b><i>Total Net Assets</i></b>	<b>\$ <u>10.16</u></b>	<b>\$ <u>9.07</u></b>	<b><u>12.0</u></b>	

CART's financial position is the product of many factors:

- Carryover of categorical funds.
- Reduced utility costs.
- Effective management of staffing.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

**Changes in net assets:** CART's total revenues were \$4.25 million (see Table A-2). State aid formula accounted for about 17¢ of every dollar raised. Another 2¢ came from categorical programs, and the remainder from fees charged for services 23¢ and miscellaneous sources, mainly transfers in from districts, 58¢.

The total cost of all programs and services was \$3.16 million (See Table A-2). CART's expenses related to educating and caring for students accounted for 56%. The other expenses, related to transfers back to districts of CART, accounted for 31% of total costs. Maintenance and operations were \$.42 million, accounting for 13% of CART's expenses.

<b>Table A-2</b>			
<b>Changes in CART Net Assets</b>			
(in millions of dollars)			
	<u>Governmental Activities</u>		
	<u>2008-09</u>	<u>2007-08</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
General Revenues:			
State Aid Formula	\$ 0.71	\$ 6.98	(89.8)
In Lieu of Property Taxes	1.33	1.54	(13.6)
Other	1.16	1.09	6.4
Program Revenues:			
Charges for Services	0.96	0.79	21.5
Categorical Revenues	0.09	0.06	50.0
<b><i>Total Revenues</i></b>	<b><u>4.25</u></b>	<b><u>10.46</u></b>	<b><u>(59.4)</u></b>
<b>Expenses:</b>			
Instruction Related	1.76	1.86	(5.4)
Plant Services	0.42	0.41	2.4
Other	0.98	7.27	(86.5)
<b><i>Total Expenses</i></b>	<b><u>3.16</u></b>	<b><u>9.54</u></b>	<b><u>(66.9)</u></b>
<b><i>Increase(decrease) in net assets</i></b>	<b><u>\$ 1.09</u></b>	<b><u>\$ 0.92</u></b>	<b><u>18.5</u></b>

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

**GOVERNMENTAL ACTIVITIES CONTRIBUTED TO CART'S FISCAL STATUS**

Revenues for CART's governmental activities were \$4.25 million, while total expenses were \$3.16 million.

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

- Government wide financial statement reflecting the depreciation expense of \$.26 million.
- Reductions in state categorical block grant funding.
- Reduced utility expenses.
- Reduced transfers to districts.

**FINANCIAL ANALYSIS OF CART'S FUNDS**

The financial performance of CART as a whole is reflected in its school wide statements. As CART completed the year, its governmental funds reported net assets of \$10,164,807, somewhat higher than last year's ending net assets of \$9,070,374.

**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:

- Increase in State funding due to prior year revenue limit adjustments.
- Posting of deferred categorical revenue.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2009

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By June 30, 2009, CART had invested \$15.2 million 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 \$260,000.

Table A-3 CART Capital Assets 2008-09 (net of depreciation in millions of dollars)			
	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2008-09</u>	<u>2007-08</u>	
Land	2.8	2.8	0.0
Site Improvements	.3	.4	(25.0)
Buildings	5.5	5.2	5.8
Work in Progress	.0	.4	(100.0)
Furniture and Equipment	<u>.0</u>	<u>.0</u>	<u>0.0</u>
<b>Total</b>	<b>8.6</b>	<b>8.8</b>	<b>(2.3)</b>

**LONG-TERM DEBT**

At year end, CART had \$1.1 million in Lease Revenue bonds and other long-term debt.

Table A-4 CART Outstanding Long-Term Debt 2008-09 (in millions of dollars)			
	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2008-09</u>	<u>2007-08</u>	
Lease Revenue Bonds	\$1.1	\$2.1	(47.6)

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

**FACTORS BEARING ON CART'S FUTURE**

At the time of these financial statements being prepared and audited, CART is not aware of any issues that could significantly affect its financial health in the future.

**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 ASSETS  
 JUNE 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash (Note 2)	\$ 6,864,692
Accounts Receivable (Note 3)	263,097
Total Current Assets	<u>7,127,789</u>
Capital Assets: (Note 4)	
Land	2,748,484
Improvement of Sites	901,216
Buildings	9,978,419
Equipment	1,577,164
Less Accumulated Depreciation	<u>(6,620,944)</u>
Total Capital Assets	<u>8,584,339</u>
 TOTAL ASSETS	 <u>15,712,128</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	4,400,556
Deferred Revenue	8,738
Long-Term Liabilities (Note 6):	
Portion due or payable within one year	478,058
Portion due or payable after one year	<u>659,969</u>
 TOTAL LIABILITIES	 <u>5,547,321</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,446,312
Restricted for:	
Educational Program	606,390
Other Purposes (Expendable)	1,438,993
Unrestricted	<u>673,112</u>
 TOTAL NET ASSETS	 <u>\$ 10,164,807</u>

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, 2009

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental:					
Instruction	\$ 1,480,120	\$ 669,954	\$ 94,948	\$ -	\$ (715,218)
Instruction-related Services:					
School Site Administration	276,829	286,909	-	-	10,080
General Administration					
Other General Administration	630	-	-	-	(630)
Plant Services	419,287	-	-	-	(419,287)
Other Outgo	714,528	-	-	-	(714,528)
Depreciation	264,013	-	-	-	(264,013)
Total Governmental Activities	<u>\$ 3,155,407</u>	<u>\$ 956,863</u>	<u>\$ 94,948</u>	<u>\$ -</u>	<u>(2,103,596)</u>
General Revenues:					
Federal and State Aid not restricted to specific purposes					714,528
Interest and Investment Earnings					172,105
Transfers					1,329,646
Miscellaneous					981,750
Total General Revenues					<u>3,198,029</u>
Change in Net Assets					1,094,433
Net Assets - July 1, 2008					<u>9,070,374</u>
Net Assets - June 30, 2009					<u>\$ 10,164,807</u>

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	GENERAL FUND	SPECIAL RESERVE FUND	TOTAL
<u>ASSETS</u>			
Cash (Note 2)			
Cash in County Treasury	\$ 5,333,289	\$ 1,431,834	\$ 6,765,123
Cash on Hand and in Banks	99,569	-	99,569
Accounts Receivable (Note 3)	255,938	7,159	263,097
Total Assets	<u>\$ 5,688,796</u>	<u>\$ 1,438,993</u>	<u>\$ 7,127,789</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 4,400,556	\$ -	\$ 4,400,556
Deferred Revenue	8,738	-	8,738
Total Liabilities	<u>4,409,294</u>	<u>-</u>	<u>4,409,294</u>
Fund Balances			
Designated for ROP	606,390	-	606,390
Undesignated	673,112	1,438,993	2,112,105
Total Fund Balances	<u>1,279,502</u>	<u>1,438,993</u>	<u>2,718,495</u>
Total Liabilities and Fund Balances	<u>\$ 5,688,796</u>	<u>\$ 1,438,993</u>	<u>\$ 7,127,789</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 ASSETS  
 JUNE 30, 2009

Total Fund Balance - Governmental Funds	\$	2,718,495
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Amounts reported for governmental activities in the statement of net assets is different because:

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 \$15,205,283, and the accumulated depreciation is \$6,620,944.		8,584,339
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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:

Lease Revenue Bonds		(1,138,027)
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Total Net Assets - Governmental Activities	\$	10,164,807
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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, 2009

	GENERAL FUND	SPECIAL RESERVE FUND	TOTAL
<u>REVENUES</u>			
Federal Revenues	\$ 94,948	\$ -	\$ 94,948
Other State Revenue	714,528	-	714,528
Other Local Revenue	2,490,663	33,215	2,523,878
Total Revenues	3,300,139	33,215	3,333,354
<u>EXPENDITURES</u>			
Instruction	1,480,121	-	1,480,121
Instruction-related Services			
School Site Administration	276,829	-	276,829
Plant Services	419,287	-	419,287
Facilities Acquisition and Construction	630	-	630
Other Outgo	714,528	-	714,528
Total Expenditures	2,891,395	-	2,891,395
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	408,744	33,215	441,959
<u>FUND BALANCES - JULY 1, 2008</u>	870,758	1,405,778	2,276,536
<u>FUND BALANCES - JUNE 30, 2009</u>	\$ 1,279,502	\$ 1,438,993	\$ 2,718,495

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, 2009

Total Net Change in Fund Balances - Governmental Funds	\$	441,959
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
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:		916,487
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, \$264,013, exceeds capital outlay \$0 in the period.		<u>(264,013)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>1,094,433</u></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, 2009

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.

A. 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, 2009 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. Additional funds will be raised through the leasing of office and warehouse space to local businesses.

B. 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 two major funds.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

Major Governmental Funds:

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.

C. Basis of Presentation

Government-wide Financial Statements:

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the 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.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are 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.

D. 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. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded 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.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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.

E. 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 Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. CART's Governing Board satisfied these requirements.

These budgets will be revised by CART's governing board 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.

F. 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.

G. 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.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

H. 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

I. Long-Term Obligations

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

J. Total Columns on Statements

Total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analyses. Data in these columns do not present financial position, results in operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS

Cash at June 30, 2009, consisted of the following:

Pooled Funds:	
Cash in County Treasury	\$ 6,765,123
Deposits	
Cash Collections Awaiting Deposit	99,569
Total	\$ 6,864,692

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 (\$2,002,730,000 as of June 30, 2009). 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, 2009, as provided by the pool sponsor, was \$2,012,524,000. 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.

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

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 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, 2009, CART had no significant interest rate risk related to cash and investments held.

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.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

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, 2009, 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. 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, 2009, consist of the following:

	<u>GENERAL FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>TOTAL</u>
Federal Sources			
Categorical Aid Programs	\$ 99,648	\$ -	\$ 99,648
Local Sources			
Local Government	117,005	-	117,005
Interest	33,175	7,159	40,334
Other	6,110	-	6,110
Total Receivables	<u>\$ 255,938</u>	<u>\$ 7,159</u>	<u>\$ 263,097</u>

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2009 is shown below:

PRIMARY GOVERNMENT				
	Balance, July 1, 2008	Additions	Retirements	Balance, June 30, 2009
Land	\$ 2,748,484	\$ -	\$ -	\$ 2,748,484
Improvement of Sites	901,216	-	-	901,216
Buildings	9,555,014	423,405	-	9,978,419
Furniture and Equipment	1,577,164	-	-	1,577,164
Work in Progress	423,405	-	423,405	-
	15,205,283	423,405	423,405	15,205,283
Less Accumulated Depreciation for:				
Site Improvements	518,200	45,060	-	563,260
Buildings	4,308,223	208,037	-	4,516,260
Furniture and Equipment	1,530,508	10,916	-	1,541,424
	6,356,931	264,013	-	6,620,944
Governmental Activities Capital Assets, Net	\$ 8,848,352	\$ 159,392	\$ 423,405	\$ 8,584,339

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

5. LEASE REVENUE BONDS

- A. On September 30, 1998, CART issued Lease Revenue Bonds in the amount of \$12,000,000 to finance the rehabilitation of CART. The Bonds are zero interest Qualified Zone Academy Bonds maturing October 1, 2012. 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 \$6,000,000 in 2012 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.
- B. 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, 2009, is shown below:

	Balance			Balance	Amount Due
	July 1, 2008	Additions	Deductions	June 30, 2009	Within One Year
Lease Revenue					
Bonds	\$ 2,054,514	\$ -	\$ 916,487	\$ 1,138,027	\$ 478,058



Required Supplementary  
Information

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

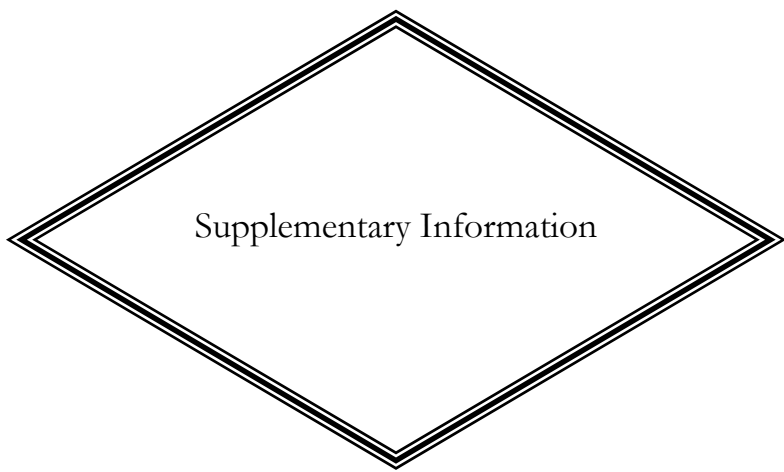
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Federal Revenues	185,334	94,948	\$ 94,948	\$ -
Other State Revenue	-	714,528	714,528	-
Other Local Revenue	<u>2,286,250</u>	<u>2,490,663</u>	<u>2,490,663</u>	<u>-</u>
Total Revenues	<u>2,471,584</u>	<u>3,300,139</u>	<u>3,300,139</u>	<u>-</u>
<u>EXPENDITURES</u>				
Instruction	1,790,847	1,480,121	1,480,121	-
Instruction-related Services				
School Site Administration	564,581	276,829	276,829	-
Plant Services	469,513	419,287	419,287	-
Facilities Acquisition and Construction	630	630	630	-
Other Outgo	<u>-</u>	<u>714,528</u>	<u>714,528</u>	<u>-</u>
Total Expenditures	<u>2,825,571</u>	<u>2,891,395</u>	<u>2,891,395</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>\$ (353,987)</u>	<u>\$ 408,744</u>	408,744	<u>\$ -</u>
<u>FUND BALANCE - JULY 1, 2008</u>			<u>870,758</u>	
<u>FUND BALANCE - JUNE 30, 2009</u>			<u>\$ 1,279,502</u>	

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 BALANCE - BUDGET AND ACTUAL - SPECIAL RESERVE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Other Local Revenue	\$ 60,000	\$ 33,215	\$ 33,215	\$ -
<u>EXPENDITURES</u>				
	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>\$ 60,000</u>	<u>\$ 33,215</u>	33,215	<u>\$ -</u>
<u>FUND BALANCE - JULY 1, 2008</u>			<u>1,405,778</u>	
<u>FUND BALANCE - JUNE 30, 2009</u>			<u>\$ 1,438,993</u>	

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



Supplementary Information

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
GOVERNING BOARD AND ORGANIZATION  
 JUNE 30, 2009

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Larry Fortune	Chairman	2010
Richard Lake, CPA	Vice Chairman	2010
Elizabeth Sandoval	Member	2009
Terry Bradley, Ed.D.	Member	Tenure as Superintendent
Michelle Arak Asadoorian	Member	2010
Cathy Frost	Member	2010
Michael Hanson	Member	Tenure as Superintendent

ADMINISTRATORS

Susan Fisher	Chief Operating Officer
John Forbes	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/adults 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.

SCHEDULE 2

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Second Period Report</u>	<u>Annual Report</u>
Clovis USD Hours of Attendance	269,887	338,399
Fresno USD Hours of Attendance	<u>207,704</u>	<u>259,134</u>
Total	<u><u>477,591</u></u>	<u><u>597,533</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 EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>PROGRAM NAME</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Education:			
Direct:			
FIE Grant	84.215K		<u>\$ 94,948</u>
Total			<u><u>\$ 94,948</u></u>

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, 2009

<u>General Fund</u>	(BUDGET)			
	2010 *	2009	2008	2007
Revenues and Other Financial Sources	\$ 2,231,826	\$ 3,300,139	\$ 9,960,431	\$ 10,607,613
Expenditures	2,230,967	2,891,395	9,566,015	10,616,737
Other Uses and Transfers Out	-	-	-	1,887,706
Total Outgo	2,230,967	2,891,395	9,566,015	12,504,443
Change in Fund Balance	\$ 859	\$ 408,744	\$ 394,416	\$ (1,896,830)
Ending Fund Balance	\$ 1,280,360	\$ 1,279,502	\$ 870,758	\$ 476,342
Available Reserves	\$ 1,280,360	\$ 673,112	\$ 870,758	\$ 324,937
Designated for Economic Uncertainties	\$ -	\$ -	\$ -	\$ -
Undesignated Fund Balance	\$ 1,280,360	\$ 673,112	\$ 870,758	\$ 324,937
Available Reserves as a Percentage of Total Outgo	57.39 %	23.28 %	9.10 %	2.60 %
Total Long-Term Debt	\$ 659,969	\$ 1,138,027	\$ 2,054,514	\$ 2,937,150
Average Daily Attendance at P-2	N/A	N/A	1,168	1,106
Apportionment Hours at Annual**	597,533	597,533	N/A	N/A

The General Fund balance has increased by \$803,160 over the past two years. The fiscal year 2009-10 budget projects an increase of \$859. For an LEA this size, the State recommends available reserves of at least 3% of total General Fund total outgo. CART has met the State's minimum requirements.

There are no increased apportionment hours anticipated during fiscal year 2009-10.

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

\*\* Effective 2008/09, 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, 2009

There were no adjustments for fiscal year 2008-09.

See accompanying Notes to Supplementary Information.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

PURPOSE OF SCHEDULES

A. 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 Expenditures of Federal Awards

Basis of Presentation

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

OMB Circular A-133 requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with OMB Circular A-133.

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.

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

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

We have audited the financial statements of the governmental activities, each 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, 2009, which collectively comprise CART's basic financial statements, and have issued our report thereon dated December 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects CART's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of CART's financial statements that is more than inconsequential will not be prevented or detected by CART's internal control.

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

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

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

Compliance and Other Matters

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

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

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

December 3, 2009



Jeanette L. Garcia,  
CPA

AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have audited the financial statements of the governmental activities of the Center for Advanced Research and Technology (CART) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Standards and Procedures for Audits of California K-12 Local Educational Agencies issued by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Not Applicable
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Adult Education	9	Not Applicable
Regional Occupational Center/Program	6	Not Applicable
Incentives for Longer Instructional Day:		
School Districts	6	Not Applicable
County Offices of Education	3	Not Applicable
Community Day School	9	Not Applicable
Morgan Hart Class Size Reduction Program	7	Not Applicable
Instructional Materials:		
General	12	Not Applicable
K-8 Only	1	Not Applicable
9-12 Only	1	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early Retirement Incentive Program	4	Not Applicable
Gann Limit Calculation	1	Not Applicable

Member:  
American  
Institute of  
Certified Public  
Accountants  
  
California  
Society of  
Certified Public  
Accountants

	Procedures in Controller's Audit Guide	Procedures Performed
School Accountability Report Card	3	Not Applicable
Math and Reading Professional Development	4	Not Applicable <sup>1</sup>
Class Size Reduction (including Charter Schools):		
General	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Districts and 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	4	Not Applicable
Before School	5	Not Applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not Applicable
Mode of Instruction	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not Applicable
Annual Instructional Minutes – Classroom-Based	3	Not Applicable <sup>1</sup>

<sup>1</sup> This program is not required to be audited per flexibility provisions in SBx3 4.

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

Based on our audit, we found that, for the items tested, CART complied with the State laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that CART had not complied with the State laws and regulations.

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

*Janette L Garcia & Associates*

December 3, 2009



Findings and Recommendations

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Section 1 – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Control deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Control deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Type of auditor’s report issued on compliance for major programs: None. Not required.

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

Identification of major programs:

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

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Awards (cont.)

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   X   No

Significant deficiencies identified not  
considered to be material weaknesses?

\_\_\_\_\_ Yes   X   None reported

Control deficiencies identified?

\_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for  
state programs:

Unqualified

**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.

CENTER FOR ADVANCED RESEARCH AND TECHNOLOGY  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2009

FINDING	RECOMMENDATION	STATUS	EXPLANATION IF NOT FULLY IMPLEMENTED
There were no exceptions noted in 2007/08.			