



Palisades Charter High School

Board Meeting

Date and Time

Tuesday January 23, 2018 at 5:00 PM PST

Location

Gilbert Hall, Palisades Charter High School, 15777 Bowdoin St., Pacific Palisades, CA 90272

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY: Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting of the Governing Board of Palisades Charter High School may request assistance by contacting the Main Office at (310) 230-6623 at least 24 hours in advance.

SUPPORTING DOCUMENTATION:

Supporting documentation is available at the Main Office of the School, located at 15777 Bowdoin Street, Pacific Palisades, CA 90272, (Tel: 310- 230-6623) and may also be accessible on the PCHS website at <http://palihigh.org/boardrecords.aspx>.

ALL TIMES ARE APPROXIMATE AND ARE PROVIDED FOR CONVENIENCE ONLY:

Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice. All items may be heard in a different order than listed on the agenda.

DIAL-IN NUMBER: (605) 475-5900. ACCESS CODE: 660-0134

Please note that the conference dial-in number above is only active when a Board Trustee has indicated they will calling from an off-site location to participate.

Agenda

I. Opening Items

Opening Items

A. Call the Meeting to Order

B. Record Attendance and Guests

Trustees:

Emilie Larew (Chair)	Rocky Montz
Leslie Woolley (Vice Chair)	Andrew Paris
Deanna Hamilton (Secretary)	Robert Rene
David Carini	Camille Schoenberg
Emily Hirsch	Mystic Thompson
Shawn McClellan	

Student Liaison: Taylor Torgerson

PCHS Management:

Dr. Pamela Magee, Executive Director / Principal
Gregory Wood, Chief Business Officer

C. Public Comment

Non-agenda items: No individual presentation shall be for more than two (2) minutes and the total time for this purpose shall not exceed sixteen (16) minutes. Board members will not respond to presentations and no action can be taken. However, the Board may give direction to staff following a presentation. Speakers may choose to speak during the public comment segment and/or at the time an agenda item is presented.

D. Approve Minutes

December 12, 2017 Regular Meeting

Approve minutes for Board Meeting on December 12, 2017

II. Organizational Reports

A. Student Report

B. Parent Report

- C. Classified Staff Report
- D. Faculty Report
- E. Human Resources Director (HR) Report
- F. Director of Operations Report
- G. Director of Development Report
- H. Chief Business Officer (CBO) Report
- I. Executive Director/Principal (EDP) Report

III. Board Committees (Stakeholder Board Level Committees)

- A. Budget & Finance Committee Report
- B. Academic Accountability Committee Report
- C. Charter Committee Report
- D. Election Committee Report

IV. Board Committees (Board Members Only)

- A. Ad Hoc Committee Update: Campus Intrusion Detection System Contract
- B. Audit Committee Report
- C. Survey Committee

V. Academic Excellence

Academic Excellence

- A. Request for Allowance of Attendance - Approval of Updated Form
- B. Math Committee Update
- C. Update on Schoolwide Goals
- D. WASC Update
- E. PCHS Wellness Policy

VI. Governance

Governance

- A. Information About CCSA Conference in March - San Diego
California Charter Schools Association (CCSA)

VII. Finance

Finance

- A. Audited Financials - Annual Report

VIII. Facilities / Operations

- A. Elevator Repair Update
- B. Campus Safety and Security Update
- C. Transportation: Long-Term Viability and Reports

IX. Executive Director/Principal (EDP) Support and Evaluation

X. Consent Agenda 1: Non-Finance Items

- A. Approval of Field Trips

XI. Consent Agenda 2: Finance Items

- A. Approval of reimbursements for Executive Director / Principal

XII. New Business / Announcements

- A. Announcements / New Business
 - Date of Next Board Meeting (Special Meeting) is Monday, January 29, 2018
 - Date of Next Regular Board Meeting is Tuesday, February 27, 2018

- B. Board Chair to announce items for closed session, if any.

XIII. Closed Session

- A. Conference with Legal Counsel: Anticipated Litigation

(Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9)

- B.** Student Matter: Discipline/Expulsion
- C.** Public Employee Discipline/Dismissal/Release
(Govt. Code section 54957)

XIV. Open Session

- A.** Return to Open Session
- B.** Report Out on Action Taken In Closed Session, If Any.

XV. Closing Items

- A.** Adjourn Meeting

Coversheet

Approve Minutes

Section: I. Opening Items
Item: D. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Board Meeting on December 12, 2017

APPROVED



Palisades Charter High School

Minutes

Board Meeting

Date and Time

Tuesday December 12, 2017 at 5:30 PM

Location

Gilbert Hall, Palisades Charter High School, 15777 Bowdoin St., Pacific Palisades, CA 90272

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Trustees Present

Andrew Paris, Camille Schoenberg, David Carini, Deanna Hamilton, Emilie Larew, Emily Hirsch, Leslie Woolley, Robert Rene, Rocky Montz, Shawn McClellan

Trustees Absent

Mystic Thompson

Trustees who arrived after the meeting opened

Emilie Larew

Trustees who left before the meeting adjourned

Robert Rene

Ex Officio Members Present

Dr. Pam Magee

Non Voting Members Present

Dr. Pam Magee

Guests Present

Shelby Ladnier

I. Opening Items

A. Call the Meeting to Order

Leslie Woolley called a meeting of the board of trustees of Palisades Charter High School to order on Tuesday Dec 12, 2017 at 5:33 PM.

B. Record Attendance and Guests

C. Public Comment

Jill Calcaterra - a parent of a Freshman and Sophomore discussed her children's experience with math classes at PCHS. One child had a Geometry teacher with significant absences, a request for a new teacher was made but not granted, handouts were provided, grades dropped and was behind a semester.

Tamberley Much - expressed concerns with math teachers. Has 9th grade boy and girl. Son's Geometry teacher is great. There are issues with daughter's teacher. There are hygiene issues, no teaching. The daughter was pulled from the class and placed in an online class and a tutor was hired.

Jill Taylor - provided positive feedback on something that went right. Regarding last Tuesdays response to the fires, things ran efficiently and the response was better organized than when we had the water pump issue. She applauds the Administrators, staff, teachers, etc. It was very well organized.

Dori Delshad - related concerning regarding her 9th graders experience in Geometry last year. In Geometry A, the teacher was in class for 1 week and then there were several different subs due to the teacher's absence. Can we have one consistent sub for long-term absences. Geometry B, transferred child to online school. Will have another child arriving at PCHS and would like to see a resolution to math teacher issue.

Board Member Robert Rene mentioned a subcommittee for Math is being developed. The committee will actively come back to the Board on how to address the issue. There has been progress in the Math department, but we have restraints. Hopefully the next step will allow us to make concrete changes.

Emilie Larew arrived.

D. Approve Minutes

Rocky Montz made a motion to approve minutes from the Board Meeting on 11-07-17 Board Meeting on 11-07-17.

Leslie Woolley seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

Leslie Woolley	Aye
Emilie Larew	Aye
Robert Rene	Aye
Shawn McClellan	Aye
Camille Schoenberg	Aye
David Carini	Aye
Deanna Hamilton	Aye
Andrew Paris	Aye
Emily Hirsch	Aye
Mystic Thompson	Absent

II. Organizational Reports

A. Student Report

Student Liaison Taylor Torgerson reported spirit week was successful and the therapy dogs were great.

One concern found in the student suggestion box was regarding increase in bus/transportation cost.

B. Parent Report

Deanna Hamilton reported the Booster Club Holiday Party is scheduled for 12/13 @ 6:30pm and the link for more information can be found in the weekly newsletter. Donations for teacher Holiday Gift Certificate continue to be accepted. Robert Rene mentioned a subcommittee to address the performance of the Math Department is forthcoming.

C. Classified Staff Report

No Report

D. Faculty Report

David Carini stated nothing official. However, some teachers would like safety masks in the classrooms in case there is another fire.

E. Human Resources Director (HR) Report

Stands as submitted.

F. Director of Operations Report

Stands as submitted.

G. Director of Development Report

Mike Rawson stated report stands as submitted, but provided the following update:

- PCHS fund over \$65,000.
- Young Alumni Pizza Lunch scheduled for next week.
- The Booster Club monies raised is not part of the PCHS fund. Funds collected can be tracked via the Budget and Finance Committee Minutes.
- Athletic donations go to the ASB fund

H. Chief Business Officer (CBO) Report

Stands as Submitted.

I. Executive Director/Principal (EDP) Report

Report stands as submitted.

III. Board Committees (Stakeholder Board Level Committees)

A. Budget & Finance Committee Report

No report. Has not met.

B. Academic Accountability Committee Report

No report.

IV. Board Committees (Board Members Only)

A. Audit Committee Report

Per Camille Schoenberg, the committee will meet on Thursday, December 14, 2017.

V. Academic Excellence

A. College Center - Review of Services & Class Rankings

Ruth Grubb lead a discussion class ranking. College Center is recommending discontinuing the use of class ranking. Highlights from the discussion:

- UC/Cal State do not using rankings
- When considering applicants, colleges look at transcripts(difficulty of classes i.e. AP classes), financial background, letters of recommendation, extracurricular activities.
- Class Ranking is only significant for top 5% of students
- Study shows stressful for kids that take rigorous classes and they are ranked same as kids that do not take same type of classes.
- Class ranking may give kids a false sense of security of being accepted to a specific school. (Example one year a student ranked #2 was not accepted at Berkeley, but a student with a 3.6 GPA was accepted.

Questions and Comments from the Board included:

- Robert Rene asked why can't we have objective information when discussing class ranking. For example information from the National Association of Independent Colleges and Universities. Can we give kids that want a class ranking notice before eliminating class rank? Can the ranking be phased out? No class ranking will negatively effect the student.
- Taylor Torgerson mentioned that class ranking is important, but just another criteria.
- Camille Schoenberg asked are we replacing the class ranking? Can we replace with a class percentile?
- Leslie Woolley commented that regardless of school having class ranking, students will apply to colleges and be accepted. It does not make sense to have a hybrid class ranking in place. Can the class ranking be phased out?
- Rocky Montz agreed with Robert's view point and asked if we could allow the kids to opt-in or opt-out of the class ranking. Jeff Harman mentioned it may be difficult

to allow some kids to participate and other to opt-out of class ranking, because when colleges ask if we have class ranking the answer must be yes or no.

- Ruth Grubb agrees we can rank students up to the top 33% percentile.

Camille Schoenberg made a motion to phase out class ranking starting the 2019 school year and add a friendly amendment giving students the option to request the use of top percentile ranking from the college center on college recommendation letters.

Robert Rene seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Shawn McClellan	No
Emily Hirsch	Aye
Leslie Woolley	Aye
Robert Rene	Aye
Andrew Paris	Aye
Mystic Thompson	Absent
Rocky Montz	Aye
David Carini	Aye
Camille Schoenberg	Aye
Deanna Hamilton	Aye
Emilie Larew	Aye

B. Update Regarding Recent School Closures and Impacts on PCHS

Dr. Magee thanked those that helped support the school during the fires in Los Angeles and other neighboring areas. There were 3 days of lost class time and this will impact ADA. We will seek approval to use our average ADA for days closed.

C. Request for Allowance of Attendance Because of Emergency Conditions

Shawn McClellan made a motion to approve the submission of the Request for Allowance of Attendance Because of Emergency Conditions Form.

Emily Hirsch seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Andrew Paris	Abstain
David Carini	Aye
Shawn McClellan	Aye
Deanna Hamilton	Aye
Leslie Woolley	Aye
Mystic Thompson	Absent
Camille Schoenberg	Aye
Emilie Larew	Abstain

Roll Call

Rocky Montz	Abstain
Robert Rene	Aye
Emily Hirsch	Aye

D. Math Presentation Update

Dr. Magee reports there is lots of feedback about improving the math department; we are listening and pulling reports. We've brought in math support (2) individuals to access math classes. We need more resources and we have a legacy issue that we are trying to address. More information is forthcoming. A subcommittee is being established.

VI. Governance

A. Board Training: Board Member Recusals Due to Actual or Potential Conflict of Interest

Lisa Corr, Esq. from Young, Minney and Corr, LLP provided a presentation on Board Member recusals due to actual and potential conflict of interest. The goal of the training is to education the Board on the legal environment, best practices and developing a defensible recusal policy. Employees on boards raise the greatest number of conflict of interest questions. We anticipate after Governor Brown is out of office there may be legislation that would prohibit employees from servicing on the Board. LAUSD and LACOE currently does not allow new charters to have employees on the Board; PCHS was grandfathered in. There are California conflict of interest laws that ensure persons that are charged with conducting the people's business to do so without personal benefit. Public officials must avoid placing themselves in positions in which personal interest may come in conflict with duty to the public. Mere appearance of impropriety is an issue. This applies to non-financial interest as well as financial interest. Education Code Section 35107 states an employee of a school district may not be sworn into office as an elected or appointment member of the school district's governing board unless and until he or she resigns as an employee. The Political Reform Act may apply to our Charter School. The act states no public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a government decision in which he knows or has reason to know he has a financial interest. Obvious area of conflicts would be Board member's compensation and benefits, collective bargaining discussions, Board member's immediate family, hiring, evaluation or discipline/dismissal of co-workers or management and budget approval. Minutes should reflect recusal. Leaving the room is the best practice and verbally saying you are recusing yourself. Government Code 1090 states you should not have a financial interest in any contract made by the board in which you are a member. Some prosecutors and agency officials believe section 1090 applies to Charter School board members. LAUSD is giving PCHS a pass on 1090.

VII. Facilities / Operations

A. Elevator Repair Project

Don Parcell lead a discussion regarding the elevator repair project. The Elevator Controller must be replaced. In the Board Materials is an invoice from LAUSD for the amount of \$57,265.00. We only have one elevator on campus, so the repair is critical. Elevator down for several weeks. If students that require the elevator have classes on the second floor we must accommodate the students and relocate the class to the first floor. LAUSD concluded that control mechanism is obsolete and cannot be repaired, but needs to be replaced. The goal is to schedule the repair over the winter break.

The Board had the following questions or comments:

- Leslie Woolley asked if the LAUSD would pay for some of the cost.
- Camille Schoenberg inquired if the elevator will be replaced.
- Andy Paris asked about the age of elevator.
- Rocky Montz mentioned the purchase order that is attached to the invoice includes an incorrect ship to address.
- Emily Hirsch mentioned the landlord (which is LAUSD) should be responsible for the payment since the elevator is an ADA requirement.

Greg Wood commented that the elevator was installed 12 years ago by LAUSD. We are hoping that LAUSD will pay for the repair.

Emily Hirsch made a motion to approve the expenditure of \$57,265 for the elevator repair.

David Carini seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Mystic Thompson	Absent
Leslie Woolley	Aye
Deanna Hamilton	Aye
Andrew Paris	Abstain
Shawn McClellan	Aye
David Carini	Aye
Rocky Montz	Abstain
Emily Hirsch	Aye
Emilie Larew	Abstain
Robert Rene	Aye
Camille Schoenberg	Aye

B. Update Regarding Vandalism on Campus

Don Parcell reported that the same people may have vandalized the school on November 11, 2017 and in October. Each incident cost the school \$2,000 each in damage. School police and LAPD were informed of the incident. We have security cameras and we have advanced security technology on the entire campus and the culprits seemed to have figured out how to work around it. It is difficult to see the vandals on camera.

C. Campus Security Updates

Don Parcell mentioned adding security fencing is still being discussed. It will improve both daytime and night/weekend security. We still need to find the funding for this addition. Our overnight security is short-term and we need to find funding for long-term use.

The Board Members asked questions and made comments during the discussion: Emilie Larew asked if we can get weekend security overnight (24 hours) since the security is needed most during nights and weekends. Don Parcell mentioned we are considering increase security for weekends only

Robert Rene mentioned the water polo team feels vulnerable due to the recent vandalism. Feels we need to protect ourselves.

Camille Schoenberg agrees we need fencing and inquired about using Palisades Patrol; this may be a less expensive option.

Don Parcell is recommending that we consider a Perimeter System and 24 hours of security

D. Intrusion Detection System

Don Parcell presented a proposal for a Video Motion Alarm System and monitoring services with World-1 Security Specialist. The cost of the alarm system is \$40,712.65 with a monthly monitoring fee of \$985. The motion sensor system (which includes cameras) will be installed around the perimeter of the school campus and will detect intruders and send an instant alert to a central monitoring office. The alert will include video footage and the monitoring office will determine if authorities should be called or school officials can be contacted.

Don asked for an immediate approval for the Video Motion Alarm System, so it could be installed over winter break. Questions were raised by the Board Members regarding how the cost of the system will be funded and will proposals from other companies be considered for this service.

Robert Rene made a motion to authorize the Administration to pursue other bids for a video/monitoring system and designate an Ad Hoc Committee of two or more Board Members to make a decision on which system to purchase, so installation can take place over winter break. The purchase shall not exceed \$41,000 and the monthly monitoring shall not exceed \$12,000 year.

Camille Schoenberg seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Deanna Hamilton	No
Camille Schoenberg	Aye
David Carini	Abstain
Robert Rene	Aye
Emilie Larew	Abstain
Andrew Paris	Abstain
Emily Hirsch	Abstain
Leslie Woolley	Abstain
Rocky Montz	Abstain
Shawn McClellan	Aye
Mystic Thompson	Absent

Camille Schoenberg and Robert Rene volunteered for the Ad Hoc Committee to review the bids for the Video/Monitoring Alarm System

E. Transportation: Long-Term Viability & Reports

Don Parcell discussed providing transportation to students and the long term outlook. The challenges we face:

- High cost
- Getting Competitive Bids
- Distance of school from Transportation Companies makes us undesirable.
- We need 18 buses everyday. Must companies do not have the buses or drivers to meet our demands.

Robert Rene left.

VIII. Finance

A. First Interim Financial Report

Greg Wood discussed the First Interim Report. The report features actual expenditures as of 10/31/17. We have more LCFF Revenue then projected (approximately \$549,000 more); due to increase in ADA. On the revenue side as compared to projections we have \$800K extra revenue. On the expense side - transportation and consulting increase,

bigger line items non capitalized equipment popped up that we did not originally account for. If the elevator does not get funded, we will have to dip into this non capitalized equipment line item. Transportation - cost of Special ED buses which average about \$30K a month this year instead of \$12,000 last year.

At the recommendation of Dr. Magee, the Board will schedule a special meeting for informal training on the Budget contingencies and long-term financial planning. Monday, January 29th is the suggested time for the Board Meeting.

B. Update on Funding/Disbursement Options for Post-Retirement Healthcare Benefits

Greg Wood provided an update on the Post-Retirement Benefits. Three documents were included in the Board Materials for review: a Reconciliation of Funding Status at July 1, 2015, Projected to June 30, 2016 and June 30, 2017, a Powerpoint document from LAUSD Health and Welfare Board Retreat and a working paper from the Standard's Institute of Economic Policy Research, which discusses underfunding of Pensions. Our funding for the Post-Retirement Benefit should be at \$17 million; we currently have a \$2 million funding deficit.

C. Track & Field Loan - Possible Changes to Decrease Interest Paid to Outside Bank

Tabled. To be discussed with Budget and Finance Committee.

D. Fiscal Policies and Procedures Updates, Including Policies & Procedures Manual Update

Tabled. Discussion will be held at the next Board Meeting.

IX. Consent Agenda 1: Non-Finance Items

A. Approval of Field Trips

Leslie Woolley made a motion to approve consent agenda 1.

Rocky Montz seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Shawn McClellan	Aye
Leslie Woolley	Absent
Camille Schoenberg	Aye
Mystic Thompson	Absent
Emily Hirsch	Aye
Rocky Montz	Aye
Robert Rene	Absent
David Carini	Abstain
Emilie Larew	Aye

Roll Call

Andrew Paris Aye

X. Consent Agenda 2: Finance Items

A. LACOE Certificate of Signatures

Leslie Woolley made a motion to approve consent agenda 2.

Camille Schoenberg seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

Shawn McClellan	Aye
Mystic Thompson	Absent
Leslie Woolley	Aye
Emily Hirsch	Aye
Emilie Larew	Abstain
Camille Schoenberg	Aye
Rocky Montz	Abstain
Andrew Paris	Abstain
Robert Rene	Absent
Deanna Hamilton	Aye
David Carini	Abstain

B. Approval of reimbursements for Executive Director / Principal

See above for vote on Consent Agenda -2

XI. New Business / Announcements

A. Announcements / New Business

B. Board Chair to announce items for closed session, if any.

Close Session called at 9:00pm and Employee Board Members will recuse themselves and leave the room.

XII. Open Session

A. Return to Open Session

Return to open session at 9:31pm.

B. Report Out on Action Taken In Closed Session, If Any.

Nothing to report out

XIII. Closing Items

A.

Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:32 PM.

Respectfully Submitted,
Deanna Hamilton

Coversheet

Human Resources Director (HR) Report

Section: II. Organizational Reports
Item: E. Human Resources Director (HR) Report
Purpose: FYI
Submitted by:
Related Material: II_E_Human Resource Report_01_23_18_BOT.pdf



PALISADES

CHARTER HIGH SCHOOL

Human Resources Board Report

January 23, 2018

Elections/New Hires :

Name	Classification/Position	Funding	Effective Date
Daryl Barker	ACADEC P/T coaching position	General	January 16, 2018
Kevin Oliva	ACADEC P/T coaching position	General	January 16, 2018
Amanda Campbell	Coach - Basketball	General	January 1, 2018
Alice Kim	Temporary Teacher	General	January 8, 2018
Shana Sharfi	Temporary Teacher	General	January 8, 2018
Rosa Mulaabas	Temporary Teacher	General	January 8, 2018

Staffing and Recruitment: Amy Nguyen will be attending a Recruiting and Career Fair on February 15th, 2018. HR continues to promote Palisades Charter High School as an outstanding educational that offers the best place of employment for faculty. In turn, we will be seeking a strong diverse faculty through recruitment. The best candidates search for open positions in March and April. HR will continue to seek timely notice from current employees regarding their own retirement plans by offering retirement information sessions.

Retirement: CalSTRS and CalPERS - HR attended a CalSTRS training January 23rd, 2018. The Los Angeles County Office of Education retirement services will be holding a workshop on the PCHS campus, with the date to be confirmed shortly. During the 2017 workshop, over 40 employees were able to take advantage of the time to ask questions and review the CalSTRS and CalPERS retirement benefits.

Professional Development: PCHS continues to stress the importance of professional development for our staff. All of the mid-management employees will be attending individual professional development classes or conferences this spring.

Benefits: On Wednesday, January 24th, 2018 SISC will hold a Health and Wellness screening program. This will be held on campus in the staff cafeteria and is open to all staff. In addition to standard cholesterol, blood and health screenings employees will be eligible to receive a \$30 amazon spending code upon participation.

Our Mission:

PCHS will empower our diverse population to make positive contributions to the global community by dedicating our resources to ensure educational excellence, civic responsibility, and personal growth

Coversheet

Director of Operations Report

Section: II. Organizational Reports
Item: F. Director of Operations Report
Purpose: FYI
Submitted by:
Related Material: II_F_Operations Report_01_23_17.pdf



PALISADES

CHARTER HIGH SCHOOL

Board of Trustees Meeting Operations Report January 23, 2018

Security/Safety:

- One potential vandalism averted by having Overnight Security in December
- Additional Guard coverage at PCHS for Spring Semester recommended, but still needs funding
- Security Fencing as previously proposed still needed – Pending Funding
- Intrusion Detection System (IDS) proposals still being sought
- Active Shooter Drill planned for Jan 1/29 at 9:10am (postponed from Dec b/c of Fires)
- Barricade in Classroom Door Kits setup and distributed and will be tested during drill
- SoCal Fires closed school Wed 12/6 to Fri 12/8. All Air-Handling Filters changed on Sun 12/10 and Mon 12/11, and campus/classrooms cleaned Sat 12/9 & Sun 12/10
- Windsock Installed on Gym Roof for Safety Assistance
- Emergency Supplies Inventoried and Restocked
- Push-Bar Safety Gates Added Mid-Jan

Permits & Setups:

- Total Permit Revenue for Dec at ~\$25,000
- Revenue modest because of SoCal Fires, Winter Break & Holidays, End of AYSO & Club Soccer Seasons, Baseball Field Out-of-Service for Re-Seeding & Gyms for Floor Refinishing
- January Filming Planned:
 - Banana Split – Tuesday, January 23rd - \$2000
 - Mirum Shopper – Saturday & Sunday, January 27th & 28th - \$10,000
- Large & Small Gym floors were resurfaced for start of league basketball season. Gym was closed on December 22nd and reopened on January 2nd.
- Baseball field had outfield and infield grass dethatched and new seed and fertilizer was laid. Field was closed on December 15th with an expected opening date of Monday, February 5th.
- Winter Sports Permits in full gear
- Many Activities Past & Planned such as:
 - St. Peter's Symphony Orchestra 12/10
 - PCHS Choral Concert 12/12
 - PCHS Friday Night Live 12/14
 - YMCA Senior Tech, Youth & Gov't and Model UN Programs
 - Young Alumni Pizza Lunch 12/19
 - Girls Soccer Alumni Game 12/23
 - Faculty/Staff PD Day Tue 1/9
 - Chartwell District Meeting 1/16-17
 - PCHS Dance Concert 1/18



PALISADES

CHARTER HIGH SCHOOL

Transportation:

- Ridership down a few more students since end of Nov. All stopped paying after Nov, some got driver's licenses and others dropped out.
- Another incident of parents cutting buses off with their cars to prevent bus from leaving their stop on-time so their kids can get on the bus. Matter has been turned over the Dean's Office.
- Special Ed Buses combined from 2 to 1 since a few students aged out after 1st Semester
- Ridership reports requested at Nov Board Meeting presented for Board review in Dec
- Winter Athletic Buses & Field Trips All Going as Planned/Needed

MGAC/Pool:

- Pool closed during Dec fires
- New Lane Flags Added that do not move in the wind
- PCHS Pool Records Board Planned
- Waiting on Funding Plan for Possible Improvements of:
 - Shade for Bleachers on Temescal Side of Pool
 - Outdoor Showers Added under Scoreboard
- Frequency of miscellaneous repairs at Pool starting to climb as Pool Equipment ages
- PCHS should start accruing/saving for major repairs in the 3-5 year timeframe as major pool components start to reach their useful life of 8-10 years.
 1. Replace Lochinvar High Efficiency Heaters (2) that serve all pools (~\$40-\$50k)
 2. Re-Plaster All Pools (~\$160-\$200k)
 3. Replacement Competition Pool Pump (~\$25-\$35k)

Facilities/Projects:

- Faculty/Staff Survey for Winter Break Work Conducted & Executed
- Elevator Repairs underway. Scheduled to be completed and in-service by Mon 1/29
- School-Wide central heating system not working due to system leak. Repairs underway and expected to be completed by Mon 1/22
- Barricade in Classroom Door Kits setup and distributed and ready for Mon 1/29 Drill
- Sunset storm drain overflow caused hillside and Baseball Outfield damage
- STEAM Classroom Planning for Electrical Upgrades Underway
- Student Restroom Upgrades Being Planned for Spring & Summer Breaks
- Front of A-Building Landscaping being planned for late winter installation

- **School Accountability Report Card (SARC) Inspection** – Results not yet received
- **Garden Gateway Phase 3** – Landscape Architect updates made & plans resubmitted to LAUSD
- **Security Fencing** – Security/Safety fencing discussions with Faculty/Staff, Students and Board ongoing. Funding sources still being sought.
- **Gym A/C Project** – Additional meetings with LAUSD construction team in Jan. Project pending DSA Approval, then to go out for bid/award. Estimated start of July 2018 and completion Nov 2019.



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Facilities/Projects: Continued - Winter Break Projects Completed:

- J-Building Electrical Upgrades Completed
- Several Classrooms, Main Office, Attendance Office and Exterior Refresh Painting
- Parking Lot Solar Lights Repaired and working
- Fence Repairs to perimeter fencing along Sunset
- Classroom Lighting Upgraded to LED as part of Prop 39 Program
- Benches added to Main Quad and Gilbert Quad
- 2 New Hydration Stations being added Mid-Jan
- Push-Bar Safety Gates added Mid-Jan
- Student Restroom Misc. Repairs Completed
- 2 Additional Handicapped Parking Spaces Added to Stadium Parking Lot
- Windsock Installed on Gym Roof for Safety Assistance
- Clean/Clear El Medio, Sunset & Temescal perimeters
- Emergency Supplies Inventoried and Restocked
- Fire Alarm System Maintenance performed
- Facilities gutters, downspouts and drains checked and cleared for Rainy Season
- J-100 Auto-Shop Storage cleanout completed
- Sanding of door for Art Door painting project completed
- Fitness Center & Weight rooms detailed cleaned

Coversheet

Director of Development Report

Section: II. Organizational Reports
Item: G. Director of Development Report
Purpose: FYI
Submitted by:
Related Material: II_G_Development_01_23_18 BOT.pdf



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23-Jan-18

Board of Trustees Meeting Development Report

TOTAL FUNDS RAISED TO DATE:	Prior Report	YTD	Inc.
The PCHS Fund	\$42,515	\$74,275	\$31,760
Donor Brick Campaign	\$109,300	\$120,888	\$11,588
Donations to Athletic Teams	\$13,803	\$19,404	\$5,601
Donations to Classroom Teachers	\$10,124	\$11,144	\$1,020
Donations to Extra-Curriculars	\$3,389	\$3,941	\$552
Donations to Pali Cares	\$200	\$200	\$0
Restricted Donations/Pledges	\$0	\$200,000	\$200,000
	<u>\$179,331</u>	<u>\$429,852</u>	<u>\$250,521</u>
 TOTAL EXPENSES TO DATE:			
Bacio Design		\$4,770	
L.A. Press Printing		\$1,747	
Postage/Mailing		\$3,911	
Advertising (Donor Brick Campaign)		\$2,317	
Subscriptions - Double the Donation		\$449	
Subscriptions - Foundation Directory Online		\$999	
Subscriptions - DonorPerfect		\$1,948	
Service Charges - SafeSave		\$2,606	
Young Alumni Pizza Lunch		\$190	
New Parent Welcome Breakfast		\$930	
		<u>\$19,867</u>	
 NET PROCEEDS TO DATE:		<u><u>\$409,985</u></u>	

Donor Brick Campaign follow up mail and direct solicitation to 500 businesses completed mid-Dec. **#Giving Tuesday** took place the Tuesday after Thanksgiving. An email campaign took place the previous week. Proceeds were to support transportation for those in need. 19 donors contributed \$3,198.00

Year End Campaign took place before Christmas with Holiday email and direct solicitation to donors who contributed last year but had not contributed this year. \$11,532 was raised.

Submitted Grant Proposals:

- Joseph Drown Foundation - \$10,000 - not approved
- Pacific Palisades Women's Club - \$1,000 - not approved
- William C. Bannerman Foundation - \$5,000 - not approved
- Caruso Family Foundation - \$5,000 - pending



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Board of Trustees Meeting Development Report

Lewis A. Kingsley Foundation - \$5,000 - pending

Coversheet

Chief Business Officer (CBO) Report

Section: II. Organizational Reports
Item: H. Chief Business Officer (CBO) Report
Purpose: FYI
Submitted by:
Related Material: II_H_CBO Report_01_23_18.pdf



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CBO REPORT BOARD OF TRUSTEES MEETING JANUARY 23, 2018

2017-2018

Cash Balances for PCHS at the end of month end were \$7.7 million (\$7.2 million Unrestricted and \$5.35 million in Fund 20.0-Lifetime Benefits Account, excluding outstanding loan from Permit account) compared to \$8.4 million in August 2017 (\$7.8 Unrestricted). An updated 2017-2018 Multi Year projections are attached separately containing both in summary and detail to update new ADA, funding and expense projections.

Annual Audit

The 2016-2017 Audit Report is attached and agendized as a separate item. Our Audit Partner, Matt Miller from VTD will be here to present to the full Board.

2018-2019

PCHS attended the School Services of California 2018-2019 Budget meeting this last week. I have attached a "Dartboard" of estimated revenues for future years and will discuss other items learned at the meeting.

Attendance

The reported Month 4 attendance and ADA showed 3,039 Students Enrolled (2,964 in 2016/17) and a cumulative ADA of 2,947 at 96.8% (2,869 or 96.5% in 2016/17). Initial combined enrollment included 62 at Pali (Temescal) Academy and 50 in Virtual Academy. The Budgeted ADA for 2017-2018 is 2,854.

ASB

The following events are in the works for ASB this Spring:

- Spring fling
- Powder puff game
- Basketball bash
- Valentine's day spirit week

Other items

Since a separate meeting for financial operations and Budget is being held on January 29, 2018, other items will be presented separately.

Coversheet

Executive Director/Principal (EDP) Report

Section: II. Organizational Reports
Item: I. Executive Director/Principal (EDP) Report
Purpose: FYI
Submitted by:
Related Material: II_I_EPD Report_01_23_18.pdf



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PALISADES CHARTER HIGH SCHOOL BOARD OF TRUSTEES MEETING EXECUTIVE DIRECTOR AND PRINCIPAL REPORT JANUARY 23, 2018

2017-18 School-wide Goals Update:

Culture and Climate Facilitators (consultants Alan Rasmussen, Richard Tauer, Beverly Hempstead, and Donna Rose) visited PCHS on Thursday, January 18, 2018 for a mid-year progress evaluation. PCHS has worked with this team since 2015 to examine campus issues and develop resolutions that promote positive relationships across campus. The team has been actively involved with the Board through the facilitation of the annual retreat and development of the school-wide goals.

Actions and Recommendations

- Reviewed steps toward goals established at the annual PCHS Board of Trustees retreat in August 2017.
- Reviewed progress toward Culture and Climate multi-year action plan developed in 2015 focused on the areas of Accountability, Communication, and Decision-making.
- Met separately with PESPU and UTLA leadership as well as PCHS Administrators.
- Preliminary recommendations – Calendar consistent meetings with PESPU and UTLA to go beyond problem solving to vision building. Identify collective goals that incorporate inclusivity and respect. Continue to schedule time to discuss potential issues before they become problems.

In progress: Analysis of current Human Resources, Payroll, and Finance practices for the purpose of reducing error, increasing efficiency, and establishing best practices. Report will to be shared with Board and school community upon completion.

January Professional Development

The opening of second semester professional development continued the school-wide focus on building relationships and supporting each other so that we have the capacity to meet the many demands of our diverse student body. Staff participated in two breakout sessions:

Presenter Joaquin Noguera - *Education for Interruption* and Presenter Gio Stewart - *Mindsets: Organizing for Intention*. Collaborative activities included campfire group discussions, PLC work, Pear Deck training, and classroom preparation.

Community Outreach

PCHS hosted the first of a series of satellite parent information meetings on January 18th at the First African American Methodist Episcopal Church. Representatives from the Admissions and Attendance Office, Counseling Department, College and Career Centers, Campus Unification, and Development programs presented information, answered questions, and gathered parent feedback.

The next parent outreach meeting will be hosted by *Fuerza Unida/PIQE* on Saturday, February 24 in Mercer Hall.

Math Success Task Force: A group of parents, math teachers, counselors, administrators, and students are working to develop an action plan to help PCHS close the achievement gap in mathematics and identify best practices for math classes. The task force will review data to determine next steps and



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collect additional information as needed. The action plan will be shared with the Board and school for approval and potential implementation in the 2018-19 school year.

Coversheet

PCHS Wellness Policy

Section: V. Academic Excellence
Item: E. PCHS Wellness Policy
Purpose: Vote
Submitted by:
Related Material: V_E_PCCHS Wellness Policy_01_23_18 for approval.docx.pdf



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PCHS Wellness Policy

Introduction

PCHS is committed to the optimal health, wellness and development of every student. PCHS believes in order for students to have the opportunity to achieve personal, academic, developmental, and social success, we need to create positive, safe and health-promoting learning environments at every level, in every setting, throughout the school year.

Research shows two components, good nutrition and physical activity before, during and after the school day, are strongly correlated with positive student outcomes. For example, student participation in the U.S. Department of Agriculture's (USDA) School Breakfast Program is associated with higher grades and standardized test scores, lower absenteeism, and better performance on cognitive tasks.^{1,2,3,4,5,6,7} Conversely, less-than-adequate consumption of specific foods including fruits, vegetables and dairy products, is associated with lower grades among students.^{8,9,10} In addition, students who are physically active through active transport to and from school, recess, physical activity breaks, high-quality physical education, and extracurricular activities – do better academically.^{11,12,13,14} There is evidence that adequate hydration is associated with better cognitive performance.^{15,16,17} Furthermore, there is evidence about the inverse relationship between high risk behaviors and academic achievement, so much so, it is imperative leaders in education act together to make wise investments in our nation's school age youth that will benefit the entire population.²⁰ Rates of accidents, suicide, homicide, depression, substance abuse, violence and risky sexual behaviors skyrocket during adolescence.²¹ Many people believe education needed in the 21st century goes beyond academic learning, to include positive social, emotional and ethical development.²²

This policy outlines PCHS's approach to ensuring environments and opportunities for all students to practice low risk behaviors, positive mental/emotional health, healthy eating and physical activity throughout the school day and minimize commercial distractions. Specifically, this policy establishes goals and procedures to ensure that:

- Students realize their own potential, have a positive state of well-being, can cope with common daily life stressors, can work productively and are able to make a contribution to their community.
- Students have access to minimally processed healthy foods throughout the school day and in accordance with Federal and state nutrition standards;
- Students receive quality nutrition education that helps them develop lifelong healthy eating behaviors;
- Students have opportunities to be physically active before, during and after school;
- School engages in nutrition and physical activity promotion and other activities that promote student wellness;
- Students are supported in reducing high-risk behaviors including violence, tobacco use, alcohol and other drug use, and sexual behaviors contributing to unwanted pregnancies and sexually transmitted diseases.
- School staff are encouraged and supported to practice healthy nutrition, physical activity, and positive mental/emotional habits in and out of school;



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- PCHS will foster partnerships with the community to support PCHS efforts to assist development of lifelong healthy habits among all stakeholders.
- PCHS establishes and maintains an infrastructure for management, oversight, implementation, communication about, and monitoring of the policy and its established goals and objectives.

I. School Wellness Committee

Committee Role and Membership

PCHS will convene a representative health and wellness committee (hereto referred to as the HWC) comprised of representatives from all stakeholder groups (parents, students, staff, community members) and include an administrator, school nurse, PE teacher, Health teacher, Foods teacher and food service coordinator.

The HWC will meet at least triennially to review compliance with Wellness Policy goals and alignment with school health and safety policies and programs.

Leadership

The Executive Director/Principal or designee(s) will convene the HWC triennially to ensure school wide compliance and revisions (if needed) to the wellness policy.

II. Wellness Policy Implementation, Monitoring, Accountability and Community Engagement

Implementation Plan

PCHS will develop and maintain a plan for implementation to manage and coordinate the execution of this wellness policy. The plan delineates roles, responsibilities, actions and timelines specific to PCHS; and includes information about who will be responsible to make what change, by how much, where and when; as well as specific goals and objectives for nutrition standards for all foods and beverages available on the school campus, food and beverage marketing, nutrition promotion and education, physical activity, physical education and other school-based activities that promote student wellness and decrease targeted high risk adolescent behaviors. It is recommended that the school use the [Healthy Schools Program online tools](#) to complete a school-level assessment based on the Centers for Disease Control and Prevention's School Health Index, create an action plan that fosters implementation and generate an annual progress report to be reviewed by PCHS Administration/Board.

Recordkeeping

The PCHS will retain records to document compliance with the requirements of the wellness policy in the governance section at www.palihigh.org. Documentation maintained in this location will include but will not be limited to:

- The written wellness policy;
- Documentation and participation meeting notes of efforts to review and update the Local Schools Wellness Policy.
- The most recent assessment/survey assessing PCHS health and wellness.



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Annual Notification of Policy

PCHS will inform families and the public each year of basic information about this policy, including its content, any updates to the policy and implementation status within the Parent/Student handbook and the website. PCHS will share nutritional information to include menus and activities related to the Wellness Policy. Annually, PCHS will also publicize the name and contact information of the PCHS administrator / designee leading and coordinating the committee, as well as information on how the public can get involved with the Health and Wellness committee.

Assessments:

The following measurement, *California Health Kids Survey* : (<http://chks.wested.org>), or similar, will be administered to all 9th graders and 11th graders at PCHS.

Revisions and Updating the Policy

The HWC will update or modify the wellness policy based on the results of the annual School Health Index and/or as PCHS priorities change; community needs change; wellness goals are met; new health science, information, and technology emerges; and new Federal or state guidance or standards are issued. **The wellness policy will be assessed and updated no less than triennially, using the School Health Index and other relevant information in the assessment.**

III. Nutrition

School Meals

PCHS is committed to serving healthy meals to children, with plenty of fresh fruits and vegetables; whole grains; fat-free and low-fat milk; foods moderate in sodium, low in refined sugar and saturated fat, and zero grams *trans*-fat per serving (nutrition label or manufacturer's specification); attempt when possible to go GMO (genetically modified organisms) free and meet the nutrition needs of school children within their calorie requirements. The school meal programs aim to improve the diet and health of schoolchildren, help mitigate childhood obesity, model healthy eating to support the development of lifelong healthy eating patterns, and support healthy choices while accommodating cultural food preferences and special dietary needs.

PCHS participates in USDA child nutrition programs, including the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and is committed to the provision of food closest to natural sources and from local/school garden projects. PCHS is committed to offering healthy foods that:

- Are accessible to all students;
- Are appealing and attractive to children;
- Are served in clean and pleasant settings;
- Meet or exceed current nutrition requirements established by local, state, and Federal statutes and regulations. (PCHS offers reimbursable school meals that meet [USDA nutrition standards](#).)
- Promote healthy food and beverage choices using at least ten of the [Smarter Lunchroom techniques](#);
- PCHS child nutrition program will accommodate students with special dietary needs;
- Students will be allowed a reasonable amount of time to select and eat their meals;



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- Students are served lunch at a reasonable and appropriate time of day;
- Students will be offered multiple locations to purchase food to minimize wait time;
- Participation in Federal child nutrition programs will be promoted among students and families to help ensure that families know what programs are available in their children's school;
- PCHS will support activities that may include:
 - Local and/or regional products incorporated into the school meal program;
 - Messages about agriculture and nutrition are reinforced throughout the learning environment;
 - School hosts a school garden, if possible;
 - School promotes awareness of local farmer markets;

Farm to School Program:

As staff and resources are available, PCHS will pilot a Farm to School program including the following aspects based on the California Dept. of Education recommendations.

- All PCHS's food vendors utilized by cafeteria manager are from the local area to the greatest extent possible.
- PCHS Farmer's Market, featuring taste testing local, farm-fresh fruits and vegetables in season.
- PCHS will feature herbs and produce in school lunches and farmer's market, which has been grown in the PCHS garden, if possible.
- Salad bars created and served by students and other activities as a joint effort between the cafeteria and the Foods and Nutrition program.
- Visit local farms so students can make the connection between agriculture, farmer's markets, school garden and healthy meals at home and at school.
- Involve a student representative to increase student engagement in the program.

Staff Qualifications and Professional Development

PCHS will contract with food service providers that meet or exceed USDA's Professional Standards for School Nutrition, [USDA's Professional Standards for School Nutrition Standards website](#).

Water

To promote hydration, PCHS will provide free, safe, unflavored drinking water available where school meals are served, during mealtimes, and in multiple areas on campus throughout the school day..

Competitive Foods and Beverages

PCHS is committed to ensuring all foods and beverages available to students on the school campus during the school day support healthy eating. The foods and beverages sold and served outside of the school meal programs (e.g., "competitive" foods and beverages) will meet the USDA Smart Snacks in School nutrition standards, at a minimum. Smart Snacks aim to improve student health and well-being, increase consumption of healthful foods during the school day and create an environment that reinforces the development of healthy eating habits. If offered, electrolyte replacement beverages at PCHS will focus on G2 Gatorade and hydration packets on an as need basis. These standards will apply in all locations and through all services where foods and beverages are sold, which may include, but are not



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limited to, à la carte options in cafeterias, vending machines, school stores and snack or food carts. A summary of the standards and information, as well as a Guide to Smart Snacks in Schools are available at: <http://www.fns.usda.gov/healthierschoolday/tools-schools-smart-snacks>. The Alliance for a Healthier Generation provides a set of tools to assist with implementation of Smart Snacks available at www.foodplanner.healthiergeneration.org.

Celebrations, Rewards and Fundraising

1. Celebrations and parties. PCHS will provide a list of healthy party ideas to parents and teachers, including non-food celebration ideas. Healthy party ideas are available from the [Alliance for a Healthier Generation](#) and from the [USDA](#). Also, PCHS students and staff will be surveyed for additional ideas that meet PCHS specific needs.

2. Rewards and incentives. PCHS will provide teachers and other relevant school staff a [list of alternative ways to reward children](#).

Nutrition Promotion

Nutrition promotion and education positively influence lifelong eating behaviors by using evidence-based techniques and nutrition messages, and by creating food environments that encourage healthy nutrition choices and encourage participation in school meal programs. Students and staff will receive consistent nutrition messages throughout schools, classrooms, gymnasiums, and cafeterias. Nutrition promotion also includes marketing and advertising nutritious foods and beverages to students and is most effective when implemented consistently through a comprehensive and multi-channel approach by school staff, teachers, parents, students and the community.

PCHS will promote healthy food and beverage choices for all students throughout the school campus, as well as encourage participation in school meal programs. This promotion will occur through at least:

- Implementing at least ten or more evidence-based healthy food promotion techniques through the school meal programs using [Smarter Lunchroom techniques](#); and
- Ensuring 100% of foods and beverages promoted to students meet the USDA Smart Snacks in School nutrition standards. Additional promotion techniques that PCHS may use are available at <http://www.foodplanner.healthiergeneration.org/>.

Nutrition Education

PCHS will teach, model, encourage and support healthy eating by all students. Schools will provide nutrition education and engage in nutrition promotion that aligns with California Health Education code: 49534, 51890, 8995 http://www.nasbe.org/healthy_schools/hs/state.php?state=California#Nutrition%20Education

- Is designed to provide students with the knowledge and skills necessary to promote and protect their health;
- Is integrated into classroom instruction through subjects such as math, science, language arts, social sciences and elective subjects when possible;
- Includes enjoyable, developmentally-appropriate, culturally-relevant and participatory activities, such as cooking demonstrations or lessons, promotions, taste-testing, farm visits and school gardens;



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- Promotes fruits, vegetables, whole-grain products, low-fat and fat-free dairy products and healthy food preparation methods;
- Emphasizes caloric balance between food intake and energy expenditure (promotes physical activity/exercise);
- Links with school meal programs, cafeteria nutrition promotion activities, school gardens, Farm to School programs, other school foods and nutrition-related community services;
- Teaches media literacy with an emphasis on food and beverage marketing; and
- Includes nutrition education training for teachers and other staff.
- Teachers will provide opportunities for students to practice or rehearse the skills taught through nutrition education.

Food and Beverage Marketing in Schools

PCHS is committed to providing a school environment that ensures opportunities for all students to practice healthy eating and physical behaviors throughout the school day while minimizing commercial distractions. PCHS strives to teach students how to make informed choices about nutrition, health and physical activity. These efforts will be weakened if students are subjected to advertising on PCHS property that contains messages inconsistent with the health information PCHS is imparting through nutrition education and health promotion efforts. It is the intent of PCHS to protect and promote student's health by permitting advertising and marketing for only those foods and beverages that are permitted to be sold on the school campus, consistent with the PCHS's Wellness Policy.

Any foods and beverages marketed or promoted to students on the school campus* during the school day* will meet or exceed the USDA Smart Snacks in School nutrition standards, such that only those foods that comply with or exceed those nutrition standards are permitted to be marketed or promoted to students.

Food and beverage marketing is defined as advertising and other promotions in schools. Food and beverage marketing often includes an oral, written, or graphic statements made for promoting the sale of a food or beverage product made by the producer, manufacturer, seller or any other entity with a commercial interest in the product.¹⁸ This term includes, but is not limited to the following:

- Brand names, trademarks, logos or tags, except when placed on a physically present food or beverage product or its container.
- Displays, such as on vending machine exteriors
- Corporate brand, logo, name or trademark on school equipment, such as marquees, message boards, scoreboards or backboards (Note: immediate replacement of these items are not required; however, PCHS will replace or update scoreboards or other durable equipment when existing contracts are up for renewal or to the extent that is financially possible over time so that items are in compliance with the marketing policy.)
- Corporate brand, logo, name or trademark on cups used for beverage dispensing, menu boards, coolers, trash cans and other food service equipment; as well as on posters, book covers, pupil assignment books or school supplies displayed, distributed, offered or sold by PCHS.



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- Advertisements in school publications or school mailings.
- Free product samples, taste tests or coupons of a product, or free samples displaying advertising of a product.

As PCHS and school nutrition services/Athletics Department/PTA/PTO reviews existing contracts and considers new contracts, equipment and product purchasing (and replacement) decisions should reflect the applicable marketing guidelines established by PCHS Wellness Policy.

IV. Physical Activity

A substantial percentage of students' physical activity can be provided through a comprehensive school physical activity program (CSPAP). A CSPAP reflects strong coordination and synergy across all of the components: quality physical education as the foundation; physical activity before, during and after school; staff involvement and family and community engagement and PCHS is committed to providing these opportunities.

To the extent practicable, PCHS will ensure that its grounds and facilities are safe and that equipment is available to students to be active. PCHS will conduct necessary inspections and repairs.

Physical Education

PCHS will provide students with physical education, using an age-appropriate, sequential physical education curriculum consistent with national and state standards for physical education. The physical education curriculum will promote the benefits of a physically active lifestyle and will help students develop skills to engage in lifelong healthy habits. The curriculum will support the essential components of physical education.

All students will be provided equal opportunity to participate in physical education classes. PCHS will make appropriate accommodations to allow for equitable participation for all students and will adapt physical education classes and equipment as necessary.

PCHS physical education program will promote student physical fitness through individualized fitness and activity assessments (via the [Presidential Youth Fitness Program](#) or other appropriate assessment tool) and will use criterion-based reporting for each student as stated in California education code: *EC* Section 60800.

PCHS will provide resources and links to resources, tools, and technology with ideas for classroom physical activity breaks. Resources and ideas are available through [USDA](#) and the [Alliance for a Healthier Generation](#).



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Before and After School Activities

PCHS offers opportunities for students to participate in physical activity either before and/or after the school day (or both) through a variety of methods. PCHS will encourage students to be physically active before and after school by physical activity clubs, intramurals or interscholastic sports.

V. Health Education:

PCHS recognizes the critical relationship between health behaviors and academic achievement, so students can strive toward health literacy and ultimately lifelong wellness. A one semester comprehensive health education course or comparable curriculum will be offered through classroom based or on-line medium aligned with California Health Education Code and California State standards. PCHS complies with mandates Title IV, Part A: Safe & Drug-Free Schools & Communities Act and other means to maintain a safe and drug-free environment for all students utilizing an evidence based curriculum. In addition, PCHS abides by the CA Healthy Youth Act implemented in 2016 requiring comprehensive sexual health and HIV prevention-education for all students.

VI. Mental/Social/Emotional Well Being:

Teens face many challenges/stressors today resulting in anxiety, depression and many other risky behaviors. PCHS is committed to providing mental health support to assist students in developing emotional health by providing on site therapeutic services, which may include school psychologist, mental health providers (social workers/MFT/psychologist) and a robust counseling department. In addition, PCHS is committed to providing researched based prevention programs to meet the needs of all students and staff.

To optimize students' emotional well-being and social functioning:

1. Students should have access to credentialed school counselors, psychologists, mental and physical health providers to support and assist students in making healthy decisions, manage emotions, and cope with crises.
2. Professional development in appropriate approaches to promote emotional well-being in students should be provided to teachers and administrators on an annual basis. (Examples: mindfulness, trauma informed schools, student bill of rights and responsibilities, etc.)
3. Encourage professional development and appropriate approaches that promote conflict resolution, nonviolence and violence prevention training for administration, staff and students (Peer mediation, teen court).
4. Implement Social Emotional Learning SEL and related strategies to staff and students.

SEL enhances students' ability to integrate thinking, feeling, and behaving in order to achieve important life tasks.

The five SEL skills and competencies are:

- Self Awareness (labeling one's feelings; relating feelings and thoughts to behavior; accurate self-assessment of strengths/limitations; self-efficacy; optimism)
- Self-Management (regulating one's emotions;; managing stress;; self -control; self-motivation; setting and achieving goals)



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- Social Awareness (perspective-taking; empathy; understanding the socio-historical context of diversity; understanding social and ethical norms for behavior; recognizing family, school and community supports)
- Relationship Skills (building relationships with diverse individuals/groups; communicating clearly; working cooperatively; resolving conflicts; seeking help)
- Responsible Decision Making (considering the well-being of self and others; basing decisions on safety, social and ethical considerations; making constructive, safe choices about self, relationships and school)

PCHS is committed to supporting emotional health for all students.

VII. Health Services

PCHS provides a robust Health Office to ensure student health needs are met. The Health office provides in-service training, counseling and consultations for the promotion of health and wellness to maximize classroom success.

- Health Services: The school nurse delivers emergency care assessments and interventions for acute and chronic health conditions, referral and support to students and families for accessing primary care and preventive services, and communicable disease control measures on campus.
- Nutrition Environment and Services: The school nurse promotes the integration of nutrition education, and an environment that supports healthy eating behaviors.
- Physical Environment: The school nurse monitors, reports, and intervenes to correct hazards; collaborates with the safety officers in the development of crisis intervention/disaster plans; and advocates for adaptations for students with special needs.

VIII. Community Partnerships

PCHS will develop, enhance, and continue relationships with community partners to provide services and support (ie: Westside Mobil Health Clinic, universities/colleges, local business and non-profits.) Existing and new community partnerships and sponsorships will be evaluated to ensure they are consistent with the wellness policy and its goals.

All efforts related to obtaining federal, state or association recognition for efforts, or grants/funding opportunities for healthy school environments will be coordinated with and complementary of the wellness policy, including but not limited to ensuring the involvement of the HWC.

IX. Staff Wellness and Health Promotion

PCHS will implement strategies to support staff in actively promoting and modeling healthy eating, physical activity, weight management, mental/emotional behaviors and stress reduction. PCHS promotes staff member participation in health promotion programs and will support programs for staff members consistent with PCHS Board Policy.



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PALISADES

CHARTER HIGH SCHOOL

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Revised 1/18/18 mb

Coversheet

Audited Financials - Annual Report

Section: VII. Finance
Item: A. Audited Financials - Annual Report
Purpose: Vote
Submitted by:
Related Material:
VII_A_Finance_Audit Financials_BOT_01_23_18_2016-2017 Audited PCHS.pdf



**PALISADES CHARTER
HIGH SCHOOL**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

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VAVRINEK, TRINE, DAY & CO., LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Palisades Charter High School
(A California Nonprofit Public Benefit Corporation)
Pacific Palisades, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Palisades Charter High School (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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; and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School's preparation and fair presentation of the consolidated 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 Charter School'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of Palisades Charter High School, as of June 30, 2017, and the changes in its net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the consolidated financial statements, the Charter School has restated beginning net assets to account for the liability of the Charter School's other post-employment benefits (OPEB) obligation in accordance with the actuarial study. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The prior-year comparative information has been derived from the Charter School's consolidated financial statement report dated December 8, 2016, which expressed an unmodified opinion. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other accompanying supplementary information is fairly stated, in all material respects, in relation to the basic consolidated 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 15, 2017, on our consideration of the Charter School'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 solely 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 effectiveness of the Charter School's 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 the Charter School's internal control over financial reporting and compliance.

Vannink, Tinn, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2017

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(With summarized financial information at June 30, 2016)

JUNE 30, 2017

	2017	2016
ASSETS		
Current Assets:		
Cash	\$ 1,686,255	\$ 1,084,191
Investment - county pool	8,758,917	8,051,506
Accounts receivable	626,070	689,670
Inventory	5,481	5,481
Prepaid expenses and other current assets	293,629	276,172
Total Current Assets	<u>11,370,352</u>	<u>10,107,020</u>
Non-Current Assets:		
Fixed assets	13,060,066	12,386,119
Less: accumulated depreciation	<u>(5,925,427)</u>	<u>(5,331,132)</u>
Total Non-Current Assets	<u>7,134,639</u>	<u>7,054,987</u>
Total Assets	<u>\$ 18,504,991</u>	<u>\$ 17,162,007</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 3,347,920	\$ 2,548,940
Due to student groups	294,547	254,839
Deferred revenue	399,023	412,737
Current portion of long-term obligations	268,927	203,444
Total Current Liabilities	<u>4,310,417</u>	<u>3,419,960</u>
Long-Term Obligations:		
Non-current portion of long-term obligations	<u>17,032,371</u>	<u>15,860,852</u>
Total Liabilities	<u>21,342,788</u>	<u>19,280,812</u>
NET ASSETS (Deficit)		
Unrestricted net assets		
Board designated for OPEB	2,005,926	1,926,172
Unfunded deficit OPEB	(15,295,372)	(14,138,124)
General reserves	<u>9,986,226</u>	<u>9,667,046</u>
Total unrestricted net assets	<u>(3,303,220)</u>	<u>(2,544,906)</u>
Temporarily restricted	150,969	115,099
Permanently restricted	314,454	311,002
Total Net Assets (Deficit)	<u>(2,837,797)</u>	<u>(2,118,805)</u>
Total Liabilities and Net Assets	<u>\$ 18,504,991</u>	<u>\$ 17,162,007</u>

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

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF ACTIVITIES
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	(As Restated) 2016
REVENUES					
Local Control Funding Formula	\$ 25,626,699	\$ -	\$ -	\$ 25,626,699	\$ 24,442,065
Federal revenues	1,190,729	-	-	1,190,729	1,118,372
Other State revenues	4,864,012	-	-	4,864,012	4,821,048
Interest	78,560	-	-	78,560	48,308
Local revenues	2,166,403	252,755	18,626	2,437,784	2,399,361
Net assets released from restrictions	232,059	(216,885)	(15,174)	-	-
Total Revenues	34,158,462	35,870	3,452	34,197,784	32,829,154
EXPENSES					
Program services:					
Salaries and benefits	22,282,124	-	-	22,282,124	20,609,807
Student services	2,581,820	-	-	2,581,820	2,759,184
Materials and supplies	463,217	-	-	463,217	624,025
Student nutrition	193,188	-	-	193,188	215,139
Student transportation	643,324	-	-	643,324	401,076
Depreciation	594,295	-	-	594,295	471,117
Non-capital outlay	878,367	-	-	878,367	936,704
Subtotal	27,636,335	-	-	27,636,335	26,017,052
Management and general:					
Salary and benefits	4,666,390	-	-	4,666,390	4,817,157
Insurance	157,958	-	-	157,958	147,225
Operating expenses	2,456,093	-	-	2,456,093	2,398,285
Debt service	-	-	-	-	41,312
Subtotal	7,280,441	-	-	7,280,441	7,403,979
Total Expenses	34,916,776	-	-	34,916,776	33,421,031
CHANGE IN NET ASSETS	(758,314)	35,870	3,452	(718,992)	(591,877)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(2,544,906)	115,099	311,002	(2,118,805)	9,313,227
PRIOR PERIOD RESTATEMENT	-	-	-	-	(10,840,155)
NET ASSETS (DEFICIT), BEGINNING OF YEAR - AS RESTATED	(2,544,906)	115,099	311,002	(2,118,805)	(1,526,928)
NET ASSETS (DEFICIT), END OF YEAR	\$ (3,303,220)	\$ 150,969	\$ 314,454	\$ (2,837,797)	\$ (2,118,805)

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

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF CASH FLOWS
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (718,992)	\$ (591,877)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	594,295	471,117
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	63,600	(295,937)
Prepaid expenses and other current assets	(17,457)	(100,283)
Inventory	-	1,944
Increase (Decrease) in liabilities		
Accounts payable	798,980	106,102
Retiree benefit payable	1,237,002	1,759,754
Due to students groups	39,708	(5,578)
Deferred revenue	(13,714)	375,201
Net Cash Provided by Operating Activities	<u>1,983,422</u>	<u>1,720,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(673,947)</u>	<u>(648,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal payments	<u>-</u>	<u>(955,115)</u>
NET INCREASE IN CASH	1,309,475	116,618
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,135,697</u>	<u>9,019,079</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 10,445,172</u></u>	<u><u>\$ 9,135,697</u></u>
Supplemental cash flow disclosure:		
Cash paid during the period for interest	<u><u>\$ -</u></u>	<u><u>\$ 41,312</u></u>

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

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - ORGANIZATION AND MISSION

Palisades Charter High School (the Charter School) is a Non-Profit Public Benefit Corporation. The Charter School petitioned for a charter through Los Angeles Unified School District (LAUSD) and was approved in September 1993. The charter was renewed in May 2015 for a period of five years ending on June 30, 2020.

Charter school number authorized by the State: 0037

The Charter School located at 15777 Bowdoin Street, Los Angeles, California, opened as an independent charter on August 1, 2003, and currently serves approximately 2,900 students in grades nine through twelve. The Charter School is a California public charter school, with a mission to empower a diverse student population to make positive contributions to the global community by dedicating resources to ensure educational excellence, civic responsibility, and personal growth.

The accompanying consolidated financial statements include the accounts of the Charter School and the Associated Student Body accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by the Charter School are described below to enhance the use of the consolidated financial statements to the reader.

Financial Statement Presentation

The Charter School is required to report information about their financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had temporarily and permanently restricted net assets at June 30, 2017. In addition, the Charter School is required to present a Statement of Cash Flows.

Accounting Method - Basis of Accounting

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit public benefit corporations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School used the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions".

Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which generally require revenue recognition upon incurrence of expenses related to the specified services. Deferred revenue is recorded to the extent cash received on specific grants exceeds qualified expenses.

Income Taxes

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these consolidated financial statements. Income tax returns for 2013 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Charter School consider cash on hand and in banks an all highly liquid investments which includes investment in the County Pool, with an initial maturity of three months or less to be considered as cash equivalents.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Charter School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Charter School reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and Equipment

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred. The Charter School's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the Charter School's estimate to recover the carrying amount of the property and equipment will change.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2017, management had determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

Fixed Assets

It is the Charter School's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Building and leasehold improvements, furniture, and equipment are depreciated using the straight-line method, from two to 30 years. Depreciation expense for the year ended June 30, 2017, was \$594,295.

Reclassification of Comparative Statements

The Charter School reclassified certain expenses as program service or management and general for the 2017 fiscal year. Accordingly, these reclassifications have been revised for the presentation of 2016.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Prior Year Comparative Financial Information

The consolidated financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's consolidated financial statements for the year ended June 30, 2016, from which the comparative information was derived.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unrestricted/Designated Net Assets

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. At June 30, 2017, the Charter School had \$2,005,926 in Board designated unrestricted net assets.

Consolidation

The consolidated financial statements include the accounts of Palisades Charter High School and the Associated Student Body accounts.

NOTE 3 - CASH

Cash at June 30, 2017, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 1,686,255</u>	<u>\$ 1,712,844</u>

The majority of the Charter School's cash is held in non-interest bearing accounts that are not subject to federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2017, the Charter School had a balance of \$1,463,192 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - INVESTMENTS

Investments at June 30, 2017, consisted of the following:

	Reported Amount	Fair Market Value
Los Angeles County Investment Pool	\$ 8,758,917	\$ 8,706,775

Deposits with county treasurer are an external investment pool sponsored by the County of Los Angeles. County deposits are not required to be categorized. The pool provided the fair value for these deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool.

Credit Risk

Credit risk is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Charter School's investment in the Los Angeles County Investment Pool is not required to be rated, nor have they been rated as of June 30, 2017.

Weighted Average Maturity

The Charter School monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the Charter School's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Maturity in Days
Los Angeles County Investment Pool	\$ 8,706,775	672

NOTE 5 - FAIR MARKET VALUE MEASUREMENTS

The Charter School determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Uncategorized - Investments in the Los Angeles County Investment Pool are not measured using the input levels above because the Charter School's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Charter School's fair value measurements are as follows at June 30, 2017:

	Fair Value	Uncategorized
Los Angeles County Investment Pool	\$ 8,706,775	\$ 8,706,775

All assets have been valued using a market approach, with quoted market prices.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted of the following:

Local Control Funding Formula	\$ 24,722
Federal programs	83,385
State programs	2,256
Lottery	124,093
Local and miscellaneous	391,614
Total Accounts Receivable	<u>\$ 626,070</u>

NOTE 7 - PREPAID EXPENSES

Prepaid expenses at June 30, 2017, consisted of the following:

Prepaid rent, insurance, and miscellaneous vendors	<u>\$ 293,629</u>
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NOTE 8 - FIXED ASSETS

Fixed assets at June 30, 2017, consisted of the following:

Building improvements	\$ 10,651,257
Equipment	2,037,097
Work in progress	<u>371,712</u>
Subtotal	13,060,066
Less: accumulated depreciation	<u>(5,925,427)</u>
Total Fixed Assets	<u>\$ 7,134,639</u>

During the year ended June 30, 2017, \$594,295 was charged to depreciation expense.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

Salaries and taxes*	\$ 1,827,806
Compensated absences	75,607
Vendors payable	<u>1,444,507</u>
Total Accounts Payable	<u><u>\$ 3,347,920</u></u>

*Salaries and benefits do not include post-employment benefit payable as in previous years. This liability is reflected in the current and non-current long-term obligations.

NOTE 10 - DEFERRED REVENUE

Deferred revenue at June 30, 2017, consisted of the following:

State source	\$ 393,749
Local source	<u>5,274</u>
Total Deferred Revenue	<u><u>\$ 399,023</u></u>

NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 are as follows:

Renovation and technology	\$ 149,677
Drama program	<u>1,292</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 150,969</u></u>

Permanently restricted net assets at June 30, 2017 are as follows:

Scholarship Fund	<u><u>\$ 314,454</u></u>
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PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS

Postemployment Benefits

Management has reported \$17,301,298 as long-term obligations for post-employment benefits shown as current of \$268,927 and non-current obligation of \$17,032,371. Additionally, the Charter School has a board designation of post-employment benefits of \$2,005,926 reported in the ending net asset balance.

Future estimated payments are as follows:

<u>Repayment Year</u>	<u>Estimated Payments</u>
2018	\$ 268,927
2019	289,305
2020	326,623
2021	358,775
2022	389,385
2023-2027	2,745,616
2028-2032	5,450,362
2033-2037	7,472,305
Total	<u>17,301,298</u>
Less Current Portion	<u>(268,927)</u>
Net Long-Term Obligations	<u><u>\$ 17,032,371</u></u>

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The Charter School contributes directly through the Los Angeles County Office of Education (LACOE) for employee retirement programs.

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total actuarial value of assets are \$170 billion, the actuarial obligation is \$267 billion, contributions from all employers totaled \$3.3 billion, and the plan is 63.7 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

Contributions

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the Charter School's total contributions were \$1,711,339.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2015, the Schools Pool total plan assets are \$57 billion, the total accrued liability is \$72 billion, contributions from all employers totaled \$1.3 billion, and the plan is 79.2 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2015. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	13.888%	13.888%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the total Charter School contributions were \$499,538.

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,111,359 (8.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these consolidated financial statements.

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

Post-Retirement Benefits

The Charter School provides for the continuation of retiree health benefits to eligible employees at retirement. Retiree health benefits include medical, prescription drug, dental and vision coverage. The Charter School currently pays the cost of coverage for the retiree and any covered dependents during the lifetime of the retiree. Eligibility for retiree health benefits varies based on when an employee was hired. All employees hired on or after July 1, 2009 except Palisades Educational Support Personnel United (PESPU) employees hired on or after January 1, 2012, are not eligible for the Charter School paid retiree health benefits.

The Charter School currently provides medical, dental and vision benefits to approximately 111 eligible active employees. Additionally, as of June 30, 2017, there were 22 retirees eligible for benefits.

The Charter School provides health benefits to certain eligible employees at retirement. The retiree health benefits provided are a continuation of the medical including prescription drugs, dental and vision benefits provided to active employees. The retiree health coverage is paid for entirely by the Charter School for the lifetime of the retiree. Survivors of deceased retirees may continue health coverage at their own expense. Eligibility for retiree health benefits requires the following:

Future retiree must be enrolled in health plan prior to retirement date, and must be in receipt of monthly payment from STRS or PERS.

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Active employees must meet the following years of service requirements at retirement:

- Hired before March 12, 1984, must have five consecutive years of service just prior to retirement.
- Hired after March 11, 1984, but before July 1, 1987, — must have ten consecutive years of service just prior to retirement.
- Hired after June 30, 1987, but before June 1, 1992, — must have 15 consecutive years of service just prior to retirement or 20 years of service with ten years of consecutive years of service just prior to retirement.
- Hired after March 31, 1992, age + consecutive years of qualifying service at retirement greater than or equal to 80.
- Hired after February 28, 2007, but before January 1, 2012, age + consecutive years of qualifying service at retirement greater than or equal to 80, and at least 15 consecutive years of qualifying service at retirement.
- PESPU hired after June 30, 2009, but before January 1, 2012, age + consecutive years of qualifying service at retirement greater than or equal to 85 and at least 25 consecutive years of qualifying service at retirement.

Retiree must be enrolled in Medicare Part A if eligible; and must enroll in Part B.

All employees except PESPU employees hired on or after July 1, 2009, (PESPU employees hired on or after January 1, 2012) are not eligible for the Charter School-paid health benefits at retirement. Employees who defer their retirement after separation from service with the Charter School are not eligible for the Charter School-paid health benefits.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Post-Retirement Benefit Plan

The following information relating to the Charter School's other post-employment benefits is contained in the Actuarial Valuation as of July 1, 2015, and is projected at June 30, 2017.

Change in Benefit Obligation

Benefit obligation at beginning of year	\$ 16,064,296
Service cost	659,405
Interest cost	781,041
Change due to plan amendments	-
Change due to gain/loss	-
Actual benefits paid	<u>(203,444)</u>
Benefit obligation at end of year	<u>17,301,298</u>

Change in Plan Assets

Fair value of plan assets at beginning of year	-
Expected/actual return of plan assets	-
Employer contributions	203,444
Benefits paid	<u>(203,444)</u>
Fair value of plan assets at end of year	<u>-</u>

Funded Status

Funded balance	(17,301,298)
Unrecognized net gain(loss)	670,260
Unrecognized prior service cost	-
Unrecognized transition obligation	<u>7,727,382</u>
Net amount recognized	<u>(8,903,656)</u>

Amount Recognized in Unrestricted Assets

Net actuarial gain(loss)	670,260
Prior service cost	-
Unrecognized net transition obligation	<u>7,727,382</u>
Net amount recognized	<u>8,397,642</u>

Weight Average Assumptions for Disclosure

Discount rate	5.0%
Initial healthcare trend rate	7.0%
Ultimate healthcare trend rate	5.0%

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Post-Retirement Benefit Plan, Continued

The following information relating to the Charter School's other post-employment benefits is contained in the Actuarial Valuation as of July 1, 2015, and is projected at June 30, 2017.

Components of Net Periodic Benefit Cost

Service cost	\$ 659,405
Interest cost	781,041
Expected return on assets	-
Amortization of net (gain)/loss	-
Amortization of prior service cost	-
Amortization of transition obligation	551,956
Net periodic postretirement benefit cost	<u>\$ 1,992,402</u>

Effect of a One Percent Increase in Healthcare Trend

Benefit obligation	\$ 3,271,207
Total service cost and interest cost	\$ 346,525

Effect of a One Percent Decrease in Healthcare Trend

Benefit obligation	\$ (2,595,586)
Total service cost and interest cost	\$ (269,928)

Estimated Future Benefit Payments

Fiscal Year Ending June 30,	Total
2017 Actuals	\$ 203,444
2018	268,927
2019	289,305
2020	326,623
2021	358,775
2022	389,385
2023	421,118
2024	469,834
2025	530,113
2026	609,247

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

The above information relating to the Charter School's Other Postemployment Benefits are contained in the Palisades Charter High School Actuarial Valuation as of July 1, 2015, for the 2016-2017 fiscal year. The Charter School will obtain a new evaluation every two years.

Post-Retirement Benefit Plan, Continued

In response to and in anticipation of the post-retirement health benefits described, the Charter School has designated \$2,005,926 of the unrestricted net assets and \$17,301,298 in retiree benefit reported in current and non-current long term obligations to be used to meet the obligation arising from setting up its own post-retirement health benefit plan.

During 2015-2016 the Board approved an internal borrowing agreement to payoff outside debt by transferring designated net assets to unrestricted net assets. The amount required to pay off outstanding debt on the Aquatics Center project was \$835,000, with monthly payments of \$15,667 and interest of 4.5 percent due April 2021. At June 30, 2017, the total Loan Receivable is \$656,593.

A summary of the board designations and retiree benefit payable for post-retirement health benefits are as follows:

OPEB Obligation, June 30, 2016	\$ 16,064,296
Current year additions to benefit payable	1,440,446
Current year benefits paid	<u>(203,444)</u>
OPEB Obligation, June 30, 2017	<u>\$ 17,301,298</u>
Board Designated for OPEB, June 30, 2016	\$ 1,926,172
Current year interest revenue earned	86,504
Current year actuarial expenses paid	<u>(6,750)</u>
Board Designated for OPEB, June 30, 2017	<u>\$ 2,005,926</u>
Board Designated Pool Loan, June 30, 2016	\$ 810,082
Repayment of loan	<u>(153,489)</u>
*Board Designated Pool Loan, June 30, 2017	<u>\$ 656,593</u>
*Funds borrowed against the designated OPEB net assets	

PALISADES CHARTER HIGH SCHOOL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - CONTINGENCIES

The Charter School has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

The Charter School is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter School at June 30, 2017.

NOTE 16 - PRIOR PERIOD RESTATEMENT

The Charter School restated its beginning net assets to more accurately reflect the Charter School's other post-employment benefits obligations. As a result, the effect on the current fiscal year is as follows:

Net Assets - Beginning (July 1, 2015)	\$ 9,313,227
Understatement of other post-employment benefits obligations	<u>(10,840,155)</u>
Net Assets - Beginning (July 1, 2015), as Restated	<u><u>\$ (1,526,928)</u></u>

NOTE 17 - SUBSEQUENT EVENTS

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements through December 15, 2017, which is the date the consolidated financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year consolidated financial statements.

SUPPLEMENTARY INFORMATION

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through	Total
		Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 254,805
Title I, Part G, Advance Placement (AP) Test Fee Reimbursement Program	84.330B	14831	13,186
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	6,797
Basic Local Assistance, Part B, Section 611	84.027	13379	549,373
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	28,120
Passed through California Department of Rehabilitation:			
State Vocational Rehabilitation Services Program	84.126A	[1]	13,173
Total U.S. Department of Education			<u>865,454</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	37,823
Total U.S. Department of Health and Human Services			<u>37,823</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13525	5,682
Especially Needy Breakfast	10.553	13526	99,243
National School Lunch	10.555	13524	182,527
Total Child Nutrition Cluster			<u>287,452</u>
Total U.S. Department of Agriculture			<u>287,452</u>
Total Expenditures of Federal Awards			<u>\$ 1,190,729</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2017

ORGANIZATION

The Charter School (Charter Number 0037) operates one high school in the Los Angeles Unified School District.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Emilie Larew	Teacher/Board Chair	June 30, 2018
Leslie Wooley	Community/ Vice Chair	June 30, 2018
Dara Williams	Parent / Board Secretary	June 30, 2017
Rocky Montz	Management	June 30, 2018
Susan Ackerman	Teacher	June 30, 2017
Robert Rene	Parent	June 30, 2018
Deanna Hamilton	Parent	June 30, 2018
Andrew Paris	Classified	June 30, 2018
Ellen Pfahler	Community	June 30, 2017
Emily Hirsch	Community	June 30, 2017

ADMINISTRATION

Dr. Pamela Magee (Ex-Officio)	Executive Director/Principal
Gregory Wood (Ex-Officio)	Chief Business Officer
Ben Makhani (Ex-Officio)	Student Representative

See accompanying note to supplementary information.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2017

	Final Report	
	Revised Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	2,838.75	2,831.04
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	1.02	0.69
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	-	0.22
Total Regular ADA	<u>2,839.77</u>	<u>2,831.95</u>
Classroom based ADA		
Regular ADA		
Ninth through twelfth	2,838.75	2,831.04
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	1.02	0.69
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	-	0.22
Total Classroom Based ADA	<u>2,839.77</u>	<u>2,831.95</u>

The Charter School did not operate a Non-Classroom Based Instruction program.

See accompanying note to supplementary information.

PALISADES CHARTER HIGH SCHOOL
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SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	1986-87	2016-17	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800				
Grade 9		66,864	175	N/A	Complied
Grade 10		66,864	175	N/A	Complied
Grade 11		66,864	175	N/A	Complied
Grade 12		66,864	175	N/A	Complied

PALISADES CHARTER HIGH SCHOOL
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**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

Summarized below are the net assets balance reconciliations between the Unaudited Financial Report and the audited financial statements.

NET ASSETS (DEFICIT) BALANCE

Balance, June 30, 2017, Unaudited Actuals	\$ 9,969,486
Increase in:	
Long-term obligations - other post-employment benefits	<u>(12,807,283)</u>
Balance, June 30, 2017, Audited Financial Statement	<u>\$ (2,837,797)</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CHARTER SCHOOL STATEMENT OF FINANCIAL POSITION
(With summarized financial information at June 30, 2016)

JUNE 30, 2017

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,247,247	\$ 796,722
Investment - county pool	8,758,917	8,051,506
Accounts receivable	625,477	689,057
Prepaid expenses and other current assets	287,274	270,672
Total Current Assets	<u>10,918,915</u>	<u>9,807,957</u>
Non-Current Assets:		
Fixed assets	13,000,249	12,326,302
Less: accumulated depreciation	<u>(5,865,610)</u>	<u>(5,271,315)</u>
Total Non-Current Assets	<u>7,134,639</u>	<u>7,054,987</u>
Total Assets	<u>\$ 18,053,554</u>	<u>\$ 16,862,944</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 3,216,444	\$ 2,528,842
Deferred revenue	397,403	411,117
Current portion of long-term obligations	<u>268,927</u>	<u>203,444</u>
Total Current Liabilities	<u>3,882,774</u>	<u>3,143,403</u>
Long-Term Obligations:		
Non-current portion of long-term obligations	<u>17,032,371</u>	<u>15,860,852</u>
Total Liabilities	<u>20,915,145</u>	<u>19,004,255</u>
NET ASSETS		
Unrestricted net assets		
Board designated for OPEB	2,005,926	1,926,172
Unfunded deficit OPEB	(15,295,372)	(14,138,124)
General reserves	<u>9,962,432</u>	<u>9,644,540</u>
Total unrestricted net assets	<u>(3,327,014)</u>	<u>(2,567,412)</u>
Temporarily restricted	150,969	115,099
Permanently restricted	<u>314,454</u>	<u>311,002</u>
Total Net Assets	<u>(2,861,591)</u>	<u>(2,141,311)</u>
Total Liabilities and Net Assets	<u>\$ 18,053,554</u>	<u>\$ 16,862,944</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CHARTER SCHOOL STATEMENT OF ACTIVITIES
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	(As Restated) 2016
REVENUES					
Local Control Funding Formula	\$ 25,626,699	\$ -	\$ -	\$ 25,626,699	\$ 24,442,065
Federal revenue	1,190,729	-	-	1,190,729	1,118,372
Other State revenue	4,864,012	-	-	4,864,012	4,821,048
Interest	78,560	-	-	78,560	48,308
Local revenue	1,751,843	252,755	18,626	2,023,224	1,992,775
Net release of restricted funds	232,059	(216,885)	(15,174)	-	-
Total Revenues	33,743,902	35,870	3,452	33,783,224	32,422,568
EXPENSES					
Program services:					
Salaries and benefits	22,258,518	-	-	22,258,518	20,595,498
Student services	2,400,455	-	-	2,400,455	2,736,077
Materials and supplies	463,217	-	-	463,217	624,025
Student nutrition	193,188	-	-	193,188	215,139
Student transportation	643,324	-	-	643,324	401,076
Depreciation	594,295	-	-	594,295	471,117
Non-capital outlay	878,367	-	-	878,367	936,704
Subtotal	27,431,364	-	-	27,431,364	25,979,636
Management and general:					
Salary and benefits	4,666,390	-	-	4,666,390	4,817,157
Insurance	157,958	-	-	157,958	147,225
Operating expenses	2,247,792	-	-	2,247,792	2,042,609
Debt service	-	-	-	-	41,312
Subtotal	7,072,140	-	-	7,072,140	7,048,303
Total Expenses	34,503,504	-	-	34,503,504	33,027,939
CHANGE IN NET ASSETS	(759,602)	35,870	3,452	(720,280)	(605,371)
NET ASSETS, BEGINNING OF YEAR	(2,567,412)	115,099	311,002	(2,141,311)	9,304,215
PRIOR PERIOD ADJUSTMENT	-	-	-	-	(10,840,155)
NET ASSETS, BEGINNING OF YEAR - AS RESTATED	(2,567,412)	115,099	311,002	(2,141,311)	(1,535,940)
NET ASSETS, END OF YEAR	\$ (3,327,014)	\$ 150,969	\$ 314,454	\$ (2,861,591)	\$ (2,141,311)

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

CHARTER SCHOOL STATEMENT OF CASH FLOWS
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (720,280)	\$ (605,371)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	594,295	471,117
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	63,580	(297,885)
Prepaid expenses and other current assets	(16,602)	(102,455)
Increase (Decrease) in liabilities		
Accounts payable	687,602	178,526
Retiree benefit payable	1,237,002	1,759,754
Deferred revenue	(13,714)	388,646
Net Cash Provided by Operating Activities	<u>1,831,883</u>	<u>1,792,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(673,947)</u>	<u>(648,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan principal payments	<u>-</u>	<u>(955,115)</u>
NET INCREASE IN CASH	1,157,936	188,507
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,848,228</u>	<u>8,659,721</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 10,006,164</u></u>	<u><u>\$ 8,848,228</u></u>
Supplemental cash flow disclosure:		
Cash paid during the period for interest	<u><u>\$ -</u></u>	<u><u>\$ 41,312</u></u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

ASSOCIATED STUDENT BODY FUNDS STATEMENT OF FINANCIAL POSITION
(With summarized financial information at June 30, 2016)

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 439,008	\$ 287,469
Accounts receivable	593	613
Inventory	5,481	5,481
Prepaid expenses and other current assets	<u>6,355</u>	<u>5,500</u>
Total Current Assets	<u>451,437</u>	<u>299,063</u>
Non-Current Assets:		
Fixed assets	59,817	59,817
Less: accumulated depreciation	<u>(59,817)</u>	<u>(59,817)</u>
Total Non-Current Assets	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 451,437</u>	<u>\$ 299,063</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 131,476	\$ 20,098
Due to student groups	294,547	254,839
Deferred revenue	<u>1,620</u>	<u>1,620</u>
Total Liabilities	<u>427,643</u>	<u>276,557</u>
NET ASSETS		
Unrestricted	<u>23,794</u>	<u>22,506</u>
Total Liabilities and Net Assets	<u>\$ 451,437</u>	<u>\$ 299,063</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

ASSOCIATED STUDENT BODY FUNDS STATEMENT OF ACTIVITIES
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
REVENUES		
Admissions	\$ 118,748	\$ 49,049
Collections	20,738	26,953
Commissions	14,353	17,821
Merchandise sales	180,460	269,930
Non-taxable income	42,930	33,830
Other income	37,331	9,003
Cost of sales	(52,225)	(53,617)
Total Revenues	<u>362,335</u>	<u>352,969</u>
EXPENSES		
Program services:		
Salaries and benefits	23,606	14,309
Officials	33,354	23,000
Tournament Fees	117	107
Security	22,883	16,656
Bank charges	1,214	379
General expenses	279,873	285,024
Total Expenses	<u>361,047</u>	<u>339,475</u>
CHANGE IN NET ASSETS	1,288	13,494
NET ASSETS, BEGINNING OF YEAR	<u>22,506</u>	<u>9,012</u>
NET ASSETS, END OF YEAR	<u>\$ 23,794</u>	<u>\$ 22,506</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

ASSOCIATED STUDENT BODY FUNDS STATEMENT OF CASH FLOWS
(With summarized financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 1,288	\$ 13,494
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	20	1,948
Prepaid expenses and other current assets	(855)	2,172
Inventory	-	1,944
Increase (Decrease) in liabilities		
Accounts payable	111,378	(72,424)
Due to students	39,708	(5,578)
Deferred revenue	-	(13,445)
Net Cash Provided by (Used in) Operating Activities	<u>151,539</u>	<u>(71,889)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	151,539	(71,889)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 439,008</u>	<u>\$ 287,469</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
OTHER POSTEMPLOYMENT BENEFITS ADJUSTMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Final Combined Audit Report	Combined Audit Pre-OPEB Adjustment
ASSETS		
Current Assets:		
Cash	\$ 1,686,255	\$ 1,686,255
Investment - county pool	8,758,917	8,758,917
Accounts receivable	626,070	626,070
Inventory	5,481	5,481
Prepaid expenses and other current assets	293,629	293,629
Total Current Assets	11,370,352	11,370,352
Non-Current Assets:		
Fixed assets	13,060,066	13,060,066
Less: accumulated depreciation	(5,925,427)	(5,925,427)
Total Non-Current Assets	7,134,639	7,134,639
Total Assets	\$ 18,504,991	\$ 18,504,991
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 3,347,920	\$ 3,347,920
Due to student groups	294,547	294,547
Deferred revenue	399,023	399,023
Current portion of long-term obligations	268,927	268,927
Total Current Liabilities	4,310,417	4,310,417
Long-Term Obligations:		
Non-current portion of long-term obligations	17,032,371	4,225,088
Total Liabilities	21,342,788	8,535,505
NET ASSETS (Deficit)		
Unrestricted net assets		
Board designated for OPEB	2,005,926	2,005,926
Unfunded deficit OPEB	(15,295,372)	(2,488,089)
General reserves	9,986,226	9,986,226
Total unrestricted net assets	(3,303,220)	9,504,063
Temporarily restricted	150,969	150,969
Permanently restricted	314,454	314,454
Total Net Assets (Deficit)	(2,837,797)	9,969,486
Total Liabilities and Net Assets	\$ 18,504,991	\$ 18,504,991

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL ACTIVITIES
OTHER POSTEMPLOYMENT BENEFITS ADJUSTMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Final Combined Audit Report	Combined Audit Pre-OPEB Adjustment
REVENUES		
Local Control Funding Formula	\$ 25,626,699	\$ 25,626,699
Federal revenues	1,190,729	1,190,729
Other State revenues	4,864,012	4,864,012
Interest	78,560	78,560
Local revenues	<u>2,437,784</u>	<u>2,437,784</u>
Total Revenues	<u>34,197,784</u>	<u>34,197,784</u>
EXPENSES		
Program services:		
Salaries and benefits	22,282,124	21,720,040
Student services	2,581,820	2,581,820
Materials and supplies	463,217	463,217
Student nutrition	193,188	193,188
Student transportation	643,324	643,324
Depreciation	594,295	594,295
Non-capital outlay	<u>878,367</u>	<u>878,367</u>
Subtotal	<u>27,636,335</u>	<u>27,074,251</u>
Management and general:		
Salary and benefits	4,666,390	4,479,029
Insurance	157,958	157,958
Operating expenses	<u>2,456,093</u>	<u>2,456,093</u>
Subtotal	<u>7,280,441</u>	<u>7,093,080</u>
Total Expenses	<u>34,916,776</u>	<u>34,167,331</u>
CHANGE IN NET ASSETS	(718,992)	30,453
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(2,118,805)</u>	<u>9,939,033</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (2,837,797)</u>	<u>\$ 9,969,486</u>

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. The Charter School has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Charter School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by each charter school and whether each charter school complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

The Charter School must maintain its instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial Report With Audited Financial Statements

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

Supplementary Financial Statements by Entity

These consolidated financial statements include an account of each entity operated by the Charter School. The Statement of Financial Position / Activities OPEB adjustments show the change due to other postemployment benefits adjustments in the current year.

INDEPENDENT AUDITOR'S REPORTS



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Governing Board
Palisades Charter School
(A California Nonprofit Public Benefit Corporation)
Pacific Palisades, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Palisades Charter School (the Charter School) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 15, 2017.

Emphasis of Matter

As discussed in Note 16 to the consolidated financial statements, the Charter School has restated beginning net assets to account for the liability of the Charter School's other post-employment benefits (OPEB) obligation in accordance with the actuarial study. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Charter School'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Charter School in a separate letter dated December 15, 2017.

Report on Summarized Comparative Information

The prior-year comparative information has been derived from the Charter School's consolidated financial statement report dated December 8, 2016, which expressed an unmodified opinion. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrink, Tinn, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2017



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Palisades Charter School
(A California Nonprofit Public Benefit Corporation)
Pacific Palisades, California

Report on Compliance for Each Major Federal Program

We have audited Palisades Charter High School's compliance with the types of compliance requirement described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Palisades Charter High School's (the Charter School) major Federal programs for the year ended June 30, 2017. Palisades Charter High School's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Palisades Charter High School's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Palisades Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Palisades Charter High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Varrink, Tein, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2017



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Palisades Charter High School
(A California Nonprofit Public Benefit Corporation)
Pacific Palisades, California

Report on State Compliance

We have audited Palisades Charter High School's (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements as identified the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Palisades Charter High School's State government programs as noted below for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Charter School's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

Unmodified Opinion on Each of the Programs

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2017.

Other Matters

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratios of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Mental Health Expenditures	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	No, see below

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate a before or after school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

The Charter School was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non Classroom-Based Instruction.

The Charter School did not receive funding for the Charter School Facility Grant Program; therefore, we did not perform any related procedures.

Vannink, Tein, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>Basic Local Assistance, Part B, Section 611</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

PALISADES CHARTER HIGH SCHOOL
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FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

PALISADES CHARTER HIGH SCHOOL
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STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

PALISADES CHARTER HIGH SCHOOL
(A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

There were no audit findings reported in the prior year.



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

Governing Board
Palisades Charter High School
(A California Nonprofit Public Benefit Corporation)
Pacific Palisades, California

In planning and performing our audit of the financial statements of Palisades Charter High School for the year ended June 30, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2017 on the financial statements of the Charter School.

Associated Student Body – Disbursements

OBSERVATION

Internal controls over the disbursement process are not in place. ASB expenditures are not being preapproved prior to any purchase transaction. Purchase request form is not being utilized prior to expenditures. We noted three out of 25 disbursements the invoices are received prior to the ASB preapproval which is evident on the date it was approved in the minutes.

RECOMMENDATION

The site should review the cash disbursement procedures outlined in the California Department of Education's manual titled, "Accounting Procedure for Student Organizations." The manual explains all disbursement is for items which spending from ASB funds was preapproved and for which there is documentation showing approval.

Associated Student Body – Revenue Potentials

OBSERVATION

The ASB is not utilizing revenue potentials for fundraisers.

RECOMMENDATION

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements.

These are:

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Associated Student Body – Inventory Listing

OBSERVATION

Although the student store performs inventory counts every two months, it was noted that inventory was not properly reflected on the financial statements.

RECOMMENDATION

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

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

Vannick, Tim, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2017

Coversheet

Approval of Field Trips

Section: X. Consent Agenda 1: Non-Finance Items
Item: A. Approval of Field Trips
Purpose: Vote
Submitted by:
Related Material: X_Field Trip_01_23_18.pdf

Dr. Magee

Submit by Email

Print

Palisades Charter High School

REQUEST FOR APPROVAL OF SCHOOL-ORGANIZED TRIP FOR STUDENTS

Check the appropriate box: [] Field Trip [] School Journey [] Curricular Trip [] Athletic Trip [] Curricular Buss Tour [x] OTHER (Describe) JSA Student Conference

Name of School: Palisades Charter High School Employee: Jeanne Saiza and Peymon Nazarian Certified [x] Non-Cert. [] Telephone Number (310) 230-6623 Grade levels (Circle) 9 10 11 12 OTHER all

- 1. Destination Marriot Warner Center Are admission fees charged? Yes [x] No []
2. Dates of Trips 2/24-2/25 2018 3. Number of Students 22 Number of adults 2
4. Name and employee number of employee who will go on trip: see above
5. Substitute required? Yes [] No [x] How Many? Source of funds students
6. Time schedule required by school: Leave School n/a Arrive destination 8:00 AM
7. Duration of trip: Less than one day [] One day [] Overnight [x] (if overnight, how many days?) 1 night 2 da
8. Method of transportation: School bus (indicate number required) [] Walking [] Automobile [x]
9. Brief description of educational benefit to be derived from this activity. Please state specifically as an instructional objective (not required for athletic trips of Youth Services Activities) The students will debate and create legislative bills
10. Source of funds for trip Students and Booster

NOTE: It is illegal to charge students or parents for participation in any activity for which ADA will be taken.

- 11. Have the locations of the nearest emergency facilities been obtained? Yes [x] No []
12. Have forms for parent's or guardian's permission been obtained? Yes [x] No []
13. If hiking or camping activity:
a. Have the ranger, sheriff, police or other emergency personnel been notified of intent to be in the area? Yes n/a No []
b. Has the area been checked for potential hazards? Yes n/a No []
c. Has the School Police Department been notified of the trip? Yes n/a No []

APPROVALS:

Principal or Asst. Principal [Signature] Date: 1/18/18

Board of Trustees* [] Date: []

* ONLY TRIPS INVOLVING SITES NOT ON APPROVED LIST MUST BE PROCESSED THROUGH THE PALISADES CHARTER HIGH SCHOOL BOARD OF TRUSTEES

Coversheet

Approval of reimbursements for Executive Director / Principal

Section: XI. Consent Agenda 2: Finance Items
Item: A. Approval of reimbursements for Executive Director / Principal
Purpose: Vote
Submitted by:
Related Material: XI_Consent Expense Reports_EDP_Part 1_01_23_18.pdf
XI_Consent Expense Reports_EDP_Part 2_01_23_18.pdf

