



Palisades Charter High School

Special Board Meeting

Date and Time

Monday January 29, 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.

II. Governance / Finance

- A. Audited Financials Annual Report: 2016-2017 Audit Report
- B. Board Training: School Budgeting 101
- C. School Budgeting & Long-Term Planning: Personnel & Benefits
Including Update Post-Retirement Healthcare Benefits
- D. School Budgeting & Long Term Planning: Everything Else

Including, but not limited to: Track & Field Loan Update, Transportation: Long-term Viability and Planning, Safety, Development Update & Planning,

- E.** Fiscal Policies and Procedures Update: Lost/Return Check Policy
- F.** Fiscal Policies and Procedures Update: Budget Calendar 2018-2019
- G.** Approval to Submit SARC Report
SARC = School Accountability Report Card

III. Consent Agenda 1: Non-Finance Items

- A.** Approval of Field Trips

IV. New Business / Announcements

- A.** Announcements / New Business
- Date of Next Regular Board Meeting is Tuesday, February 27, 2018

V. Closing Items

- A.** Adjourn Meeting

Coversheet

Audited Financials Annual Report: 2016-2017 Audit Report

Section: II. Governance / Finance
Item: A. Audited Financials Annual Report: 2016-2017 Audit Report
Purpose: Vote
Submitted by:
Related Material:
II_A_Finance_Audit Financials_BOT_01_29_18_2016-2017 Audited PCHS Part 2.pdf
II_A_Finance_Audit Financials_BOT_01_29_18_2016-2017_Audited_PCHS Part 1.pdf
II_A_Finance_Audit Report_BOT_01_29_18_Part 3.pdf



**PALISADES CHARTER
HIGH SCHOOL**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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

TABLE OF CONTENTS
JUNE 30, 2017

<i>INDEPENDENT AUDITOR'S REPORT</i>	1
<i>FINANCIAL STATEMENTS</i>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7
<i>SUPPLEMENTARY INFORMATION</i>	
Schedule of Expenditures of Federal Awards	26
Local Education Agency Organization Structure	27
Schedule of Average Daily Attendance	28
Schedule of Instructional Time	29
Reconciliation of Annual Financial Report With Audited Financial Statements	30
Charter School Statement of Financial Position	31
Charter School Statement of Activities	32
Charter School Statement of Cash Flows	33
Associated Student Body Funds Statement of Financial Position	34
Associated Student Body Funds Statement of Activities	35
Associated Student Body Funds Statement of Cash Flows	36
Statement of Financial Position – Other Postemployment Benefits Adjustment	37
Statement of Activities – Other Postemployment Benefits Adjustment	38
Note to Supplementary Information	39
<i>INDEPENDENT AUDITOR'S REPORTS</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	41
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	43
Report on State Compliance	45
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	
Summary of Auditor's Results	49
Financial Statement Findings	50
Federal Awards Findings and Questioned Costs	51
State Awards Findings and Questioned Costs	52
Summary Schedule of Prior Audit Findings	53
Management Letter	54



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	371,712
Subtotal	<u>13,060,066</u>
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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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	
		Entity Identifying Number	Total 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	<u>2,838.75</u>	<u>2,831.04</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>1.02</u>	<u>0.69</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>-</u>	<u>0.22</u>
Total Regular ADA	<u><u>2,839.77</u></u>	<u><u>2,831.95</u></u>
Classroom based ADA		
Regular ADA		
Ninth through twelfth	<u>2,838.75</u>	<u>2,831.04</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>1.02</u>	<u>0.69</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>-</u>	<u>0.22</u>
Total Classroom Based ADA	<u><u>2,839.77</u></u>	<u><u>2,831.95</u></u>

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

See accompanying note to supplementary information.

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

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
(A California Nonprofit Public Benefit Corporation)

**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	268,927	203,444
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	9,962,432	9,644,540
Total unrestricted net assets	<u>(3,327,014)</u>	<u>(2,567,412)</u>
Temporarily restricted	150,969	115,099
Permanently restricted	314,454	311,002
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

	<u>2017</u>	<u>2016</u>
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
(A California Nonprofit Public Benefit Corporation)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

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

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

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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



**PALISADES CHARTER
HIGH SCHOOL**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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

TABLE OF CONTENTS
JUNE 30, 2017

<i>INDEPENDENT AUDITOR'S REPORT</i>	1
<i>FINANCIAL STATEMENTS</i>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7
<i>SUPPLEMENTARY INFORMATION</i>	
Schedule of Expenditures of Federal Awards	26
Local Education Agency Organization Structure	27
Schedule of Average Daily Attendance	28
Schedule of Instructional Time	29
Reconciliation of Annual Financial Report With Audited Financial Statements	30
Charter School Statement of Financial Position	31
Charter School Statement of Activities	32
Charter School Statement of Cash Flows	33
Associated Student Body Funds Statement of Financial Position	34
Associated Student Body Funds Statement of Activities	35
Associated Student Body Funds Statement of Cash Flows	36
Statement of Financial Position – Other Postemployment Benefits Adjustment	37
Statement of Activities – Other Postemployment Benefits Adjustment	38
Note to Supplementary Information	39
<i>INDEPENDENT AUDITOR'S REPORTS</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	41
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	43
Report on State Compliance	45
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	
Summary of Auditor's Results	49
Financial Statement Findings	50
Federal Awards Findings and Questioned Costs	51
State Awards Findings and Questioned Costs	52
Summary Schedule of Prior Audit Findings	53
Management Letter	54



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	371,712
Subtotal	<u>13,060,066</u>
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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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
(A California Nonprofit Public Benefit Corporation)

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	
		Entity Identifying Number	Total 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	<u>2,838.75</u>	<u>2,831.04</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>1.02</u>	<u>0.69</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>-</u>	<u>0.22</u>
Total Regular ADA	<u><u>2,839.77</u></u>	<u><u>2,831.95</u></u>
Classroom based ADA		
Regular ADA		
Ninth through twelfth	<u>2,838.75</u>	<u>2,831.04</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>1.02</u>	<u>0.69</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>-</u>	<u>0.22</u>
Total Classroom Based ADA	<u><u>2,839.77</u></u>	<u><u>2,831.95</u></u>

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

See accompanying note to supplementary information.

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

**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
(A California Nonprofit Public Benefit Corporation)

**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	268,927	203,444
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	9,962,432	9,644,540
Total unrestricted net assets	<u>(3,327,014)</u>	<u>(2,567,412)</u>
Temporarily restricted	150,969	115,099
Permanently restricted	314,454	311,002
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

	2017	2016
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	6,355	5,500
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	-	-
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	1,620	1,620
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

	<u>2017</u>	<u>2016</u>
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>287,469</u>	<u>359,358</u>
	<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.

Vannink, 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 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
(A California Nonprofit Public Benefit Corporation)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

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

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.

Vannink, Tim, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2017



**Los Angeles County
Office of Education**

**INFORMATIONAL
BULLETIN # 4743**

9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

January 23, 2018

TO: Business Administrators
Los Angeles County School Districts
Regional Occupational Centers/Programs (ROC/Ps), and
Joint Powers Authorities (JPAs)

FROM: Dr. Candi Clark, Chief Financial Officer
Business Services

Keith D. Crafton, Director
Business Advisory Services

SUBJECT: 2018-19 Governor's Proposed Budget Updates

GOVERNOR'S PROPOSED 2018-19 BUDGET

On January 10, 2018, Governor Brown introduced his Proposed 2018-19 State Budget (Budget). This Budget proposal includes Proposition 98 funding of \$78.3 billion for 2018-19, an increase of \$4.6 billion relative to the funding level from the 2017-18 Enacted Budget. The Budget increases funding for the Local Control Funding Formula (LCFF) by nearly \$3 billion to fully implement LCFF, two years earlier than projected, with an additional \$3.5 billion going into the State's Rainy Day Fund. These additional payments bring the Rainy Day Fund balance to \$13.5 billion, hitting the constitutional goal of 10 percent of tax revenues.

Local Control Funding Formula (LCFF)

<u>Grade Level</u>	<u>2017-18 Base Grant</u>	<u>2018-19 COLA 2.51 Percent</u>	<u>2018-19 Base Grant per ADA</u>
TK-3	\$7,193	\$180	\$7,374
4-6	\$7,301	\$183	\$7,484
7-8	\$7,518	\$189	\$7,707
9-12	\$8,712	\$219	\$8,931

COLAs and Gap Funding Amounts

Statutory COLA increases the Base Grant rates annually. The estimated COLA for 2018-19 is 2.51 percent, 2.41 percent for 2019-20 and 2.80 percent for 2020-21. The ***COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding for each district.***

2018-19 Governor's Proposed Budget Updates
 January 23, 2018
 Page 2

California Career Technical Education Incentive Grant

The Proposed Budget provides no additional investments in the California Career Technical Education Incentive Grant (CTEIG), as fiscal year 2017-18 was the final year of the three-year program. As laid out in the initial CTEIG program, the expectation is that LEAs will use LCFF and the 9-12 grade span adjustment (GSA) funds to support the program beginning 2018-19.

Strong Workforce Program

The Proposed Budget provides \$212 million (\$200 million to fund a "K-12 specific component") and \$12 million for local industry experts to provide technical support for 2018-19 for the Strong Workforce Program. This consortium consists of colleges, school districts and industry partners with the plan to be administered by the community colleges.

LCFF Revenue Projections

The County Office recently updated the LCFF revenue calculations for 2017-18, 2018-19 and 2019-20, incorporating these assumptions (Attachment No. 1). We ***strongly recommend that districts update their attendance numbers and utilize these County Office LCFF revenue calculations to project their updated revenues and multi-year projections.***

ONE-TIME FUNDS

One-Time Discretionary Funds (Mandated Cost Reimbursement)

The Proposed Budget included \$1.76 billion in one-time funds continuing to pay down a portion of the debt owed to LEAs for mandated cost reimbursement. The funds may be used for any purpose as determined by the district's Governing Board. Distribution of the mandate reimbursement is on a per average daily attendance (ADA) basis, estimated at \$295 per ADA. As in prior years, these funds will be used to offset LEA's outstanding mandate reimbursement claims on a dollar for dollar basis.

Mandated Block Grant (MBG)

The 2018-19 Proposed Budget provides \$236 million for the MBG, an increase of \$6.0 million from 2017-18. See the table below for the recommended per ADA rates.

Grade Span	School District Rates	Charter School Rates
K-8	\$31	\$16
9-12	\$59	\$45

2017-18 Proposed Budget Updates
 January 23, 2017
 Page 3

Proposition 39: California Clean Energy Jobs Act

The Proposed Budget provides no additional investments, as fiscal year 2017-18 was the final year of the five-year program approved by the voters in 2012. However, more than \$400 million in previous funding remains available.

A reminder to all LEA's that the application deadline is February 26, 2018, and that all Proposition 39 funds received, must be encumbered by the statutory deadline of June 30, 2019 (extended by AB 97, 2017-18 California Budget Act from the original date of June 30, 2018).

K-12 School Facilities

The Proposed Budget provides \$640 million in bond authority from Proposition 51 for 2018-19 to fund new construction, modernization, CTE, and charter school facility projects. Funds are released based upon the Office of Public School Construction (OPSC) processing of project applications and the State Allocation Board's approval of the projects.

Retirement - CalSTRS Rates

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employer	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%	18.10%

Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate.

Retirement - CalPERS Rates

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employer	11.847%	13.888%	15.531%	17.70%	20.00%	22.70%	23.70%

CalPERS recently reduced its investment return assumption from 7.25 percent to 7.0 percent for the June 30, 2018 valuations.

Additionally, there is a proposed policy change that the Committee will bring forth to the Board to shorten the amortization period from 30 years to 20 years applied prospectively. With this approach, annual amortization amounts will be higher, which means faster amortization of losses, faster amortization of gains, and increased employer contribution volatility. However, with the higher cost up front, total payments over the amortization period will be reduced, which means less interest will be paid over amortization for losses and less interest earned over amortization period for gains. CalPERS also cites this as improved intergenerational equity as the unfunded liability will be paid off more quickly and the gains and losses will be addressed much sooner.

2018-19 Governor's Proposed Budget Updates
January 23, 2018
Page 4

For CalPERS employers, if this policy is adopted, there will be greater volatility in employer contributions, and the near-term trend will be higher contributions overall.

Based on the estimated increase in CalSTRS and CalPERS contributions, we strongly recommend LEAs plan the increased expenses, especially in the out years.

CATEGORICAL PROGRAMS

Lottery

LEAs should use \$146 per ADA unrestricted and \$48 per ADA restricted, for instructional material purchase, for 2017-18, 2018-19, 2019-20 and 2020-21.

WHAT'S NOT IN THE PROPOSED BUDGET

The Proposed Budget provides no funding for these critical items:

- Increasing the LCFF base grant target to reach the funding level of the top ten states
- The growing obligations for CalSTRS and CalPERS
- Home-to School Transportation programs (included in the target calculation of LCFF)
- Increasing and equalizing AB 602 base funding rates for Special Education

COUNTY OFFICE ASSISTANCE

The staff member in Business Advisory Services assigned to your district (Attachment No. 2) is available to assist you with questions regarding these assumptions.

This bulletin and its attachments are posted on the County Office website at this address:

<https://www.lacoe.edu/Bulletins.aspx>

Use the "Search" function to locate a specific bulletin by number or keyword.

If you have questions regarding this bulletin or the Interim Report process, please contact Keith D. Crafton at (562) 922-6131, Charles W. Faulkner at (562) 922-6132, or your business services consultant.

CC/KDC/JY:lc
Attachments

**UPDATED BUDGET ASSUMPTION GUIDELINES (AS OF JANUARY 2018)
PROJECTIONS FOR FISCAL YEARS 2019-20 THROUGH 2021-22**

The guidelines below are provided to assist you with projections for fiscal years 2018-19, 2019-20, 2021-22 and 2021-22.

LCFF REVENUE	2018-19	2019-20	2020-21	2021-22
Statutory COLA / Net Funded COLA	2.51%	2.41%	2.80%	3.17%
Gap Funding	100.00%	100.00%	100.00%	100.00%
SPECIAL EDUCATION AND CATEGORICAL PROGRAMS				
	2018-19	2019-20	2020-21	2021-22
COLA for Special Ed and Other Categorical Programs Outside of LCFF (on state and local share only)	2.51%	2.41%	2.80%	3.17%
LOTTERY REVENUE				
	2018-19	2019-20	2020-21	2021-22
Unrestricted	\$146.00/ADA	\$146.00/ADA	\$146.00/ADA	\$146.00/ADA
Restricted for Instructional Materials	<u>48.00/ADA</u>	<u>48.00/ADA</u>	<u>48.00/ADA</u>	<u>48.00/ADA</u>
Total Lottery Revenue	\$194.00/ADA	\$194.00/ADA	\$194.00/ADA	\$194.00/ADA
OTHER FACTORS				
	2018-19	2019-20	2020-21	2021-22
CalSTRS Employer Rates	16.28%	18.13%	19.10%	18.10%
CalPERS Employer Rates	17.70%	20.00%	22.70%	23.70%
Interest Rate for 10-year Treasuries	2.90%	3.05%	3.20%	3.10%
California Consumer Price Index (CPI)	3.22%	3.04%	2.94%	2.99%
Other Expenses (4000s – 6000s)	2018-19+CPI	2019-20+CPI	2019-20+CPI	2021-22+CPI

Attachment No. 1 to:
Informational Bulletin No. 4743

**LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services**

FISCAL MONITORING DISTRICT ASSIGNMENTS

Dionisio Brache (562) 922-6133	Vo Chan (562) 922-6226	Rick Chau (562) 922-6505
Arcadia USD Beverly Hills USD Centinela Valley Union High SD East Whittier City SD La Puente Valley ROP Las Virgenes USD Lawndale Elementary SD Lennox SD Paramount USD Santa Monica-Malibu USD	ABC USD Baldwin Park USD Culver City USD El Segundo USD Hacienda La Puente USD Mountain View SD Palos Verdes Peninsula USD Pupil Transportation Co-op Redondo Beach USD Torrance USD	Compton USD East San Gabriel Valley ROP Hughes-Elizabeth Lakes Union SD La Cañada USD Lynwood USD Newhall SD Norwalk-La Mirada USD Saugus Union SD Sulphur Springs Union SD William S. Hart Union High SD
Michael Jamshidi (562) 922-6802	Jennifer Kirk (562) 922-6508	Merle Ordonez (562) 940-1704
Bellflower USD El Rancho USD Garvey SD Hawthorne SD Inglewood USD Little Lake City SD Long Beach USD Lowell Joint SD Montebello USD Tri-Cities ROP	Antelope Valley Sch. Trans Agcy. Azusa USD Pasadena USD Rowland USD South Pasadena USD South Whittier SD Walnut Valley USD West Covina USD Whittier City SD Whittier Union High SD	Burbank USD El Monte City SD El Monte Union High SD Glendale USD Monrovia USD Rosemead SD San Antonio ROP San Marino USD Temple City USD Wiseburn USD
Teri Stockman (562) 922-6135	Andrew Surendranath (562) 922-6743	Hoyt Yee (562) 940-1705
Antelope Valley Union High SD Castaic Union SD Eastside Union SD Keppel Union SD Lancaster SD Los Angeles USD Palmdale SD Southeast ROP Westside Union SD Wilsona SD	Alhambra USD Downey USD Gorman Joint SD Hermosa Beach City SD Los Nietos SD Manhattan Beach USD PINCO San Gabriel USD Santa Clarita Valley Food Services Valle Lindo SD	Acton-Agua Dulce USD Bassett USD Bonita USD Charter Oak USD Claremont USD Covina-Valley USD Duarte USD Glendora USD Pomona USD SCROC
Rocio Morales (562) 922-6137 CALAPS JPA (California Advancing Pathways for Students in Los Angeles County)		

Attachment No. 2 to:
Informational Bulletin No. 4743

Coversheet

Board Training: School Budgeting 101

Section: II. Governance / Finance
Item: B. Board Training: School Budgeting 101
Purpose: Discuss
Submitted by:
Related Material: II.B - Budget 101 - 01.29.18.pdf



Budget 101 – Your map to School Budgeting

Presented By: Greg Wood/Arleta Ilyas

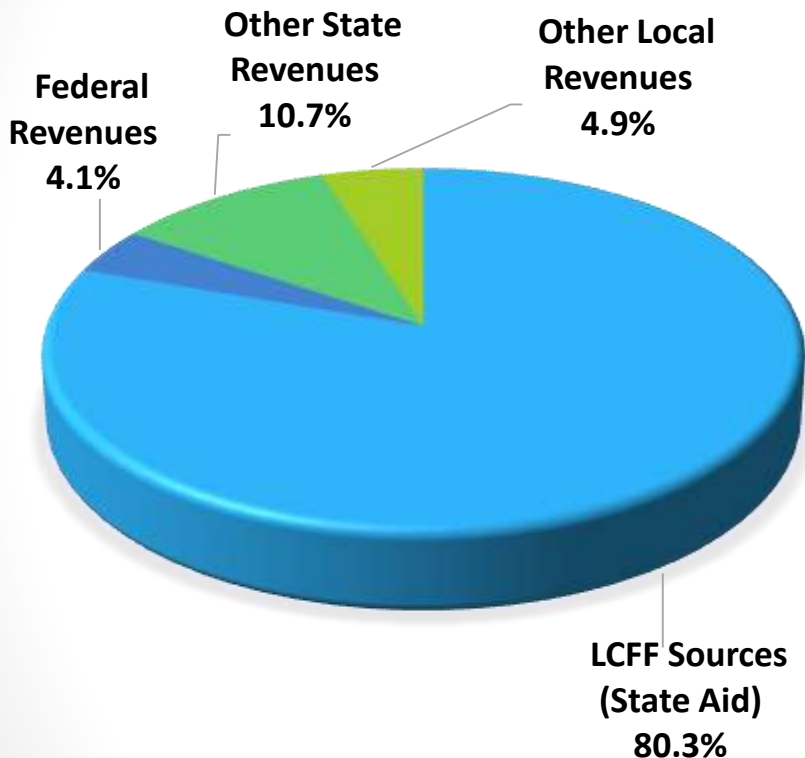
Palisades Charter High School

January 29, 2018



A CALIFORNIA DISTINGUISHED SCHOOL

Revenue – Where the Money Comes From



LCFF Sources (State Aid)	\$26,838,872
Federal Revenues	\$ 1,364,704
Other State Revenues	\$ 3,574,327
Other Local Revenues	\$1,634,593
Total Revenues	\$ 33,412,496



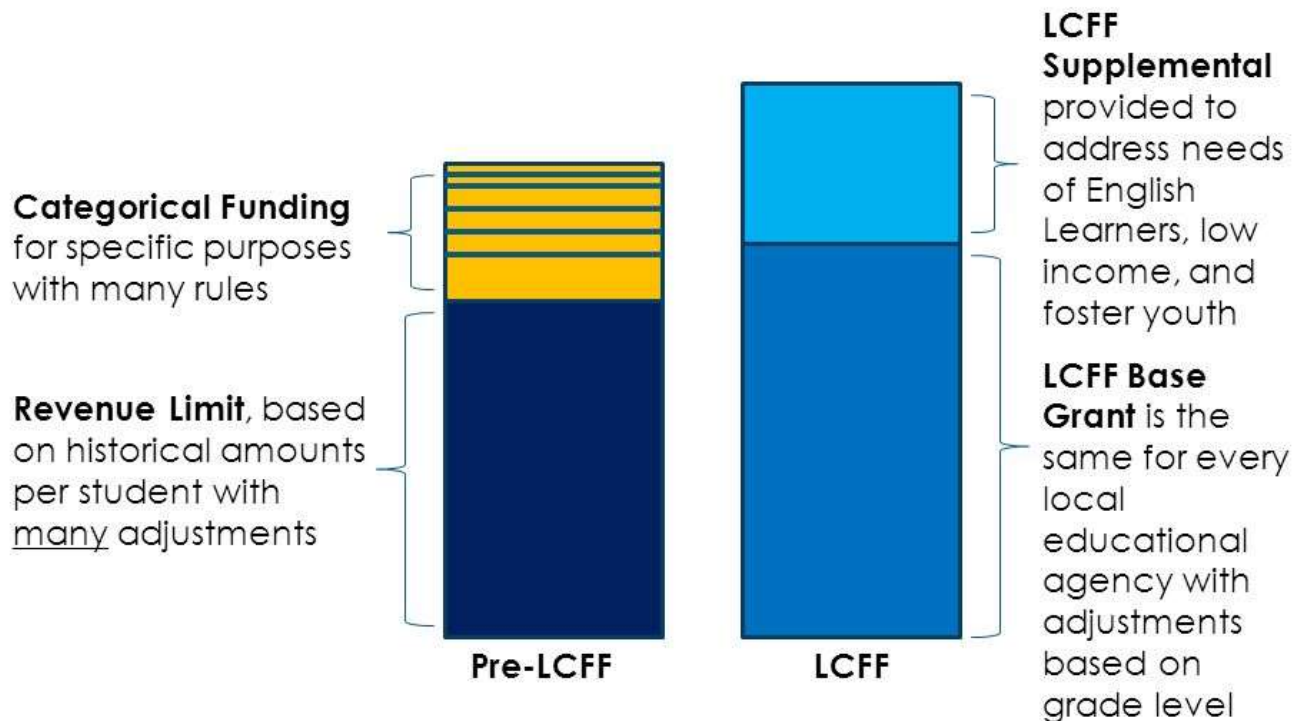
LCFF – What is it?

- Local Control Funding Formula
- Replaces prior revenue limit/categorical model
- Through LCFF, state sets priorities for the students, but allows the districts/schools to decide how the priorities are implemented
- Gets rid of “one size fits all” approach, offers more flexibility
- Adds supplemental grants to address low-income students, English Learners, Foster youth
- Requires districts/schools to adopt an LCAP (Local Control Accountability Plan) that show how funds will be spent to meet the priorities set by the state for students



LCFF – What is It?

Changes Made by LCFF



LCFF – What's it made of?



LCFF is made up of the following components

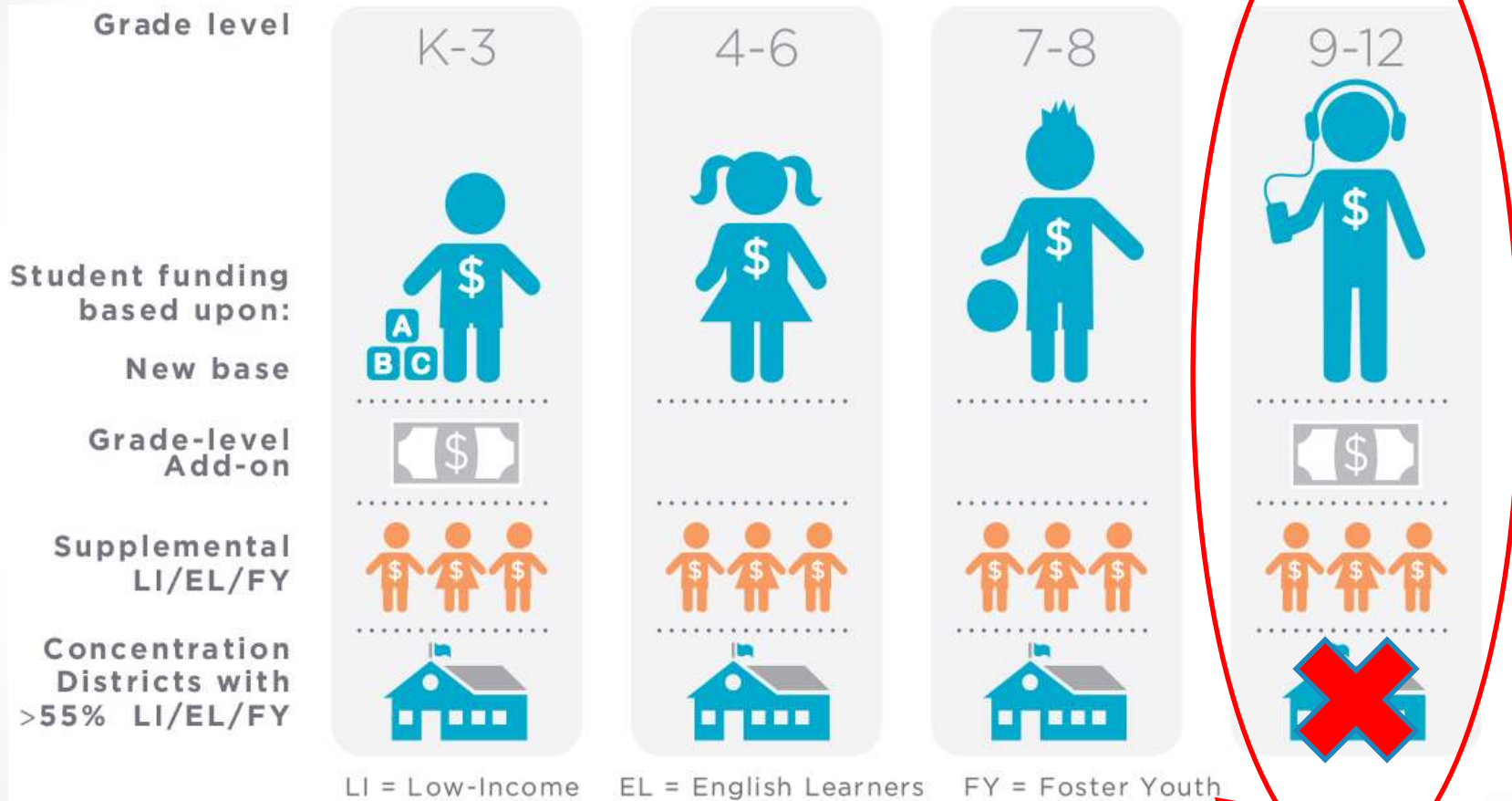
- Base Grant (based on our ADA count)
- Grade-Level add on grant
- Supplemental grant (based on % of EL, foster youth, low-income students)
- Concentration Grant (PCHS not eligible, < 55% free/reduced)

PCHS receives LCFF revenue in the form of:

- State aid (base grant)
- Property tax
- Education Protection Act (Prop 30)



LCFF – What's it made of?



LI = Low-Income EL = English Learners FY = Foster Youth

Pali's LCFF Composition



Federal Revenue



- In addition to LCFF revenue, Palisades Charter High School also receives money from the federal government that are targeted towards specific program
- Programs include the following:
 - Title I (for EL/Low-Income Students)
 - Title II (Professional development for teachers)
 - Perkins (Career/technical education funds)
 - IDEA (special education)
 - School Lunch Program (Cafeteria/food services)



Targeted State Revenue



- PCHS also receives money from the state government to implement specific programs.
- Programs include the following:
 - AB602 (Special Ed)
 - Educator Effectiveness (sunsets 18/19 FY)
 - CTEIG (Career/technical education funds) – future funding uncertain
 - School Lunch Program (Cafeteria/food services)
 - Prop 39 - Energy Efficiency (sunsets 18/19 FY)
 - College Readiness block grant (sunsets 18/19 FY)
 - Lottery funding



Donations/Development/Local Revenue

- In order for PCHS to offer a world-class education & experience to its students, PCHS must look to money sources outside of state and federal revenue as a supplement
- These local revenue sources include the following:
 - PCHS fund
 - Booster Club
 - Fundraising Donations
 - Facility rentals (via Pool/Permit)



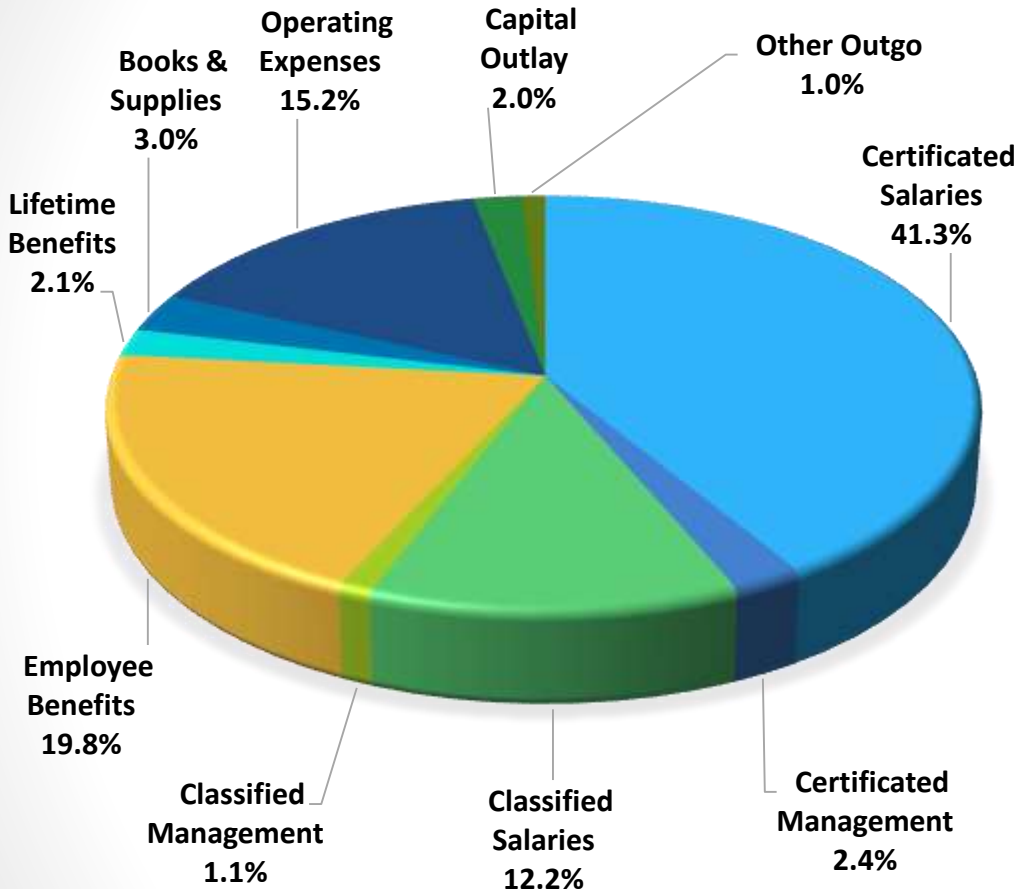
Unrestricted vs. Restricted

- Revenue at PCHS is categorized into the following groups
 - Unrestricted: no strings attached
 - Restricted: specifically targeted to a program
- Examples of Unrestricted revenue:
 - LCFF revenue
- Examples of Restricted revenue:
 - Federal Revenue
 - Other State Revenue
 - Donations towards specific programs



A CALIFORNIA DISTINGUISHED SCHOOL

Expenses – How Money is Spent



Certificated Salaries	\$13,721,085
Certificated Management	\$785,000
Classified Salaries	\$4,053,413
Classified Management	\$369,631
Employee Benefits	\$6,572,431
Lifetime Benefits	\$691,000
Books & Supplies	\$1,002,859
Operating Expenses	\$5,060,803
Capital Outlay	\$675,000
Other Outgo	\$330,258
Total Expenditures	\$33,261,480

PCHS Total Salary/Benefits (including lifetime benefits – pre OPEB requirement) = 79%



Demographics/Programs Offered

Enrollment:

- 3,010 Students (62 @Pali Academy, 57 @ Virtual)
- 2,916 Average Daily Attendance
- 34% Unduplicated (Free/Reduced & EL Students)
- Over 110 ZIP Codes are represented



Supplemental Programs Offered:

- CTE Pathway (Career/Technical Education)
- STEAM (Science, Technology, Engineering, Arts, and Math)
- VAPA (Visual & Performing Arts)
- College Center
- Career Center
- BSU/Fuerza Unida
- Academic Decathlon
- MESA



Categorical Programs & Encroachments

- Categorical programs are programs targeted towards a specific cause/group and are funded by federal and state funds
- Examples of these programs are:
 - Special Education
 - School Nutrition
 - Title 1
 - CTE
- Some programs such as School Nutrition and Special Ed have mandates that require us to offer the program regardless of what the federal/state funds pay us
 - This is called an **encroachment**: where unrestricted money is used to cover the mandates in a state program because the state/federal government does not provide the full cost of running the specific program.



Capital & Technology Improvements

Capital

- Track & Field
- LED Lighting
- Classroom Furniture
- Hydration Stations
- Restroom renovations
- Gym Improvements
- VAPA Workstation

Technology

- Chromebooks
- Security Cameras
- Staff Workstations
- A/V System (Mercer)
- STEAM Labs
- Projectors
- Network Upgrades



Powered by BoardOnTrack



Budget Development Process



- Each year, PCHS goes through its budgeting process (see budget calendar attached)
- All stakeholders (students, teachers, parents) at PCHS are involved in the decision-making process
- Each department/program chair receives a budget workbook where they detail the needs of running their dept/program
- As required by the state, PCHS is required to develop an LCAP to show how we are meeting the state's goals and spending our money (see attachment called LCAP)
- The state also requires PCHS to provide services to certain groups of students on campus (i.e. Special Ed)
- The budget development process allows PCHS to decide what to fundraise for
- Budget vetted & accumulated by budget finance committee for recommendation to the board
- Board of trustees after approving LCAP plan, approves annual budget at a separate meeting



Budget Assumptions

- Total 2017-2018 Projected Enrollment: 3,020
- 2017-18 ADA Level: 2,910
- LCFF funding per ADA: \$9,220
- Unduplicated Count of Free/Reduced/EL: 34%
- Total received per unduplicated (supplemental grant) : \$1,844 (20% of per ADA funding)



Budget Planning Dartboard



UPDATED BUDGET ASSUMPTION GUIDELINES (AS OF JANUARY 2018) PROJECTIONS FOR FISCAL YEARS 2019-20 THROUGH 2021-22

The guidelines below are provided to assist you with projections for fiscal years 2018-19, 2019-20, 2021-22 and 2021-22.

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Interest Rate for 10-year Treasuries	2.90%	3.05%	3.20%	3.10%
California Consumer Price Index (CPI)	3.22%	3.04%	2.94%	2.99%
Other Expenses (4000s – 6000s)	2018-19+CPI	2019-20+CPI	2019-20+CPI	2021-22+CPI

**As provided by LACOE & CA Department of Finance
for budget planning.**

Attachment No. 1 to:
Informational Bulletin No. 4743



Looking Ahead – Budget Uncertainties

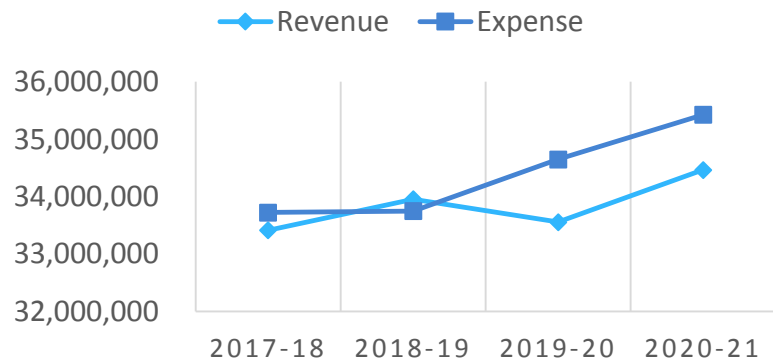
- Multi-Year Projection Model
- STRS/PERS Increases
- Employee Health Benefits Premiums
- Home to School transportation
- Lifetime Health Benefits
- Building Reserves



Multi-Year Projection

	2017-18	2018-19	2019-20	2020-21
Revenues	\$33,412,496	\$33,954,205	\$33,555,455	\$34,464,290
Expenditures	\$33,722,480	\$33,748,585	\$34,646,002	\$35,423,250
Cash Balance	(\$309,985)	\$205,620	(\$1,090,547)	(\$958,960)
Depreciation	\$675,000	\$574,000	\$550,000	\$500,000
Fund Balance (Financial Reporting Basis)	\$151,015	(\$368,380)	(\$1,640,547)	(\$1,458,960)
OPEB Requirement (Lifetime Health Benefits)	\$749,445	\$749,445	\$749,445	\$749,445
Fund Balance w/OPEB Reporting	(\$598,430)	(\$1,117,825)	(\$2,389,992)	(\$2,208,405)

REVENUE VS. EXPENSE

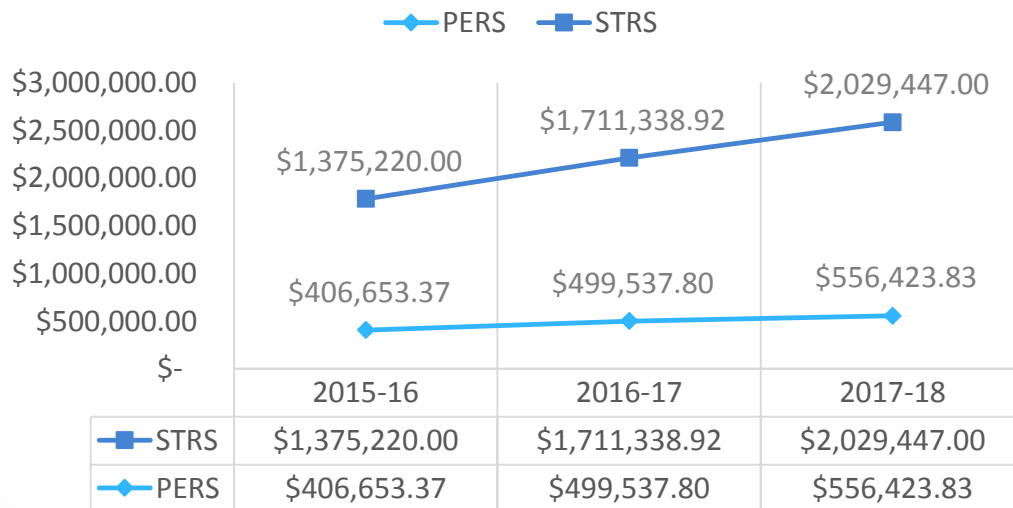


PERS/STRS rate increases

PERS & STRS rate increases as mandated by the State of CA:

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
PERS	13.88%	15.53%	17.70%	20.00%	22.70%	23.70%
STRS	12.58%	14.43%	16.28%	18.13%	19.10%	18.10%

PCHS PERS/STRS EXPENSE

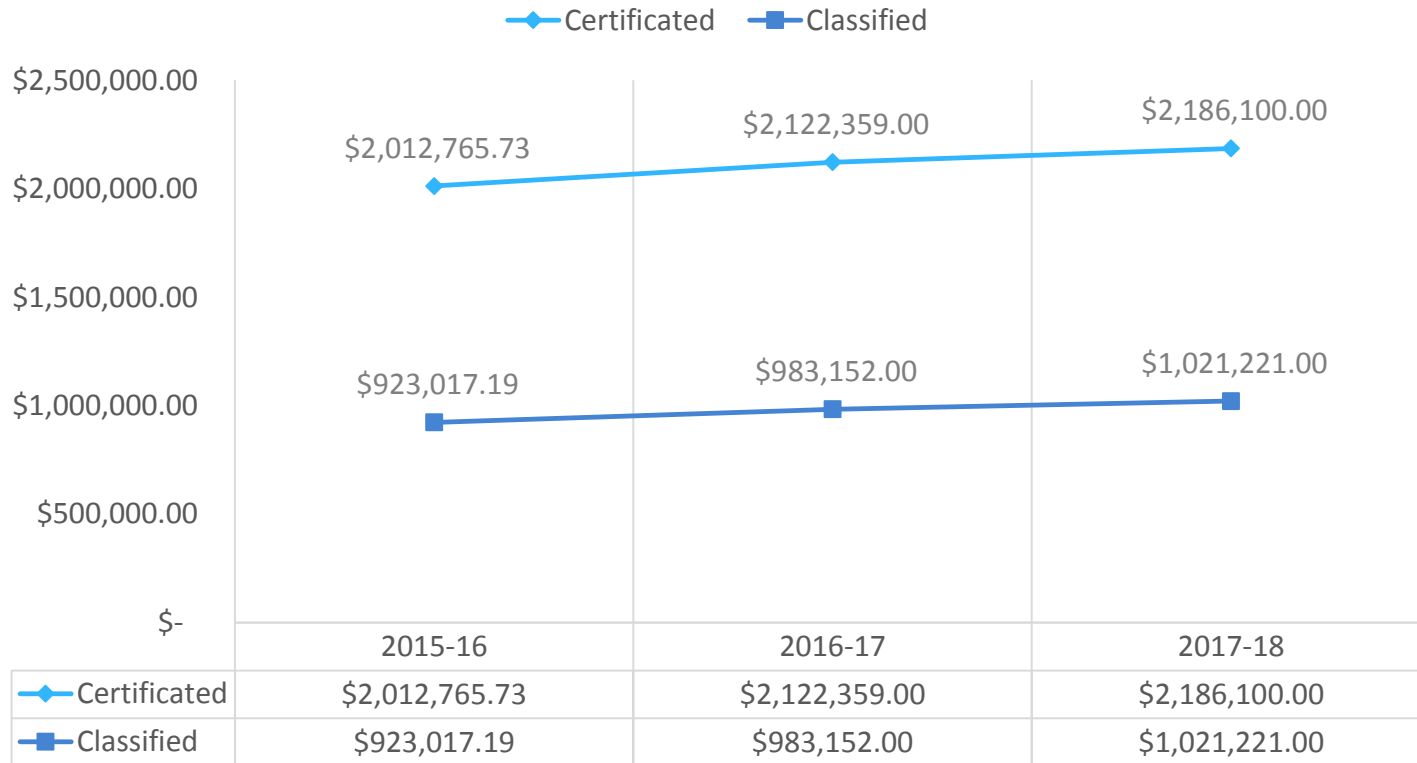


■ STRS	\$1,375,220.00	\$1,711,338.92	\$2,029,447.00
◆ PERS	\$406,653.37	\$499,537.80	\$556,423.83



Employee Health Benefits

PCHS EMPLOYEE HEALTH BENEFITS



****Future rates for health benefits uncertain, PCHS assumes a 4.5% annual rate increase for budget planning purposes**



Transportation



Transportation Type	2017-2018 Budgeted Amount	2016-2017 Actual Amount	Difference
Home to School	\$566,600	\$376,700	\$189,900
Special Ed	\$200,000	\$134,500	\$65,500
Athletics/Field Trips	\$101,697	\$88,500	\$13,197
Late Buses	\$58,275	\$40,000	\$18,275
Total Budget	\$926,572	\$639,700	\$286,872

Highlights:

- PCHS switched from Tumbleweed to Durham in the 17/18 school year
- Price per student increased from \$140 to \$185/student
- Increase in bus riders on a full scholarship (from 129 to 206 students)
- For more detail on transportation, see attachment labeled “Transportation Costs”



Lifetime Benefits & Building a Reserve



- As calculated by our actuaries at Nyhart Epler, PCHS has a yearly OPEB (Other Post-Retirement Benefits) of \$1,440,445/year.
- This is the cost PCHS has to pay each year in order to sustain the lifetime health benefits program
- PCHS also has to build a reserve for any economic uncertainty
- There are currently 2 reserve requirements out there
 - Reserve for economic uncertainty: 3% of our general fund expenses (17/18 amount = \$990,994)
 - Fund balance reserve policy of at least 17% of expenditures: (17/18 amount = \$5,615,352)
- 3% reserve would = 2 weeks of expense while 17% is about 2 months of expenses



Getting Involved

- Attend LTSP Meetings (Long Term Strategic Planning) at each 4th Wednesday of the month
- Become a part of the Budget/Finance Committee
- Use your voice!



Questions?

Coversheet

School Budgeting & Long-Term Planning: Personnel & Benefits

Section: II. Governance / Finance
Item: C. School Budgeting & Long-Term Planning: Personnel & Benefits
Purpose: Discuss
Submitted by:
Related Material: II.C - OPEB ADJUSTMENT.pdf
II.C Actuarial Valuation Report PCHS FYE2016 Draft.pdf

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>



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October 18, 2016



PRIVATE

Mr. Greg Wood
Chief Business Officer
Palisades Charter High School
15777 Bowdoin Street
Pacific Palisades, CA 90272

Re: Palisades Charter High School Actuarial Valuation

Dear Mr. Wood:

We are presenting our report of the actuarial valuation conducted on behalf of Palisades Charter High School (PCHS) for its retiree health program for the fiscal year ending June 30, 2016.

The purpose of the report is to measure PCHS's liability for postretirement health benefits and to determine PCHS's accounting requirements under the Financial Accounting Standard Board Statement No. 106 (FAS 106) and 158 codified under ASC 715 for PCHS's fiscal year ending June 30, 2016.

The Nyhart Company is an employee owned actuarial, benefits and compensation consulting firm specializing in group health and retiree health and qualified pension plan valuations. We have set forth the results of our valuation in this report.

We have enjoyed working on this assignment and are available to answer any questions.

Sincerely,
NYHART

Marilyn K Jones, ASA, MAAA, EA, FCA
Consulting Actuary

MKJ:rl

Enclosure



Palisades Charter High School
Actuarial Valuation
Retiree Health Program
Fiscal Year Ending June 30, 2016

October 2016

Prepared By:

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**Palisades Charter High School
Actuarial Valuation
Retiree Health Program
Fiscal Year Ending June 30, 2016**

Table of Contents

	<u>Page</u>
Section I. Executive Summary	1
Section II. Financial Results	4
Section III. Projected Cash Flows	8
Section IV. Funding Analysis	10
Section V. Summary of Plan Provisions	12
Section VI. Summary of Valuation Data.....	14
Section VII. Summary of Actuarial Assumptions & Methods	15
Section VIII. Actuarial Certification	19



SECTION I. EXECUTIVE SUMMARY

Background

At the request of Palisades Charter High School (PCHS), Nyhart has performed an actuarial valuation of PCHS's postretirement welfare benefits for its fiscal year ending June 30, 2016. The valuation was prepared in accordance with the assumptions and methods specified by FAS 106 and FAS 158 as codified by ASC 715.

PCHS provides for the continuation of retiree health benefits to eligible employees at retirement. Retiree health benefits include medical, prescription drug, dental and vision coverage. PCHS currently pays the cost of coverage for the retiree and any covered dependents during the lifetime of the retiree. The PPO plans require an employer contribution. Eligibility for retiree health benefits varies based on when an employee was hired. Employees hired on or after July 1, 2009 (July 1, 2012 for PESPU employees) are not eligible for PCHS-paid retiree health benefits. Section V of the report details the plan provisions applicable to each employee group.

PCHS currently provides a contribution for medical, dental and vision benefits to 22 retirees. In addition, there are approximately 111 eligible active employees earning service credit towards eligibility for future retiree health benefits. Detailed information on the census data included in the valuation is presented in Section VI of the report.

Results of the Retiree Health Valuation

We have determined the actuarial liability or expected postretirement benefit obligation (EPBO) for the PCHS retiree health plan, as of July 1, 2015, is \$20,414,624. This represents the present value of all contributions and benefits projected to be paid by PCHS for future retirees. If PCHS were to place this amount in a fund earning interest at the rate of 5% per year, and all other actuarial assumptions were met, the fund would have enough to pay all expected benefits. The valuation does not consider employees not yet hired as of the valuation date.

The actuarial liability is apportioned into the past service, current service and future service components using the projected unit credit cost method as required under FAS 106. The past service component is referred to as the accumulated postretirement benefit obligation or APBO and the current service component is referred to as the service cost. The APBO at July 1, 2015 is \$14,846,613 and the service cost for the 2015/2016 fiscal year is \$628,005.

Changes from Prior Valuation

The valuation reflects demographic and healthcare cost changes since the prior valuation. In addition, there were several assumption changes as noted in Section VII including updates to the medical and dental trend rates, updates to the retirement and turnover rates and a lowering of the discount rate to 5%. A reconciliation of the approximate change in the actuarial liability from the prior valuation is provided in the following table:

July 1, 2013 Valuation – 6.0% Discount Rate	\$18.7 Million
Expected increase due to passage of time (interest less benefits paid)	2.0 Million
Decrease due to net experience gain (primarily healthcare cost less than assumed)	(1.0 Million)
Net increase due to assumption changes	<u>0.7 Million</u>
July 1, 2015 Valuation – 5.0% Discount Rate	\$20.4Million



Fiscal Year 2015/2016 Net Periodic Postretirement Benefit Cost (Expense)

The results of the valuation including a reconciliation of the funded status of the plan at July 1, 2015 and projected to July 1, 2016 along with the development of the fiscal year 2015/2016 net periodic postretirement welfare benefit cost (expense) are presented in Section II of the report.

The fiscal year 2015/2016 net periodic postretirement welfare benefit cost is \$1,918,568. The postretirement welfare benefit cost is the amount PCHS expenses as the cost of the retiree health program on its income statement each fiscal year and is calculated independent of any cash contributions or actual welfare benefit payments.

A projection for the fiscal year ending June 30, 2017 is also provided.

Funding

PCHS has not informed us of any funds eligible as plan assets under FAS 106. Under FAS 106, assets cannot be considered as employer contributions or plan assets unless they are segregated and restricted (usually in a trust) to be used for postretirement benefits. Currently, PCHS funds for retiree health benefits on a pay-as-you-go basis but has annually set aside monies earmarked for the payment of future retiree health benefits.

The reported value of the assets set aside at June 30, 2016 is \$5,932,630. The funded status of the plan reflecting the assets set aside is 37% (assets set aside divided by projected APBO). PCHS is currently contributing \$691,000 per year for the payment of current and future retiree health benefits. The expected 2016/17 PCHS cost for health benefits for its current retirees is approximately \$220,115. The excess over actual payments will be set aside for the payment of future retiree health benefits. If PCHS continues to contribute \$691,000 per year, the contribution is estimated to exceed actual retiree health benefit payments for around 10 years. At that time, if PCHS continues to contribute \$691,000 and uses the accumulated assets to pay future benefit amounts the accumulated assets will be depleted during the 2038/2039 fiscal year. This assumes that no earnings are allocated to the accumulated PCHS contributions in future years.

Section IV of the report provides sample funding strategies determined assuming different asset return rates, different payment patterns and different payment periods.

Actuarial Basis

The actuarial valuation is based on the assumptions and methods outlined in Section VII of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement. As an example, the healthcare cost increase anticipates that the rate of increase in medical cost will be at moderate levels and decline over several years. Increases higher than assumed would bring larger liabilities and expensing requirements. The impact of a 1% higher and 1% lower healthcare trend rate is provided in Section II-E.

Another key assumption used in the valuation is the discount rate which is based on the expected rate of return of plan assets. The valuation is based on a discount (interest) rate of 5%. A 1% decrease in the discount rate would increase the APBO by 27%. A 1% increase in the discount rate would decrease the APBO by 20%.



Scheduled to take effect in 2020, the "Cadillac Tax" is a 40% non-deductible excise tax on employer-sponsored health coverage that provides high-cost benefits. For insured plans, the insurance company is responsible for payment of the excise tax. For self-funded plans, the employer is responsible for payment of the excise tax. The valuation assumes that the PCHS premiums for covered health benefits remain below the projected dollar thresholds in all future years.

The valuation is based on the census information provided by PCHS. To the extent that the data provided lacks clarity in interpretation or is missing relevant information, this can result in liabilities different than those presented in the report. Often missing or unclear information is not identified until future valuations.



SECTION II. FINANCIAL RESULTS

A. Valuation Results as of July 1, 2015

The table below presents the employer liabilities associated with PCHS's retiree health benefits determined in accordance with FAS 106. The expected postretirement benefit obligation (EPBO) is the present value of all benefits projected to be paid under the program. The accumulated postretirement benefit obligation (APBO) reflects the amount attributable to the past service of current employees and retirees. The service cost reflects the accrual attributable for the current period.

1. Expected Postretirement Benefit Obligation (EPBO)

Actives Not Fully Eligible	\$14,126,768
Actives Fully Eligible	2,603,778
Retirees	<u>3,684,078</u>
Total EPBO	\$20,414,624

2. Accumulated Postretirement Benefit Obligation (APBO)

Actives Not Fully Eligible	\$ 8,558,757
Actives Fully Eligible	2,603,778
Retirees	<u>3,684,078</u>
Total APBO	\$14,846,613

3. Service Cost

	\$ 628,005
--	------------

No. of Active Employees	111
Average Age	52
Average Past Service	17
No. of Retired Employees	22
Average Age	68
Average Retirement Age	65



B. Reconciliation of Funded Status at July 1, 2015, Projected to June 30, 2016 and June 30, 2017

	Actual <u>6/30/2015</u>	Projected <u>6/30/2016</u>	Projected <u>6/30/2017</u>
1. Accumulated Postretirement Benefit Obligation (APBO)			
Actives Not Fully Eligible	(\$ 8,558,757)	(\$ 9,614,699)	(\$10,754,839)
Actives Fully Eligible	(2,603,778)	(2,733,967)	(2,847,550)
Retirees	<u>(3,684,078)</u>	<u>(3,715,630)</u>	<u>(3,698,909)</u>
Total APBO	(\$14,846,613)	(\$16,064,296)	(\$17,301,298)
2. Plan Assets	<u>0</u>	<u>0</u>	<u>0</u>
3. Funded Status	(\$14,846,613)	(\$16,064,296)	(\$17,301,298)
4. Unrecognized Transition Obligation	8,831,294	8,279,338	7,727,382
5. Unrecognized Prior Service Cost	0	0	0
6. Unrecognized Net (Gain)/Loss	<u>670,260</u>	<u>670,260</u>	<u>670,260</u>
7. (Accrued)/Prepaid Postretirement Benefit Cost	(\$ 5,345,059)	(\$ 7,114,698)	(\$ 8,903,656)

C. Net Periodic Postretirement Benefit Cost for Fiscal Year Ending

	<u>6/30/2016</u>	<u>6/30/2017</u>
1. Service Cost	\$ 628,005	\$ 659,405
2. Interest Cost	738,607	797,712
3. Expected Return on Assets	0	0
4. Amortization of Net (Gain)/Loss	551,956	551,956
5. Amortization of Prior Service Cost	0	0
6. Amortization of Transition Obligation	<u>0</u>	<u>0</u>
7. Net Periodic Postretirement Benefit Cost	\$1,918,568	\$2,009,073

D. Benefit Payments for Fiscal Year Ending

	<u>6/30/2016</u>	<u>6/30/2017</u>
1. Actual/Projected Benefit Payments	\$ 148,929	\$ 220,115



E. Sample Disclosure for Fiscal Year Ending June 30, 2016

	Projected <u>6/30/2016</u>
1. Change in Benefit Obligation	
Benefit Obligation at Beginning of Year	\$14,846,613
Service Cost	628,005
Interest Cost	738,607
Change Due to Plan Amendments	0
Change Due to (Gain)/Loss	0
Projected Benefits Paid	<u>(148,929)</u>
Benefit Obligation at End of Year	\$16,064,296
2. Change in Plan Assets	
Fair Value of Plan Assets at Beginning of Year	\$ 0
Expected/Actual Return of Plan Assets	0
Employer Contributions	148,929
Actual Benefits Paid	<u>(148,929)</u>
Fair Value of Plan Assets at End of Year	\$ 0
3. Funded Status (2. minus 1.)	
	(\$16,064,296)
Unrecognized Net (Gain)/Loss	670,260
Unrecognized Prior Service Cost	0
Unrecognized Transition Obligation	<u>8,279,338</u>
Net Amount Recognized	(\$ 7,114,698)
4. Amount Recognized in Unrestricted Assets	
Net Actuarial (Gain)/Loss	670,260
Prior Service Cost	0
Unrecognized Net Transition Obligation	<u>8,279,338</u>
Net Amount Recognized	\$ 8,949,598
5. Weighted Average Assumptions for Disclosure	
Discount Rate	5.0%
Initial Healthcare Trend Rate	7.0%
Ultimate Healthcare Trend Rate	4.0%
Salary Scale	NA



	<u>Projected 6/30/2016</u>
6. Components of Net Periodic Benefit Cost	
Service Cost)	\$ 628,005
Interest Cost	738,607
Expected Return on Assets	(0)
Amortization of Net (Gain)/Loss	0
Amortization of Prior Service Cost	0
Amortization of Transition Obligation	<u>551,956</u>
Net Periodic Postretirement Benefit Cost	\$1,918,568
7. Effect of a 1% Increase in Healthcare Trend	
Benefit Obligation	\$3,271,207
Total Service Cost and Interest Cost	\$ 346,525
8. Effect of a 1% Decrease in Healthcare Trend	
Benefit Obligation	(\$2,595,586)
Total Service Cost and Interest Cost	(\$ 269,928)
9. Estimated Future Benefit Payments	
2016/2017	\$ 220,115
2017/2018	\$ 268,927
2018/2019	\$ 289,305
2019/2020	\$ 326,623
2020/2021	\$ 358,775
2021/2022	\$ 389,385
2022/2023	\$ 421,118
2023/2024	\$ 469,834
2024/2025	\$ 530,113
2025/2026	\$ 609,247



SECTION III. PROJECTED CASH FLOWS

The valuation process includes the projection of the expected benefits to be paid under the Plan. This expected cash flow takes into account the likelihood of each employee reaching age for eligibility to retire and receive health benefits. The projection is performed by applying the turnover assumption to each active employee for the period between the valuation date and early retirement date. Once the employees reach the earliest retirement date, a certain percent are assumed to enter the retiree group each year. Once reaching the maximum retirement age all remaining employees are assumed to have retired. Employees already over the maximum retirement age as of the valuation date are assumed to retire immediately. The per capita cost as of the valuation date is projected to increase at the applicable healthcare trend rates both before and after the employee's assumed retirement. The projected per capita costs are multiplied by the number of expected future retirees in a given future year to arrive at the cash flow for that year. Also, a certain number of retirees will leave the group each year due to expected deaths and this group will cease to be included in the cash flow from that point forward. Because this is a closed-group valuation, the number of retirees dying each year will eventually exceed the number of new retirees, and the size of the cash flow will begin to decrease and eventually go to zero.

The expected employer cash flows for selected future years are provided in the following table:



Projected Employer Cash Flows – Representative Years

<u>Fiscal</u> <u>Year</u>	<u>Future</u> <u>Retirees</u>	<u>Retired</u> <u>Employees</u>	<u>PCHS Total</u>
2016/17	\$ 22,552	\$ 197,563	\$ 220,115
2017/18	\$ 58,534	\$ 210,393	\$ 268,927
2018/19	\$ 82,220	\$ 207,085	\$ 289,305
2019/20	\$ 110,260	\$ 216,363	\$ 326,623
2020/21	\$ 133,998	\$ 224,777	\$ 358,775
2021/22	\$ 157,223	\$ 232,162	\$ 389,385
2022/23	\$ 182,003	\$ 239,115	\$ 421,118
2023/24	\$ 224,049	\$ 245,785	\$ 469,834
2024/25	\$ 278,090	\$ 252,023	\$ 530,113
2025/26	\$ 351,583	\$ 257,664	\$ 609,247
2026/27	\$ 452,704	\$ 262,600	\$ 715,304
2027/28	\$ 571,343	\$ 266,720	\$ 838,063
2028/29	\$ 701,951	\$ 269,891	\$ 971,842
2029/30	\$ 818,470	\$ 271,865	\$ 1,090,335
2030/31	\$ 938,534	\$ 267,807	\$ 1,206,341
2031/32	\$ 1,077,097	\$ 266,684	\$ 1,343,781
2032/33	\$ 1,194,077	\$ 263,899	\$ 1,457,976
2033/34	\$ 1,308,720	\$ 259,336	\$ 1,568,056
2034/35	\$ 1,429,933	\$ 252,814	\$ 1,682,747
2035/36	\$ 1,562,376	\$ 244,260	\$ 1,806,636
2036/37	\$ 1,663,013	\$ 233,781	\$ 1,896,794
2037/38	\$ 1,722,943	\$ 221,589	\$ 1,944,532
2038/39	\$ 1,795,000	\$ 207,962	\$ 2,002,962
2039/40	\$ 1,854,977	\$ 193,075	\$ 2,048,052
2040/41	\$ 1,901,924	\$ 177,227	\$ 2,079,151
2041/42	\$ 1,941,312	\$ 160,862	\$ 2,102,174
2042/43	\$ 1,977,627	\$ 144,458	\$ 2,122,085
2043/44	\$ 2,008,649	\$ 128,521	\$ 2,137,170
2044/45	\$ 2,037,812	\$ 113,524	\$ 2,151,336
2045/46	\$ 2,082,668	\$ 99,793	\$ 2,182,461
2050/51	\$ 2,110,688	\$ 51,232	\$ 2,161,920
2055/56	\$ 1,966,674	\$ 28,692	\$ 1,995,366
2060/61	\$ 1,613,101	\$ 12,145	\$ 1,625,246
2065/66	\$ 1,143,422	\$ 0	\$ 1,143,422
2070/71	\$ 687,269	\$ 0	\$ 687,269
2075/76	\$ 351,891	\$ 0	\$ 351,891
2080/81	\$ 155,727	\$ 0	\$ 155,727
2085/86	\$ 55,248	\$ 0	\$ 55,248
2090/91	\$ 13,310	\$ 0	\$ 13,310
2095/96	\$ 3,518	\$ 0	\$ 3,518
2100/01	\$ 0	\$ 0	\$ 0
All Years	\$75,325,618	\$7,380,189	\$82,705,807



SECTION IV. FUNDING ANALYSIS

There are multiple ways to approach funding a retiree health plan. The net periodic benefit cost (expense) determined under FAS 106 is one method, of many, that could be used to pre-fund benefits. The annual expense amount will fluctuate from year to year based on the asset performance and as the population matures. The FAS 106 expense amortizes the initial accumulated postretirement benefit obligation (also referred to as the actuarial accrued liability) over 20-years on a straight-line basis (with a separate interest component) and defers any recognition of actuarial gains and losses until the amount exceeds a 10% corridor.

Our recommended funding approach is to amortize the remaining unfunded actuarial accrued liability over a reasonable period to represent the average remaining period for the active employees since this is a frozen group. A determination of the annual funding requirement of the current period is presented below:

1. Development of Unfunded Actuarial Accrued Liability

Projected Actuarial Accrued Liability at 7/1/2016	\$16,064,296
Reported Value of Plan Funds at 6/30/2016*	<u>(5,932,630)</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$10,131,666
15 Year Amortization Base	\$ 929,627

2. Recommended Funding Contribution

Normal Cost	\$ 628,005
Amortization of UAAL	<u>929,627</u>
Recommended Contribution Payable at Beginning of Fiscal Year	\$ 1,557,632
Interest at 5% to End of Fiscal Year	<u>77,882</u>
Recommended Contribution Payable at End of Fiscal Year	\$ 1,635,514

*PCHS has set aside funds earmarked for the payment of future retiree health benefits. The reported value of set aside funds at June 30, 2016 is \$5,932,630.

The development of the recommended contribution is consistent with funding methods that might be used to pre-fund pension benefits. The normal cost component of the recommended funding contribution will tend to decrease over time as the group is frozen. The amortization of the UAAL will stay constant and then drop to zero after 15 years; however, future experience gains and losses will result in decreases or increases as additional amortization bases are added.



A more simplified approach to pre-fund the postretirement health benefits could be adopted by PCHS. Presented below are our best estimate to pre-fund the entire PCHS obligation (the present value of projected payments) for its current active employees and retirees using the level-dollar method over varying periods of time and assuming varying asset return rates on the liability. PCHS may want to use these as parameters for a minimum or maximum funding amount.

	Expected Long Term Asset Rate of Return			
	<u>5.0%</u>	<u>6.0%</u>	<u>7.0%</u>	<u>4.0%</u>
Present Value of Projected Benefits (PVPB)	\$21,282,703	\$17,123,224	\$13,988,515	\$26,892,466
Reported Value of Plan Funds	<u>(5,932,630)</u>	<u>(5,932,630)</u>	<u>(5,932,630)</u>	<u>(5,932,630)</u>
Unfunded PVPB	\$15,350,073	\$11,190,594	\$ 8,055,885	\$20,959,836
Level Dollar Funding				
20 Years	\$ 1,162,073	\$ 903,761	\$ 687,634	\$ 1,476,691
25 Years	\$ 1,027,533	\$ 810,903	\$ 625,113	\$ 1,284,638
30 Years	\$ 942,074	\$ 753,084	\$ 587,056	\$ 1,160,575

We have listed below some financial advantages that may be achieved by pre-funding retiree health benefits. Of course, pre-funding will have to be weighed against alternative uses of the contribution amounts.

- The earlier contributions are made, the less PCHS contributions in aggregate will have to be made to fulfill its obligations.
- Pre-funding can mitigate any resulting adverse impact on credit rating that could result from disclosure of liabilities.
- Pre-funding may provide additional benefit security to current and future retirees.



SECTION V. SUMMARY OF PLAN PROVISIONS

This study analyzes the post-retirement health benefit program provided by PCHS.

PCHS 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 PCHS for the lifetime of the retiree except retirees electing the higher PPO plans must pay the difference in cost. 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
- * Future retiree must be in receipt of monthly payment from STRS or PERS
- * Active employees must meet the following years of service requirements at retirement
 - Hired before 3/12/84 must have 5 consecutive years of service just prior to retirement
 - Hired after 3/11/84 but before 7/1/87 - must have 10 consecutive years of service just prior to retirement
 - Hired after 6/30/87 but before 6/1/92 - must have 15 consecutive years of service just prior to retirement or 20 years of service with 10 years of consecutive years of service just prior to retirement
 - Hired after 5/31/92 age + consecutive years of qualifying service at retirement greater than or equal to 80
 - Hired after 2/28/07 age + consecutive years of qualifying service at retirement greater than or equal to 80 & at least 15 consecutive years of qualifying service at retirement
 - Hired after 6/30/09 age + consecutive years of qualifying service at retirement greater than or equal to 85 & 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 are not eligible for PCHS-paid health benefits at retirement. PESPU employees hired after June 30, 2012 are not eligible for PCHS-paid health benefits at retirement. Employees who defer their retirement after separation from service with PCHS are not eligible for PCHS-paid health benefits.



Premium Rates

PCHS provides retiree health coverage through health plans available through SISC. The following table summarizes the current monthly premiums for the health benefit coverage provided by PCHS.

Medical Plans:

10/1/2015 to 9/30/2016	Kaiser HMO/ Sr. Adv	California Care HMO	BC/ Medco 90/\$10	BC/ Medco 90/\$20	BC/ Medco 80/\$20	Companion Care
Retiree Only	\$506	\$718	\$914	\$867	\$642	NA
Retiree Plus Spouse	\$1,012	\$1,024	\$1,284	\$1,221	\$920	NA
Retiree Plus Family	\$1,430	\$1,302	\$1,632	\$1,552	\$1,176	NA
Retiree Only - Medicare	\$193	\$463	\$463	\$461	\$424	\$385
Retiree Plus Spouse - Medicare	\$386	\$926	\$926	\$922	\$848	\$770

:

10/1/2016 to 9/30/2017	Kaiser HMO/ Sr. Adv	California Care HMO	BC/ Medco 90/\$10	BC/ Medco 90/\$20	BC/ Medco 80/\$20	Companion Care
Retiree Only	\$526	\$736	\$959	\$889	\$761	NA
Retiree Plus Spouse	\$1,052	\$1,048	\$1,347	\$1,252	\$1,076	NA
Retiree Plus Family	\$1,487	\$1,333	\$1,712	\$1,592	\$1,367	NA
Retiree Only - Medicare	\$198	\$512	\$512	\$510	\$506	\$419
Retiree Plus Spouse - Medicare	\$396	\$1,024	\$1,024	\$1,020	\$1,012	\$838

Dental & Vision Plans:

10/1/2015 to 9/30/2016	Delta Premier Incentive Plan	Delta PPO Plan	VSP Vision Plan
Retiree Only	\$56	\$63	\$12.30
Retiree Plus Spouse	\$112	\$126	\$24.60
Retiree Plus Family	\$147	\$166	\$36.90

10/1/2016 to 9/30/2017	Delta Premier Incentive Plan	Delta PPO Plan	VSP Vision Plan
Retiree Only	\$56	\$63	\$12.30
Retiree Plus Spouse	\$112	\$126	\$24.60
Retiree Plus Family	\$147	\$166	\$36.90



SECTION VI. VALUATION DATA

The valuation was based on the census furnished to us by PCHS. The following tables display the age distribution for retirees, and the age/service distribution for active employees.

Age Distribution of Eligible Retired Participants & Beneficiaries

All Retirees	
<55	0
55-59	0
60-64	5
65-69	10
70-74	5
75+	<u>2</u>
Total:	22
Average Age:	68.3
Average Retirement Age:	65.4

Age/Service Distribution of All Active Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0									0
30-34	1	1	1							3
35-39	0	5	7							12
40-44	0	3	7	6	2	1				19
45-49	0	2	8	3	3	4				20
50-54	0	2	3	1	1	5				12
55-59	0	3	4	5	2	3	1	1		19
60-64	0	0	6	3	3	2	1	0	1	16
65-69	0	1	3	1	2	1	0	0	0	8
70+	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total:	1	17	40	19	14	16	2	1	1	111
Average Age:			51.5							
Average Service:			17.1							
Average Hire Age:			34.4							



SECTION VII. SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Fiscal Year: July 1st to June 30th

Measurement Date: July 1, 2013

Applicable Accounting

Standards: FASB 106 & 158 as Codified Under ASC 715

Discount Rate: 5.0%

[Prior valuation assumed 6%]

Return on Assets: Not applicable

Pre-retirement Turnover: Termination rates are based on the most recent rates used by CalPERS and the California State Teachers Retirement System (STRS) for the pension valuation. Sample rates are in the following tables:

Service	Entry Age			
	20	30	40	50
0	17.30%	15.25%	13.19%	11.14%
5	10.94%	8.70%	6.46%	1.07%
10	8.01%	5.72%	0.74%	0.25%
15	6.52%	4.18%	0.32%	0.02%
20	4.93%	0.38%	0.02%	0.02%
25	3.28%	0.10%	0.02%	0.02%
30	0.15%	0.02%	0.02%	0.02%

Termination rates for Certificated employees and Management employees in STRS are based on the most recent rates used by the California State Teachers Retirement System (STRS) pension valuation. Sample rates for male and females are as follows:

Service	Male	Female
0	16.0%	15.0%
5	3.9%	3.9%
10	1.8%	1.8%
15	0.9%	0.9%
20	0.5%	0.5%
25	0.3%	0.3%
30	0.2%	0.2%



[Prior valuation used following tables:]

Males:		Entry Age			
Service	25 - 29	30 -34	35 - 39	40 - 45	45 & Up
0	15.3%	15.3%	15.3%	15.3%	18.0%
5	3.6%	3.0%	3.0%	3.0%	3.0%
10	2.0%	2.0%	2.0%	2.0%	
15	1.1%	1.1%	1.1%		
20	0.6%	0.6%			
25	0.5%				
30	0.0%				

Females:		Entry Age			
Service	25 - 29	30 -34	35 - 39	40 - 45	45 & Up
0	15.3%	15.3%	15.3%	15.3%	15.3%
5	5.3%	4.5%	3.8%	3.3%	2.5%
10	1.8%	1.6%	1.3%	1.3%	
15	0.9%	0.9%	0.9%		
20	0.5%	0.5%			
25	0.4%				
30	0.0%				

Mortality Rates:

Mortality rates are based on the following rates:

Age	Actives		Retirees*	
	Males	Females	Males	Females
25	0.023%	0.013%		
30	0.033%	0.014%		
35	0.034%	0.018%		
40	0.057%	0.034%		
45	0.076%	0.041%		
50	0.103%	0.063%		
55	0.143%	0.093%	0.164%	0.118%
60	0.238%	0.179%	0.300%	0.254%
65	0.435%	0.368%	0.596%	0.468%
70			1.095%	0.864%
75			1.886%	1.451%
80			3.772%	2.759%

* Rates applicable to future retirees include a 2 year setback.



Retirement Rates:

Age	Male	Female
55	2.7%	4.5%
56	1.8%	3.2%
57	1.8%	3.2%
58	2.7%	4.1%
59	4.5%	5.4%
60	6.3%	9.0%
61	6.3%	9.0%
62	10.8%	10.8%
63	13.5%	16.2%
64	10.8%	13.5%
65	10.8%	14.4%
66	10.0%	13.5%
67	10.0%	13.5%
68	10.0%	13.5%
69	10.0%	13.5%
70	10.0%	13.5%
71	10.0%	13.5%
72	10.0%	13.5%
73	10.0%	13.5%
74	10.0%	13.5%
70	100.0%	100.0%

* Of those having met eligibility to receive pension benefits. The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

[The retirement rates have been updated to reflect the most recent STRS retirement study]

Retirement Eligibility Age: The earliest retirement age assumed for employees who participate in STRS is age 55. The earliest retirement age assumed for employees who participate in PERS is age 50. The last retirement age is assumed to be age 70 or age first eligible, if greater than age 70.

Participation Rates: 100% of future active employees are assumed to elect retiree health coverage at retirement – 50% are assumed to elect HMO coverage and 50% are assumed to elect PPO coverage. Of those electing coverage approximately 50% are assumed to elect coverage for their spouse. Female spouses are assumed to be three years younger than male spouses.

Claim Cost Development: The valuation was based on the premiums rates furnished by PCHS obtained for their future retirees.



Medical Trend Rates:

Year	Trend
2017	7.0%
2018	6.5%
2018	6.0%
2019	5.5%
2020+	5.0%

[The prior valuation assumed a 0.5% lower initial trend from HMO plans]

Dental & Vision Trend Rates:

Year	Trend
2017+	3.0%

[The prior valuation assumed 4.0%]

Actuarial Cost Method:

The actuarial cost method used was Projected Unit Credit with service prorate. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at first full retirement eligibility age. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the plan year.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by PCHS were included in the valuation.

Actuarial Value of Assets:

As of the valuation date there are no eligible plan assets.



SECTION VIII. ACTUARIAL CERTIFICATION

The results set forth in this report are based on the actuarial valuation of the retiree health benefit plans of Palisades Charter High School (PCHS) as of July 1, 2015.

The valuation was performed in accordance with generally accepted actuarial principles and practices and in accordance with FASB statements No. 106 and 158. We relied on census data for active employees and retirees provided to us by PCHS. We also made use of plan information, premium information, and enrollment information provided to us by PCHS.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of anticipated experience and actuarial cost of the retiree health benefits program. The discount rate, expected return on assets, and other economic assumptions were selected by PCHS.

I am a member of the American Academy of Actuaries and believe I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Certified by:

Marilyn K. Jones, ASA, EA, MAAA, FCA
Consulting Actuary

Date: 10/18/2016

Coversheet

School Budgeting & Long Term Planning: Everything Else

Section: II. Governance / Finance
Item: D. School Budgeting & Long Term Planning: Everything Else
Purpose: Discuss
Submitted by:
Related Material: II.D - DEVELOPMENT PLANNING_Part 1_01_29_18.pdf
II.D - Track and Field Amortization Schedule_Part 3_01_29_18.pdf
II.D - 2016-17 vs 2017-18 Transportation Costs v 1_Part 2_01_29_18.pdf



**BOARD OF TRUSTEES BUDGET MEETING
January 29, 2018
Development Report**

The PCHS Fund is the only school funding source for sustainability of school programs and meeting the long-term, strategic needs of the school as identified by LTSP.

- 1.) Snapshot of current development efforts:
 - The PCHS Fund - \$74,275 raised from 111 donors. Average gift = \$669
 - Donor Zip Codes: 90272 (45), 90049 (16), 90025 (6), 90402 (6), 90066 (4), 90290 (3)
90064 (2), others (29)
 - Donations to athletic teams - \$19,404 raised from 29 donors. Average gift = \$669
 - Donations to classroom teachers - \$11,299 raised from 126 donors. Average gift = \$90
 - Donations to extra-curriculars - \$3,982 raised from 15 donors. Average gift = \$265
 - Donor Brick Campaign - \$71,037 raised from 142 donors. Average gift = \$500
 - Donor Zip Codes: 90272 (85), 90049 (15), 90025, (10), 90402 (7), 90066 (7), 90064 (4),
90290 (2), 90077 (2), others (12)
 - Total donors = 423/Total families = 16 percentage participation
- 2.) The PCHS Fund Breakdown:
 - Track & Field Replacement - \$17,826
 - Campus Unification Director - \$13,369.50
 - Tech Equity - \$13,369.50
 - Math Aids - \$12,627
 - Emergency Supplies - \$6,685
 - Transportation - \$5,199
 - Ed Tech License - \$3,714
 - College & Career Readiness - \$2,025
- 3.) Campaign broken down into four segments:
 - The PCHS Fund direct mail – 8/18/17
 - #Giving Tuesday Campaign - 11/28/17
 - Week of Giving, #March Gladness – 3/26 -30/18
 - Final appeal – 5/1/18
- 4.) Development planning for 2018-19
 - The PCHS Fund will target those items considered as a priority as determined by LTSP, our LCAP and board.
 - Methodology of engaging more of our stakeholders.

Funding for transportation.

- 1.) Increase the number of students utilizing car-pooling and public transportation options (Ride Amigos)
- 2.) Increase resources to mitigate transportation costs by specifically engaging all school stakeholders and public and private sectors.
- 3.) Dedicate a percentage of The PCHS Fund for transportation. This year is 7%. Next year will be determined by LTSP.
- 4.) Pursuit of private funders to support special needs, at-risk, at-need students to help fund their transportation. After school programming may be a source for funding for students in outlying areas (Craigslist Charitable Foundation).
- 5.) Pursuit of public funds, i.e. municipal, state and/or federal funding.
- 6.) Investigate the cost/benefit of leasing or purchasing buses to reduce demand for outside busing entities.

Loan Data	
Original Principal	\$ 850,000
Loan Term (Years)	5.0
Annual Interest Rate	4.50%
Payments per Year	12
Payment	\$ 15,846.57
Interest Only Period	0.5 (6 mos)
Interest Payment	\$ 3,187.50

County Treasury
Rate

1.39%

per LACOE memo
11/8/17

Month	Period	Payment	Interest (7438)	Principal (9610)	Balance	Annual Interest Expense	Annual Principal Payment	Total Annual Loan Payment	County interest Earned @1.39 (Compounded)	Annual County Interest Earned (Lifetime Benefit a/c)	Interest difference Between Bank & County
0					850,000.00				984.58		
1	Oct-17	3,118.57	3,118.57	-	850,000.00				984.58		
2	Nov-17	2,598.82	2,598.52	-	850,000.00				984.58		
3	Dec-17	2,858.00	2,858.00	-	850,000.00				984.58		
4	Jan-18	3,187.50	3,187.50	-	850,000.00				984.58		
5	Feb-18	3,187.50	3,187.50	-	850,000.00				984.58		
6	Mar-18	3,187.50	3,187.50	-	850,000.00				984.58		
1	Apr-18	15,846.57	3,187.50	12,659.07	837,340.93				969.92		
2	May-18	15,846.57	3,140.03	12,706.54	824,634.40				955.20		
3	Jun-18	15,846.57	3,092.38	12,754.19	811,880.21	27,557.50	38,119.79	65,677.29	940.43	9,757.62	17,799.88
4	Jul-18	15,846.57	3,044.55	12,802.02	799,078.19				925.60		
5	Aug-18	15,846.57	2,996.54	12,850.02	786,228.17				910.71		
6	Sep-18	15,846.57	2,948.36	12,898.21	773,329.96				895.77		
7	Oct-18	15,846.57	2,899.99	12,946.58	760,383.38				880.78		
8	Nov-18	15,846.57	2,851.44	12,995.13	747,388.25				865.72		
9	Dec-18	15,846.57	2,802.71	13,043.86	734,344.39				850.62		
10	Jan-19	15,846.57	2,753.79	13,092.77	721,251.62				835.45		
11	Feb-19	15,846.57	2,704.69	13,141.87	708,109.74				820.23		
12	Mar-19	15,846.57	2,655.41	13,191.15	694,918.59				804.95		
13	Apr-19	15,846.57	2,605.94	13,240.62	681,677.97				789.61		
14	May-19	15,846.57	2,556.29	13,290.27	668,387.69				774.22		
15	Jun-19	15,846.57	2,506.45	13,340.11	655,047.58	33,326.17	156,832.63	190,158.80	758.76	10,112.42	23,213.75
16	Jul-19	15,846.57	2,456.43	13,390.14	641,657.44				743.25		
17	Aug-19	15,846.57	2,406.22	13,440.35	628,217.09				727.68		
18	Sep-19	15,846.57	2,355.81	13,490.75	614,726.34				712.06		
19	Oct-19	15,846.57	2,305.22	13,541.34	601,185.00				696.37		
20	Nov-19	15,846.57	2,254.44	13,592.12	587,592.87				680.63		
21	Dec-19	15,846.57	2,203.47	13,643.09	573,949.78				664.83		
22	Jan-20	15,846.57	2,152.31	13,694.25	560,255.53				648.96		
23	Feb-20	15,846.57	2,100.96	13,745.61	546,509.92				633.04		
24	Mar-20	15,846.57	2,049.41	13,797.15	532,712.76				617.06		
25	Apr-20	15,846.57	1,997.67	13,848.89	518,863.87				601.02		
26	May-20	15,846.57	1,945.74	13,900.83	504,963.04				584.92		
27	Jun-20	15,846.57	1,893.61	13,952.95	491,010.09	26,121.30	164,037.49	190,158.80	568.75	7,878.57	18,242.73

Loan Data	
Original Principal	\$ 850,000
Loan Term (Years)	5.0
Annual Interest Rate	4.50%
Payments per Year	12
Payment	\$ 15,846.57
Interest Only Period	0.5 (6 mos)
Interest Payment	\$ 3,187.50

County Treasury Rate
1.39% per LACOE memo 11/8/17

Month	Period	Payment	Interest (7438)	Principal (9610)	Balance	Annual Interest Expense	Annual Principal Payment	Total Annual Loan Payment	County interest Earned @1.39 (Compounded)	Annual County Interest Earned (Lifetime Benefit a/c)	Interest difference Between Bank & County
28	Jul-20	15,846.57	1,841.29	14,005.28	477,004.81				552.53		
29	Aug-20	15,846.57	1,788.77	14,057.80	462,947.01				536.25		
30	Sep-20	15,846.57	1,736.05	14,110.52	448,836.50				519.90		
31	Oct-20	15,846.57	1,683.14	14,163.43	434,673.07				503.50		
32	Nov-20	15,846.57	1,630.02	14,216.54	420,456.52				487.03		
33	Dec-20	15,846.57	1,576.71	14,269.85	406,186.67				470.50		
34	Jan-21	15,846.57	1,523.20	14,323.37	391,863.30				453.91		
35	Feb-21	15,846.57	1,469.49	14,377.08	377,486.23				437.25		
36	Mar-21	15,846.57	1,415.57	14,430.99	363,055.23				420.54		
37	Apr-21	15,846.57	1,361.46	14,485.11	348,570.12				403.76		
38	May-21	15,846.57	1,307.14	14,539.43	334,030.69				386.92		
39	Jun-21	15,846.57	1,252.62	14,593.95	319,436.74	18,585.45	171,573.35	190,158.80	370.01	5,542.10	13,043.35
40	Jul-21	15,846.57	1,197.89	14,648.68	304,788.06				353.05		
41	Aug-21	15,846.57	1,142.96	14,703.61	290,084.45				336.01		
42	Sep-21	15,846.57	1,087.82	14,758.75	275,325.70				318.92		
43	Oct-21	15,846.57	1,032.47	14,814.09	260,511.61				301.76		
44	Nov-21	15,846.57	976.92	14,869.65	245,641.96				284.54		
45	Dec-21	15,846.57	921.16	14,925.41	230,716.55				267.25		
46	Jan-22	15,846.57	865.19	14,981.38	215,735.17				249.89		
47	Feb-22	15,846.57	809.01	15,037.56	200,697.61				232.47		
48	Mar-22	15,846.57	752.62	15,093.95	185,603.66				214.99		
49	Apr-22	15,846.57	696.01	15,150.55	170,453.11				197.44		
50	May-22	15,846.57	639.20	15,207.37	155,245.74				179.83		
51	Jun-22	15,846.57	582.17	15,264.39	139,981.35	10,703.40	179,455.39	190,158.80	162.15	3,098.29	7,605.11
52	Jul-22	15,846.57	524.93	15,321.64	124,659.71				144.40		
53	Aug-22	15,846.57	467.47	15,379.09	109,280.62				126.58		
54	Sep-22	15,846.57	409.80	15,436.76	93,843.86				108.70		
55	Oct-22	15,846.57	351.91	15,494.65	78,349.20				90.75		
56	Nov-22	15,846.57	293.81	15,552.76	62,796.45				72.74		
57	Dec-22	15,846.57	235.49	15,611.08	47,185.37				54.66		
58	Jan-23	15,846.57	176.95	15,669.62	31,515.75				36.51		
59	Feb-23	15,846.57	118.18	15,728.38	15,787.36				18.29		
60	Mar-23	15,846.57	59.20	15,787.36	(0.00)	2,637.75	139,981.35	142,619.10	(0.00)	652.63	1,985.12
Grand Totals						118,931.57	850,000.00	968,931.57		37,041.63	81,889.94

Loan Data	
Original Principal	\$ 850,000
Loan Term (Years)	5.0
Annual Interest Rate	4.50%
Payments per Year	12
Payment	\$ 15,846.57
Interest Only Period	0.5 (6 mos)
Interest Payment	\$ 3,187.50

County Treasury
Rate

1.39%

per LACOE memo
11/8/17

Month	Period	Payment	Interest (7438)	Principal (9610)	Balance	Annual Interest Expense	Annual Principal Payment	Total Annual Loan Payment	County interest Earned @1.39 (Compounded)	Annual County Interest Earned (Lifetime Benefit a/c)	Interest difference Between Bank & County
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2017-18 PCHS Transportation Costs

Scholarship	# Students	Student Pays	PCHS Pays	Total/Mo.	PCHS Cost/Mo.
			\$ 185		
Full	206	\$0	\$185	\$185	\$37,000
Partial	104	\$60	\$125	\$185	\$12,875
Partial	51	\$75	\$110	\$185	\$5,170
Partial	22	\$100	\$85	\$185	\$1,615
No	436	\$185	\$0	\$185	\$0
	<u>819</u>	Total Riders (Monthly)			<u>\$56,660</u>

Home to School (10 months)	\$566,600
Special Ed	\$200,000
Athletics/Field Trips	\$101,697
Late Busses	\$58,275
Total Transportation Budget Estimate	\$926,572

Other Bus Costs for 2017-18:

- 2 Special Ed Buses at \$474/day @ 195 Days (20 extra ESY days)-higher charges in SEM 1/1 Bus in SEM 2
- \$53,000 for 2 Special Ed Aids - 1 on each Bus
- 3 Late Buses at \$111/day @ 175 Days
- 1 Competition Bus at \$474/day @ 150 Trips
- 1 Field Trip Bus at \$474/day @ 10 Trips
- 5 Ninth Grade Orientation Buses at \$474/day @ 1 Day
- 1 Football Bus at \$474/day @ 17 Days

vs.

2016-17 Costs		
# Students	PCHS Pays	PCHS Cost/Mo.
	\$ 140	
129	\$140	\$18,060
195	\$70	\$13,650
<u>524</u>	\$15	\$7,860
<u>848</u>		<u>\$39,570</u>

Change in
Scholarship
Riders

77

(18)

Subsidy for difference between cost (\$140) and monthly payments \$17,090

Note: Full Year 2016-17 Adjusted for Annual Variance in ridership

	\$ INCREASE
\$376,700	\$189,900
\$134,500	\$65,500
\$88,500	\$13,197
\$40,000	\$18,275
<u>\$639,700</u>	<u>\$286,872</u>

Other Bus Costs for 2016-17:

- 2 Special Ed Buses at \$373/day @ 195 Days (20 extra ESY days)
- \$53,000 for 2 Special Ed Aids - 1 on each Bus
- 3 Late Buses at \$109/day @ 175 Days
- 1 Competition Bus at \$373/day @ 160 Trips
- 1 Field Trip Bus at \$373/day @ 20 Trips
- 5 Ninth Grade Orientation Buses at \$373/day @ 1 Day
- 1 Football Bus at \$373/day @ 17 Days
- Note: Tumbleweed would also charge overage for any bus runs over 5.0 hours/day

Coversheet

Fiscal Policies and Procedures Update: Lost/Return Check Policy

Section: II. Governance / Finance
Item: E. Fiscal Policies and Procedures Update: Lost/Return Check Policy
Purpose: Vote
Submitted by:
Related Material:
II_E_Fiscal Policies_Part 2_Stop Payment and Cancelled Check Policy - REVISED.pdf
II_E_Fiscal Policies_Part 1_CHECK CANCELLATION REQUEST - Revised.pdf

Stop Payment and Check Re-Issue Policy

Check Reissuance Procedures

This section describes the procedures for reissuing payroll & reimbursement checks that are stale dated, lost, or destroyed. Under normal conditions, the general policy for reissuing a payroll check is 10 business days.

Steps:

Employee or Claimant

1. Complete the Check Cancellation Request/Stop Payment form.
2. Provide original stale dated check (if lost, please indicate on the form check was lost).
3. Submit to Payroll in person.

Payroll (for Employees)/Finance Office (for Claimant)

1. Verifies documents for accuracy (1-2 days).
2. Verifies original check has not been cashed and issues cancellation (1-6 days).
3. Reissues new payment (1-2 days).
4. Distributes check to claimant via method requested.

Stop Payment Fee

If a check was re-issued due to a lost check, a stop payment will be placed. The employee (or claimant) will be assessed the current bank fee of \$30.

Distribute Replacement Check

After the replacement check has been issued, employee or claimant will be contacted for pick up. If the claimant is not employed by Palisades Charter High School, check will be mailed.

CHECK CANCELLATION / STOP PAYMENT REQUEST - DRAFT

TO: Palisades Charter High School – Finance Office

DATE: _____

FROM: _____
 (name) (dept.) (extension)

RE: CHECK#: _____ **DATE:** _____

PAYEE: _____ **AMOUNT:** _____

ACTION: (Please Complete Only One Box)

<p><input type="checkbox"/> STOP PAYMENT</p> <p><input type="checkbox"/> Do Not Reissue New Check</p> <p><input type="checkbox"/> Reissue New Check</p> <p>Address: _____ _____</p>	<p><input type="checkbox"/> CANCEL (Check Attached)</p> <p><input type="checkbox"/> Do Not Reissue New Check</p> <p><input type="checkbox"/> Reissue New Check</p> <p>Address: _____ _____</p>
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- REASON:**
- _____ Cancelled Order
 - _____ Duplicate Payment
 - _____ Incorrect Amount
 - _____ Incorrect Vendor
 - _____ Lost in the Mail
 - _____ Lost by Payee
 - _____ Merchandise Not Received
 - _____ Stale Date
 - _____ Other (Please Indicate) _____

Please Note: a fee will be assessed (current fee is \$30) to the employee on all checks cancelled through a stop payment.

Coversheet

Fiscal Policies and Procedures Update: Budget Calendar 2018-2019

Section: II. Governance / Finance
Item: F. Fiscal Policies and Procedures Update: Budget Calendar 2018-2019
Purpose: Vote
Submitted by:
Related Material: 18-19 BUDGET CALENDAR.pdf



PALISADES CHARTER HIGH SCHOOL

A CALIFORNIA DISTINGUISHED SCHOOL

15777 Bowdoin Street
 Pacific Palisades, California 90272
 Phone (310) 230-6623
 Fax (310) 454-6076

FY 18/19 BUDGET CALENDAR - DRAFT

DATE	TASK
01/23/18	BUDGET/FINANCE COMMITTEE MEETS TO RECOMMEND BUDGET CALENDAR FOR FY18/19
01/29/18	BOARD MEETING - FINANCE 18/19 BUDGET CALENDAR APPROVAL
01/31/18	LONG TERM STRATEGIC PLAN BUDGET DISCUSSION & COMMENTS
02/15/18	DISCUSS OVERVIEW/DESIGN OF FY18/19 BUDGET AT DEPARTMENT CHAIR MEETING INCLUDING USE OF LONG TERM STRATEGIC PLANNING (LTSP) & LOCAL CONTROL ACCOUNTABILITY (LCAP) WITH DEPARTMENT & PROGRAM PRIORITIES.
02/23/18	RELEASE FY18/19 BUDGET PACKETS
2/26/18 - 3/16/18	FINANCIAL STAFF AVAILABLE TO HAVE PERIOD BY PERIOD MEETINGS TO ASSIST IN DEVELOPING BUDGET WORKSHEETS.
03/01/18 - 03/16/18	TEACHERS/STAFF MEET WITH DEPT/PROGRAM HEADS TO BUILD BUDGET REQUESTS. **PLEASE BRING YOUR PRELIMINARY BUDGET TO THE MARCH CURRICULUM COUNCIL MEETING**
3/19/18 - 3/23/18	DEPARTMENT/PROGRAM HEADS MEET WITH ADMINISTRATORS TO PRIORITIZE BUDGET AND COMPLETE FOR SUBMISSION TO BUSINESS OFFICE. REVIEW GOALS & PREPARE A RECOMMENDED PRIORITY LIST RANKING. **ADMIN RECOMMENDS MEETING WITH YOUR DEPT CHAIR TO FINALIZE ANY CHANGES. **ALL CHANGES END BY 3/23.**
04/09/18	BUDGET/FINANCE APPROVES TEXTBOOK BUDGET
04/16/18	FINANCE OFFICE COMPILES BUDGET REQUESTS/RECOMMENDATIONS & ORGANIZES FOR STAKEHOLDER INPUT, INCLUDING LCAP & LTSP.
04/18/18	ADMINISTRATORS AT DEPT CHAIR MEETING TO DISCUSS PRELIMINARY OVERALL FY18/19 BUDGETS.
04/25/18	LTSP COMMITTEE RECEIVES FY18/19 BUDGETS FOR VETTING AGAINST LTSP & LCAP PRIORITY NEEDS IDENTIFIED BY STAKEHOLDERS (DEPT/PROGRAM CHAIRS ATTEND).
05/04/18	FINANCE OFFICE COMPILES STAKEHOLDER GROUP'S PRELIMINARY RECOMMENDATIONS & CREATES FILES FOR REGULAR MAY BUDGET & FINANCE MEETING. REPORTS BACK TO DEPARTMENT/PROGRAM CHAIRS AS TO STAKEHOLDER GROUPS RECOMMENDATIONS..
May TBD	FINANCE OFFICE COMPILES ADDITIONAL B&F COMMITTEE/ADMIN FEEDBACK FOR FY18/19 BUDGET; RECEIVE AND UTILIZE INFORMATION TO INCLUDE IN BUDGET FROM FY18/19 INFORMATION CONTAINED IN STATE'S MAY REVISE.
05/07/18	BUDGET/FINANCE APPROVES IMA BUDGET
05/15/18	BOARD APPROVAL OF TEXTBOOK/IMA BUDGET BY B&F COMMITTEE
TBD	2 DAYS/PARTIAL BUDGET/FINANCE MEETING TO DISCUSS/APPROVE FY18/19 BUDGET
06/06/18	FY18/19 BUDGET SUBMITTED TO BOARD OF DIRECTORS FOR REVIEW & APPROVAL
06/21-06/23/18	APPROVED BUDGET DETAILS SENT TO DEPT/PROGRAM HEADS FOR REVIEW/DISCUSSION WITH DESIGNATED ADMINISTRATORS.

Coversheet

Approval of Field Trips

Section: III. Consent Agenda 1: Non-Finance Items
Item: A. Approval of Field Trips
Purpose: Vote
Submitted by:
Related Material: X_Consent Form Field Trip _1_29_18_Part 2.pdf
X_Consent Form Field Trip _1_29_18 Part 1.pdf

Submit by Email

Print Form

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 OTHER (Describe) _____

Name of Employee _____ Certified _____
 School: **Palisades Charter High School** Supervising trip David Carini Non-Cert. _____
 Telephone Number (310) 230-6623 Grade levels (Circle) 9 10 11 12 OTHER 10-12

1. Destination San Francisco Are admission fees charged? Yes No _____
 2. Dates of Trips April 11-14 3. Number of Students 20 Number of adults 2
 4. Name and employee number of employee who will go on trip: David Carini and Bradley Kolavo

5. Substitute required? Yes No _____ How Many? 2 Source of funds Tideline Funds/P
 6. Time schedule required by school: Leave School April 11 after School Arrive destination _____
 Leave destination _____ Return school April 14 (Saturday)

7. Duration of trip: Less than one day ___ One day _____ Overnight (if overnight, how many days?) 3 Nights
 8. Method of transportation: School bus (indicate number required) ___ Walking _____ Automobile _____
 Public Carrier: airplane _____ boat _____ bus _____ train _____ other (explain) plane

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 be attending a National Journalism Conference to compete for writing awards and partake in discussion panels with professional journalists

10. Source of funds for trip Tideline/Parents

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 No _____

12. Have forms for parent's or guardian's permission been obtained? Yes _____ 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 _____ No _____
 - b. Has the area been checked for potential hazards? Yes _____ No _____
 - c. Has the School Police Department been notified of the trip? Yes _____ No _____

APPROVALS:
 Principal or Asst. Principal _____ Date: _____
 Board of Trustees* _____ Date: _____

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

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 OTHER (Describe) _____

Name of _____ Employee _____ Certified _____
 School: **Palisades Charter High School** Supervising trip Kolavo/Jimenez Non-Cert. _____
 Telephone Number (310) 230-6623 Grade levels (Circle) 9 10 11 12 OTHER _____

1. Destination Anaheim Marriott Are admission fees charged? Yes x No _____
2. Dates of Trips Fri 3/3 to Mon 3/5 3. Number of Students 40 Number of adults 4
4. Name and employee number of employee who will go on trip: Brad Kolavo, Peyman Nazarian, Joel Jimenez and Santa Monica H.S. Mariam Shafiey
5. Substitute required? Yes x No _____ How Many? 3 Source of funds CTE
6. Time schedule required by school: Leave School Fri 3/3 at 12pm Arrive destination 2pm
 Leave destination Mon 3/5 at 8:30am Return school Mon 3/5 at 10am
7. Duration of trip: Less than one day ___ One day x Overnight _____ (if overnight, how many days?) 3
8. Method of transportation: School bus (indicate number required) ___ Walking _____ Automobile _____
 Public Carrier: airplane _____ boat x bus _____ train _____ other _____ (explain) _____
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 attend the California DECA State Conference and compete in their respective fields, attend workshops and team activities
10. Source of funds for trip _____

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 in progress 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 _____ No _____
 - b. Has the area been checked for potential hazards? Yes _____ No _____
 - c. Has the School Police Department been notified of the trip? Yes _____ No _____

APPROVALS:

Principal or Asst. Principal _____ Date: _____

Board of Trustees* _____ Date: _____

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