



Palisades Charter High School

Board Meeting

Date and Time

Tuesday January 15, 2019 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
- C. Public Comment

*"Public Comment" is available to all audience members who wish to speak on any agenda item or under the general category of "Public Comment." "Public Comment" is set aside for members of the audience to raise issues that are not specifically on the agenda. However, due to public meeting laws, the Board can only listen to your issue, not respond or take action. These presentations are limited to two (2) minutes, per person. A member of the public who requires the use of a translator, in order to receive the same opportunity as others to directly address the Board, shall have twice the allotted time to speak, and the total allocated time shall be appropriately increased as well. **Govern Code § 54954.3(b)(2).***

- D. Approve Minutes (12/11/18)

II. Organizational Reports

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

III. Board Committees (Stakeholder Board Level Committees)

A. Academic Accountability Committee Updates

B. Budget & Finance Committee Updates

C. Charter Committee Updates

- Tasking the Charter Committee to review the Governance Policies & Bylaws and provide clarity on California Charter School legislation.
- Review the Charter Draft Minutes from (11/30/18)

D. Election Committee Updates

- Next meeting is on Friday, 1/25/19, 2:15pm: Pool Office

E. Post-Retirement/Lifetime Healthcare Benefits

IV. Board Committees (Board Members Only)

A. Audit Committee Updates

B. Grade Appeal Committee Updates

V. Academic Excellence

Academic Excellence

A. School Calendar Update

B. School-wide Goals Update

VI. Facilities/Operations

A. Update - Bus Transportation

B. Update - Social Media - Social Sentinel

VII. Finance

Finance

A. 2017-2018 - Audit Report

- Presentation by Nigro & Nigro - CPAs

VIII. Governance

- A.** Public Hearing on Initial Proposal from PESPU for 2018-19 School Year Negotiations

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

- A.** Update - Evaluation Committee

X. Consent Agenda 1: Non-Finance Items

- A.** Approval of Field Trips

XI. New Business / Announcements

- A.** Announcements / New Business

- Date of next Board Meeting is Tuesday, February 12, 2019

- B.** Announce items for closed session, if any.

XII. Closed Session

- A.** Conference with Legal Counsel: Anticipated Litigation

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

- B.** Public Employee Discipline/Dismissal/Release

- (Govt. Code section 54957)

XIII. Closing Items

- A.** Adjourn Meeting

XIV. Open Session

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

Coversheet

Approve Minutes (12/11/18)

Section: I. Opening Items
Item: D. Approve Minutes (12/11/18)
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Board Meeting on December 11, 2018

APPROVED



Palisades Charter High School

Minutes

Board Meeting

Date and Time

Tuesday December 11, 2018 at 5:00 PM

Location

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

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Trustees Present

Andrew Paris, Brooke King, Camille Schoenberg, Dara Williams, Jeanne Saiza, Larry Wiener, Leslie Woolley, Reeve Chudd, Shawn McClellan, Susan Ackerman

Trustees Absent

Emily Hirsch

Ex Officio Members Present

Dr. Pam Magee, Greg Wood

Non Voting Members Present

Dr. Pam Magee, Greg Wood

Guests Present

Abby Fisher, Amy Nguyen, Shelby Ladnier

I. Opening Items

A. Call the Meeting to Order

Leslie Woolley called a meeting of the board of trustees of Palisades Charter High School to order on Tuesday Dec 11, 2018 at 5:03 PM.

B. Record Attendance and Guests

C. Public Comment

D. Approve Minutes (11/6/18)

Reeve Chudd made a motion to approve minutes from the Board Meeting on 11-06-18 Board Meeting on 11-06-18.

Susan Ackerman seconded the motion.

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

Roll Call

Camille Schoenberg	Aye
Brooke King	Aye
Jeanne Saiza	Aye
Andrew Paris	Aye
Emily Hirsch	Absent
Reeve Chudd	Aye
Leslie Woolley	Aye
Larry Wiener	Aye
Shawn McClellan	Abstain

Roll Call

Dara Williams Abstain
Susan Ackerman Aye

II. Organizational Reports

A. Student Report

Leadership had a holiday spirit week. Last day of holiday week it was announced that the seniors get to go to Grad Night at Disneyland.

Trying to get therapy dogs here but because of the rain it didn't work out

B. Parent Report

Happy holidays from Shawn

C. Classified Staff Report

Nothing to report

D. Faculty Report

Nothing to report.

E. Human Resources Director (HR) Report

Report stands as submitted.

F. Director of Operations Report

Report stands as submitted.

Reeve Chudd brought up the Social Sentinental information on the report.

It is an agenda item and we will vote on it.

G. Director of Development Report

\$13k in donations made on Giving Tuesday.

Waiting on two large grant applications.

3rd annual Young Alumni Pizza event at Mercer Hall. Should be a good turn out.

Discussion about the restricted donations for pledge received. Trying to access the monies from those pledges.

Salaries and Benefits - includes Mike Rawson and Gio Stewart.

Andy Paris left the meeting.

The \$311, 072 only includes the expenses for the salaries. The other items we don't have a budget for so we don't know the total expenses for the year.

As the expenses come in they should also be reflected in the net number.

H. Chief Business Officer (CBO) Report

Report stands as submitted.

Close to our budgeted ADA amount. We do need to bring in 40 to 50 new students for next semester to meet our ADA target for the year.

Audit is a separate agenda item. The auditor is doing work to meet the December 17th deadline but our auditor is requesting a formal extension through January 31st. This is the first time we have requested an extension. May reach out to the audit committee members to discuss the issues. Then we will have another audit meeting after the report is issued.

Governor Newsome is coming into office and will set the tone for how he will approach school funding. January 16th there is a financial conference that he will attend with Dr. Magee.

Met with LACOE and discussed some needs that need to be addressed in LTSP.

Reeve had a couple of questions, "What is NPS?" Answer: Nonpublic schools. We get to include them in our ADA but we are paying for NPS for these students.

Could not find the ED 52064.1 Looks like it is effective July 1, 2019.

I. Executive Director/Principal (EDP) Report

The EDP Report stands as submitted.

Included the policy discussions that the various councils and faculty are discussing.

AA team is stepping in and helping with policy discussion. Curriculum Council is posting minutes on the website so that we can read about the discussions and what is coming out of them.

May be hiring a math teacher for second semester.

III. Board Committees (Stakeholder Board Level Committees)

A. Academic Accountability Committee Updates

Working on a date in January for that committee to meet. Looking for interested members.

B. Budget & Finance Committee Updates

Committee met yesterday. The important points from that are agendaized.

C. Charter Committee Updates

D. Election Committee Updates

The meeting is Friday, December 14th at 2:15 p.m. to discuss the timeline for the elections next year. Everyone is invited to come.

Dara suggested that the student representative can call in if she cannot make it in person

E. Post-Retirement/Lifetime Healthcare Benefits

There is a report being presented by the actuary but there has not been a meeting since the last report.

IV. Board Committees (Board Members Only)

A. Board Members Only - Grade Appeal Committee Updates

Working on the last grade appeal from spring of 2018.
More appeals because more people are aware that there is a committee.

V. Academic Excellence

A. Request for Allowance of Attendance (J13A) - Approval of Form

Form J13A for missed day of school due to fires in the area.
The application for the state to give us funding for that day needs to be signed by all board members.
If the request is not granted by the state then we will need to make up the day.
Camille Schoenberg made a motion to for the Board to sign and submit the.
Reeve Chudd seconded the motion.
The board **VOTED** unanimously to approve the motion.

Roll Call

Camille Schoenberg	Aye
Larry Wiener	Aye
Dara Williams	Aye
Brooke King	Aye
Susan Ackerman	Aye
Shawn McClellan	Aye
Leslie Woolley	Aye
Reeve Chudd	Aye
Jeanne Saiza	Aye
Andrew Paris	Absent
Emily Hirsch	Absent

B. Restorative Justice Peer Mediation Class - Presentation

Heather Schon, a counselor at Pali and the Peer Mediation Coordinator, started out the presentation.
REstorative justice is moving from the what happened to the why.
After Columbine went to zero tolerance for punishment. But shift to look at the why because students have so many issues going on.
Powerpoint presentation.

When the school suspends the student the conflict still exists so we are not really addressing the problem. And if the student is sent to another school it just transfers the problem.

Holly Korbonski, an English teacher and is now teaching restorative justice

Sarah Crompton, a teacher, also working on restorative justice.

Want to look at ways to avoid school violence as opposed to

26 students trained last year.

This year 30 more trained.

50 mediations, with 49 successful with student mediators (there is an adult there but they are just observers and coaches).

The 50th the adults had to step in but it was still resolved eventually.

The students are actually very respectful.

There was a student with many problems, father murdered and dealing with many issues.

Thankful because the mediation changed his life.

Students who have gone through mediation change their behavior because they're able to resolve conflict.

\$6000 to get training.

Now we have a class to train the students that Holly is teaching it. Meets the UC "G" elective requirement.

Every kid brings something different to the program based on their personality but they do each add something. And the kids can see that they are doing that and they also learn about themselves.

One of the football players also brought it into the football locker room.

This year brought up the transportation issue this year as a social justice issue.

Mercy Montgomery's video was done by the class.

With the addition of the class at Pali more students can become involved.

Will engage students at Paul Revere and some of the elementary schools (can do it 4th grade and up).

Students with discipline issues are asking for this.

Dean does give the option of suspension or mediation. If they can reach an agreement it erases the discipline issue.

Kelly Loftus was in the first training but he doesn't go to the mediation because it feels too much like the dean is watching. Both Russ Howard and Mystic Thompson have gone to some of the training.

Usually 2 students mediators with two students with the problem.

Sometimes they do mediation circles.

Other issues come up that can then also be dealt with that the staff was unaware of but only came out because of the mediation.

C. Math Success Task Force Update

EDP report discusses this. Meeting monthly with a consistent group of people. Developed an action plan last year but it is a living document and constantly being modified.

Minutes are included with her materials.

Next meeting Tuesday, January 29th.

D. School-wide Goals Update

Communications goal. Want to create a state of the school brochure that will be shared at the next board meeting.

VI. Governance

A. Board Training Make-Up (Audio/Binder Review)

Jeanne and Leslie need to participate in makeup training. Materials that were missing from the binder were sent out and should be put in the binder.

B. LAUSD Compliance & Monitoring Cert. of Board Compliance Review - 2018 - 2019

Brought back to the Board so that the Board is aware that every box is checked off on our compliance. It will be submitted to LAUSD.

Dara Williams made a motion to approve and sign off on the LAUSD Compliance Review. Reeve Chudd seconded the motion.

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

Roll Call

Susan Ackerman	Aye
Shawn McClellan	Aye
Reeve Chudd	Aye
Jeanne Saiza	Aye
Larry Wiener	Aye
Brooke King	Aye
Dara Williams	Aye
Leslie Woolley	Aye
Andrew Paris	Absent
Camille Schoenberg	Aye
Emily Hirsch	Absent

VII. Facilities/Operations

A. Update - Bus Transportation

Only disruption related to the fire when access to Topanga Canyon was shut off. Looking to prepare for next year. Coincide transportation sign up and scholarship requests along with registration. So the process will be more coordinated than last year so that everything is completed by late May and therefore it can be appropriately budgeted. The cost for next year will go up at least \$10 additional per month. Reeve Chudd asked if we will continue the Pali Go campaign, which we intend to do.

B. Social Media - Social Sentinel Inc., Agreement

The agreement was not ratified at the last board meeting. PTSA has agreed to fund the first year. We would still have the option of opting out after the first year. PTSA chose this as the thing they wanted to fund and they were giving other options.

Monitoring service that looks at public only posts. Looks for threatening related posts about Pali using keywords about Pali that we would give them (i.e. Stadium by the Sea, Mercer Hall, Pali, things of that nature). Includes notification for self-harm, which is the most common thing it finds. Susan Ackerman asked why PTSA chose this particular project over other projects. Don Parcell was told that there were a number of people on PTSA that were concerned about being proactive to keep us safe. Talked about other security measures and this is the one they chose. Chief of Hemet School District talked in generalities but not about specifics from their school.

Camille asked about PTSA generally. They are funded by dues and they accept private donations. They are a separate organization. School safety is one of their issues. Dara Williams brought up that we will have the data from one year and that might give us the information we can use to decide to fund the program for the future. Article attached discussed.

Dara Williams made a motion to approve the Social Sentinental contract for one year to be funded by the PTSA.

Jeanne Saiza seconded the motion.

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

Roll Call

Shawn McClellan	Aye
Larry Wiener	Aye
Dara Williams	Aye
Camille Schoenberg	Aye
Reeve Chudd	Aye
Leslie Woolley	Aye
Emily Hirsch	Absent
Susan Ackerman	Aye
Brooke King	Aye
Jeanne Saiza	Aye
Andrew Paris	Absent

C. Red Cross Shelter Information

Red Cross shelter was here for 9 or 10 days for fires. Over 60 people total used the shelter. The community was great, with donations coming from local businesses. The Red Cross did a great job of cleaning up when they moved out. A number of students and their families volunteered to help.

VIII. Finance

A. 2017-2018 - Actuary Report

Luis

Accounting standards that require that these benefits be on the financials as a liability
27 currently receiving these benefits
105 eligible active employees
Closed group - only certain employees are eligible and no new employees are eligible

Estimate what PCHS is expected to pay each year until the last person is done receiving benefits

\$21.8 million liability as of 7/1/2017

Report details the assumptions made to get to this number; economic and demographic assumptions

Use the best estimate based upon the information that they have and can make based upon it.

Greg Wood asked about why the June 30th 2018 only a projected number and not an actual number.

The difference will be minimal. One year won't make a substantial difference because this is a longterm projection, this is especially true because it is a closed group.

Some eligible members have left the school (not retired) and thus have lost their benefits. The accrued liability is \$17.2 million, difference because of pro-rating it for years of service.

Experience gain or loss is the difference between what actually happened and the assumption.

Medicare is integrated for the retirees over 65.

PCHS doesn't have an irrevocable trust to fund this but we do have designated funds of \$6.4 million.

Page 9 (131 of the materials) gives a good sense of what future payments look like.

Expected to make \$80 million for future retirees and the \$21.7 is the discounted rate assuming 5% per year.

Actuarial tables go to 120 years old.

Want to fund the unfunded liability over time. Amortizing the unfunded liability over 15 years would be \$1.7 million each year.

We may ask for different scenarios and what they would cost if we are unable to fund the unfunded liabilities.

Shawn McClellan made a motion to to approve the Actuarial Report.
 Camille Schoenberg seconded the motion.
 The board **VOTED** to approve the motion.

Roll Call

Andrew Paris	Absent
Dara Williams	Aye
Jeanne Saiza	Abstain
Leslie Woolley	Aye
Susan Ackerman	Abstain
Shawn McClellan	Aye
Camille Schoenberg	Aye
Brooke King	Abstain
Reeve Chudd	Aye
Emily Hirsch	Absent
Larry Wiener	Abstain

B. 2018-2019 - 1st Interim Report

Greg Wood presented. There is a Powerpoint presentation included in the materials.
 Budget in June versus budget we adopted in October.
 Highlighted the difference between the funding from last year and this year.
 This year so far we are up \$674,000 cash basis (approximately \$700,000).
 Expecting to receive about \$34.9 million
 Revenue variances --> increased slightly
 Cafeteria less free and reduced are participating but it has been offset by cafeteria sales
 Two new block grants this year that were not included in the budget adoption.
 Projecting \$34.4 million in expenses (down from approximately \$35.1 million
 Total increases : \$67,500
 Total decreases: \$25,738
 There is a potential for additional legal costs.
 Reoption we have added \$69,381 to our fund balance.
 Multi-year projection, lifetime benefits funding may be substantially higher if we fund it.
 Projected numbers have us with deficits for at least the next two years.
 Use the same health care provider this year as we have in the past. There are other
 healthcare plans available but we would have to have Board approval to change plans
 and would have to review other possibilities to see if they are less expensive.
 Board was appreciative of this simplified presentaiton

Camille Schoenberg made a motion to approve the adoption of the 2018-19 1st Interim Report.

Shawn McClellan seconded the motion.

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

Roll Call

Reeve Chudd	Aye
Dara Williams	Aye
Camille Schoenberg	Aye
Leslie Woolley	Aye
Shawn McClellan	Aye
Larry Wiener	Abstain
Jeanne Saiza	Abstain
Susan Ackerman	Abstain
Andrew Paris	Absent
Emily Hirsch	Absent
Brooke King	Abstain

IX. Consent Agenda 1: Finance Items

A. LACOE Certificate of Signatures

Annual adoption of approving the certificate of signatures. It is basically a signature card for LACOE

Brooke King made a motion to to approve the LACOE Certificate of Signatures.

Reeve Chudd seconded the motion.

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

Roll Call

Jeanne Saiza	Aye
Andrew Paris	Absent
Susan Ackerman	Aye
Emily Hirsch	Absent
Camille Schoenberg	Aye
Larry Wiener	Aye
Reeve Chudd	Aye
Dara Williams	Aye
Leslie Woolley	Aye
Brooke King	Aye
Shawn McClellan	Aye

B. Approval of reimbursements for Executive Director/Principal

Dara Williams made a motion to approve D. Magee's reimbursements.

Shawn McClellan seconded the motion.

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

Roll Call

Emily Hirsch	Absent
Camille Schoenberg	Aye
Jeanne Saiza	Abstain
Leslie Woolley	Aye
Susan Ackerman	Abstain
Reeve Chudd	Aye
Dara Williams	Aye
Larry Wiener	Abstain
Andrew Paris	Absent
Shawn McClellan	Aye
Brooke King	Abstain

X. Consent Agenda 2: Non-Finance Items

A. Approval of Field Trips

Reeve Chudd made a motion to approve the two field trips.
Brooke King seconded the motion.
The board **VOTED** unanimously to approve the motion.

Roll Call

Jeanne Saiza	Aye
Shawn McClellan	Aye
Brooke King	Aye
Emily Hirsch	Absent
Larry Wiener	Aye
Dara Williams	Aye
Leslie Woolley	Aye
Reeve Chudd	Aye
Camille Schoenberg	Aye
Susan Ackerman	Aye
Andrew Paris	Absent

XI. New Business / Announcements

A. Announcements / New Business

Next board meeting is January 15, 2019

B. Announce items for closed session, if any.

Went into closed session at 7:43 pm.

XII. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:14 PM.

Respectfully Submitted,
Leslie Woolley

XIII. Open Session

A. Return to Open Session

Out of open session at 8:14

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

Nothing to report.

Coversheet

Human Resources Director (HR) Report

Section: II. Organizational Reports
Item: E. Human Resources Director (HR) Report
Purpose: FYI
Submitted by:
Related Material:
II_E_Part 2_HR Actuarial Valuation Report PCHS FYE2018 Final Nyhart 12.7.2018.pdf
II_E_Part 1_HR Report_01_15_19.pdf



December 6, 2018

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, 2018.

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, 2018.

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

A handwritten signature in cursive script that reads 'Luis Murillo'.

Luis Murillo, ASA, MAAA
Consulting Actuary

A handwritten signature in cursive script that reads 'Randy Gomez'.

Randy Gomez, FSA, MAAA
Consulting Actuary

LM:rl

Enclosure



nyhart

Palisades Charter High School

Actuarial Valuation Retiree Health Program Fiscal Year Ending June 30, 2018

August 2018

**Palisades Charter High School
Actuarial Valuation
Retiree Health Program
Fiscal Year Ending June 30, 2018**

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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, 2018. 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 27 retirees. In addition, there are approximately 105 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, 2017, is \$21,833,255. 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, 2017 is \$17,205,492 and the service cost for the 2017/2018 fiscal year is \$633,143.

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, and updates to the retirement and turnover. A reconciliation of the approximate change in the actuarial liability from the prior valuation is provided in the following table:

July 1, 2015 Valuation – 5.0% Discount Rate	\$20.4 Million
Expected increase due to passage of time (interest less benefits paid)	1.6 Million
Decrease due to net experience gain (primarily healthcare cost less than assumed)	(0.9 Million)
Net increase due to assumption changes	(0.4 Million)
Inclusion of implicit subsidy	<u>1.1 Million</u>
July 1, 2017 Valuation – 5.0% Discount Rate	\$21.8 Million

Fiscal Year 2017/2018 Net Periodic Postretirement Benefit Cost (Expense)

The results of the valuation including a reconciliation of the funded status of the plan at July 1, 2017 and projected to July 1, 2018 along with the development of the fiscal year 2017/2018 net periodic postretirement welfare benefit cost (expense) are presented in Section II of the report.

The fiscal year 2017/2018 net periodic postretirement welfare benefit cost is \$2,039,643. 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, 2019 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, 2018 is \$6,383,360.

Section IV of the report shows the funded status reflecting the assets set aside at June 30, 2018. The funded status of the plan is 35% (assets set aside at June 30, 2018 divided by the projected APBO at June 30, 2018 = \$6,383,360/\$18,463,950). PCHS is currently contributing \$691,000 per year for the payment of current and future retiree health benefits. The expected 2018/19 PCHS cost for health benefits for its current retirees is approximately \$344,748. 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 in 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 2037/2038 fiscal year. This assumes that little or no earnings are allocated to the accumulated PCHS contributions in future years. PCHS has commenced investing the set aside assets and future earnings, depending on the investment strategy, may extend this date.

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 22%. A 1% increase in the discount rate would decrease the APBO by 16%.

ASC 715 requires that implicit rate subsidies be considered in the valuation of medical costs. An implicit rate subsidy occurs when the rates for retirees are the same as for active employees. Since pre-Medicare retirees are typically much older than active employees, their actual medical costs are almost always higher than for active employees. The valuation results were determined using the higher expected costs associated with retired employees assuming that the underlying morbidity is similar to other similarly situated California-based plans.

Scheduled to take effect in 2022, 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, 2017

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	\$14,302,304
Actives Fully Eligible	3,132,943
Retirees	<u>4,398,008</u>
Total EPBO	\$21,833,255
2. Accumulated Postretirement Benefit Obligation (APBO)	
Actives Not Fully Eligible	\$ 9,674,541
Actives Fully Eligible	3,132,943
Retirees	<u>4,398,008</u>
Total APBO	\$17,205,492
3. Service Cost	\$ 602,993
No. of Active Employees	105
Average Age	51
Average Past Service	18
No. of Retired Employees	27
Average Age	70

B. Reconciliation of Funded Status at July 1, 2017, Projected to June 30, 2018 and June 30, 2019

	<u>Actual</u> <u>6/30/2017</u>	<u>Projected</u> <u>6/30/2018</u>	<u>Projected</u> <u>6/30/2019</u>
1. Accumulated Postretirement Benefit Obligation (APBO)			
Actives Not Fully Eligible	(\$ 9,674,541)	(\$10,791,411)	(\$11,995,782)
Actives Fully Eligible	(3,132,943)	(3,289,590)	(3,370,560)
Retirees	<u>(4,398,008)</u>	<u>(4,382,949)</u>	<u>(4,332,240)</u>
Total APBO	(\$17,205,492)	(\$18,463,950)	(\$19,698,581)
2. Plan Assets*	<u>0</u>	<u>0</u>	<u>0</u>
3. Funded Status	(\$17,205,492)	(\$18,463,950)	(\$19,698,581)
4. Unrecognized Transition Obligation	7,727,382	7,175,426	6,623,470
5. Unrecognized Prior Service Cost	0	0	0
6. Unrecognized Net (Gain)/Loss	<u>(95,806)</u>	<u>(95,806)</u>	<u>(95,806)</u>
7. (Accrued)/Prepaid Postretirement Benefit Cost	(\$ 9,573,916)	(\$11,384,330)	(\$13,170,917)

C. Net Periodic Postretirement Benefit Cost for Fiscal Year Ending

	<u>6/30/2018</u>	<u>6/30/2019</u>
1. Service Cost	\$ 633,143	\$ 664,800
2. Interest Cost	854,544	914,579
3. Expected Return on Assets	0	0
4. Amortization of Net (Gain)/Loss	0	0
5. Amortization of Prior Service Cost	0	0
6. Amortization of Transition Obligation	<u>551,956</u>	<u>551,956</u>
7. Net Periodic Postretirement Benefit Cost	\$2,039,643	\$2,131,335

D. Benefit Payments for Fiscal Year Ending

	<u>6/30/2018</u>	<u>6/30/2019</u>
1. Actual/Projected Benefit Payments	\$ 229,229	\$ 344,748

* PCHS has not reported any FASB eligible plan assets but has set aside assets and has commenced investing these assets for the future payment of retiree health benefits. The amount of set aside assets at June 30, 2018 is \$6,383,360.

E. Sample Disclosure for Fiscal Year Ending June 30, 2018

	<u>Projected 6/30/2018</u>
1. Change in Benefit Obligation	
Benefit Obligation at Beginning of Year	\$17,205,492
Service Cost	633,143
Interest Cost	854,544
Change Due to Plan Amendments	0
Change Due to (Gain)/Loss	0
Projected Benefits Paid	<u>(229,229)</u>
Benefit Obligation at End of Year	\$18,463,950
2. Change in Plan Assets	
Fair Value of Plan Assets at Beginning of Year	\$ 0
Expected/Actual Return of Plan Assets	0
Employer Contributions	229,229
Actual Benefits Paid	<u>(229,229)</u>
Fair Value of Plan Assets at End of Year	\$ 0
3. Funded Status (2. minus 1.)	(\$18,463,950)
Unrecognized Net (Gain)/Loss	(95,806)
Unrecognized Prior Service Cost	0
Unrecognized Transition Obligation	<u>7,175,426</u>
Net Amount Recognized	(\$11,384,330)
4. Amount Recognized in Unrestricted Assets	
Net Actuarial (Gain)/Loss	(95,806)
Prior Service Cost	0
Unrecognized Net Transition Obligation	<u>7,175,426</u>
Net Amount Recognized	\$ 7,079,620
5. Weighted Average Assumptions for Disclosure	
Discount Rate	5.0%
Initial Healthcare Trend Rate	7.0%
Ultimate Healthcare Trend Rate	5.0%
6. Components of Net Periodic Benefit Cost	
Service Cost	\$ 633,143
Interest Cost	854,544
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	\$2,039,643
7. Effect of a 1% Increase in Healthcare Trend	
Benefit Obligation	\$3,639,330
Total Service Cost and Interest Cost	\$ 362,331

	Projected <u>6/30/2018</u>
8. Effect of a 1% Decrease in Healthcare Trend Benefit Obligation	(\$2,831,969)
Total Service Cost and Interest Cost	(\$ 278,125)
9. Estimated Future Benefit Payments	
2017/2018	\$ 229,229
2018/2019	\$ 344,748
2019/2020	\$ 393,809
2020/2021	\$ 451,284
2021/2022	\$ 508,563
2022/2023	\$ 556,405
2023/2024	\$ 638,344
2024/2025	\$ 698,948
2025/2026	\$ 762,198
2026/2027	\$ 845,532

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 Year</u>	<u>Future Retirees</u>	<u>Retired Employees</u>	<u>PCHS Total</u>
2017/18	\$ 0	\$ 229,229	\$ 229,229
2018/19	\$ 81,473	\$ 263,275	\$ 344,748
2019/20	\$ 120,323	\$ 273,486	\$ 393,809
2020/21	\$ 166,186	\$ 285,098	\$ 451,284
2021/22	\$ 215,603	\$ 292,960	\$ 508,563
2022/23	\$ 257,123	\$ 299,282	\$ 556,405
2023/24	\$ 334,470	\$ 303,874	\$ 638,344
2024/25	\$ 391,170	\$ 307,778	\$ 698,948
2025/26	\$ 447,446	\$ 314,752	\$ 762,198
2026/27	\$ 528,518	\$ 317,014	\$ 845,532
2027/28	\$ 630,134	\$ 318,262	\$ 948,396
2028/29	\$ 703,182	\$ 318,386	\$ 1,021,568
2029/30	\$ 780,213	\$ 317,275	\$ 1,097,488
2030/31	\$ 875,218	\$ 303,532	\$ 1,178,750
2031/32	\$ 978,039	\$ 299,765	\$ 1,277,804
2032/33	\$ 1,051,456	\$ 294,556	\$ 1,346,012
2033/34	\$ 1,156,194	\$ 287,848	\$ 1,444,042
2034/35	\$ 1,254,317	\$ 279,608	\$ 1,533,925
2035/36	\$ 1,322,949	\$ 269,828	\$ 1,592,777
2036/37	\$ 1,391,371	\$ 258,534	\$ 1,649,905
2037/38	\$ 1,476,417	\$ 245,795	\$ 1,722,212
2038/39	\$ 1,557,585	\$ 231,725	\$ 1,789,310
2039/40	\$ 1,616,667	\$ 216,489	\$ 1,833,156
2040/41	\$ 1,670,404	\$ 200,309	\$ 1,870,713
2041/42	\$ 1,716,007	\$ 183,458	\$ 1,899,465
2042/43	\$ 1,781,724	\$ 166,235	\$ 1,947,959
2043/44	\$ 1,820,644	\$ 148,940	\$ 1,969,584
2044/45	\$ 1,842,180	\$ 131,871	\$ 1,974,051
2045/46	\$ 1,870,758	\$ 115,299	\$ 1,986,057
2050/51	\$ 1,958,661	\$ 47,359	\$ 2,006,020
2055/56	\$ 1,826,341	\$ 12,412	\$ 1,838,753
2060/61	\$ 1,555,706	\$ 1,833	\$ 1,557,539
2065/66	\$ 1,177,068	\$ 136	\$ 1,177,204
2070/71	\$ 772,299	\$ 0	\$ 772,304
2075/76	\$ 427,654	\$ 0	\$ 427,654
2080/81	\$ 195,683	\$ 0	\$ 195,683
2085/86	\$ 73,930	\$ 0	\$ 73,930
2090/91	\$ 21,629	\$ 0	\$ 21,629
2095/96	\$ 3,953	\$ 0	\$ 3,953
2100/01	\$ 328	\$ 0	\$ 328
All Years	\$71,954,311	\$8,060,903	\$80,015,214

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 7/1/2018	\$18,463,950
Reported Value of Plan Funds at 6/30/2018*	<u>(6,383,360)</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$12,080,590
15 Year Fixed Dollar UAAL Payment (principal & interest)	\$ 1,108,449
2. Recommended Funding Contribution	
Normal Cost (Current Fiscal Year Accrual)	\$ 633,143
15 Year Fixed Dollar UAAL Payment (principal & interest)	<u>1,108,449</u>
Recommended Contribution Payable at Beginning of Fiscal Year	\$ 1,741,592
Interest at 5% to End of Fiscal Year	<u>87,080</u>
Recommended Contribution Payable at End of Fiscal Year	\$ 1,828,672

* PCHS has set aside funds earmarked for the payment of future retiree health benefits. The reported value of set aside funds at June 30, 2018 is \$6,383,360.

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>4.0%</u>
Present Value of Projected Benefits (PVPB)	\$22,689,958	\$18,665,677	\$28,055,819
Reported Value of Plan Funds	<u>(6,383,360)</u>	<u>(6,383,360)</u>	<u>(6,383,360)</u>
Unfunded PVPB	\$16,306,598	\$12,282,317	\$21,672,459
Level Dollar Funding			
20 Year PVPB Payment	\$1,239,740	\$998,133	\$1,531,516
25 Year PVPB Payment	\$1,096,208	\$895,579	\$1,332,332
30 Year PVPB Payment	\$1,005,038	\$831,722	\$1,203,664

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:

10/1/2017 to 9/30/2018	Kaiser HMO/ Sr. Adv.	California Care HMO	BC/ Medco 90/\$10	BC/ Medco 90/\$20	BC/ Medco 80/\$20	Companion Care
Retiree Only	\$ 551	\$ 807	\$1,015	\$ 941	\$ 816	NA
Retiree Plus Spouse	\$1,102	\$1,147	\$1,425	\$1,325	\$1,152	NA
Retiree Plus Family	\$1,558	\$1,459	\$1,812	\$1,684	\$1,465	NA
Retiree Only - Medicare	\$ 205	\$ 544	\$ 544	\$ 542	\$ 538	\$437
Retiree Plus Spouse - Medicare	\$ 410	\$1,088	\$1,088	\$1,084	\$1,076	\$874

:

10/1/2018 to 9/30/2019	Kaiser HMO/ Sr. Adv.	California Care HMO	BC/ Medco 90/\$10	BC/ Medco 90/\$20	BC/ Medco 80/\$20	Companion Care
Retiree Only	\$ 551	\$ 815	\$1,026	\$ 951	\$ 824	NA
Retiree Plus Spouse	\$1,102	\$1,158	\$1,440	\$1,338	\$1,164	NA
Retiree Plus Family	\$1,559	\$1,473	\$1,831	\$1,702	\$1,480	NA
Retiree Only - Medicare	\$ 225	\$ 574	\$ 506	\$ 506	\$ 490	\$419
Retiree Plus Spouse - Medicare	\$ 450	\$1,148	\$1,012	\$1,012	\$ 980	\$838

Dental & Vision Plans:

10/1/2017 to 9/30/2018	Delta Premier Incentive Plan	Delta PPO Plan	VSP Vision Plan
Retiree Only	\$ 53	\$ 60	\$12.30
Retiree Plus Spouse	\$106	\$120	\$24.60
Retiree Plus Family	\$139	\$158	\$36.90

10/1/2018 to 9/30/2019	Delta Premier Incentive Plan	Delta PPO Plan	VSP Vision Plan
Retiree Only	\$ 53	\$ 60	\$12.30
Retiree Plus Spouse	\$106	\$120	\$24.60
Retiree Plus Family	\$139	\$158	\$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	2
65-69	11
70-74	10
75+	<u>4</u>
Total:	27
Average Age:	70.3
Average Retirement Age:	65.1

Age/Service Distribution of All Benefit Eligible 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	2	1							4
35-39	0	4	4	1						9
40-44	0	1	8	3	1	1				14
45-49	0	1	7	4	5	4				21
50-54	0	3	5	0	3	5				16
55-59	0	3	6	5	2	1	2	1		20
60-64	0	0	5	3	1	4	1	0	1	15
65-69	0	0	1	0	2	0	0	0	0	3
70+	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Total:	1	15	38	16	15	15	3	1	1	105
Average Age:			51.4							
Average Service:			17.7							
Average Hire Age:			33.8							

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, 2017

Applicable Accounting Standards: ASC 715

Discount Rate: 5.0%

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	3.5%	3.0%
10	1.8%	1.8%
15	1.2%	1.2%
20	0.9%	0.9%
25	0.7%	0.7%
30	0.6%	0.6%

[Prior valuation used following tables:]

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%

Mortality Rates:

RPH2014 mortality table with generational projection scale MP-2017

[Prior valuation used following tables:]

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	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.

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 claim costs are based on the premiums paid for medical insurance coverage. The District participates in a community rated plan. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.

Medical Trend Rates:

Year	Trend
2018/19	Actual
2019/20	7.0%
2020/21	6.5%
2021/22	6.0%
2022/23	5.5%
2023/24+	5.0%

Dental & Vision Trend Rates:

Year	Trend
2017/18+	3.0%

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

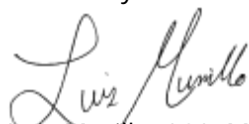
The results set forth in this report are based on the actuarial valuation of the retiree health benefit plans of Palisades Charter High School (PCHS) as of July 1, 2017.

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.

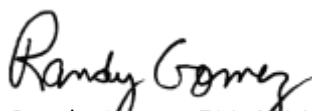
The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of anticipated experience and actuarial cost of the retiree health benefits program. The discount rate, expected return on assets, and other economic assumptions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



Luis Murillo, ASA, MAAA
Consulting Actuary



Randy Gomez, FSA, MAAA
Consulting Actuary

December 6, 2018

Date



PALISADES CHARTER HIGH SCHOOL

Human Resources Board Report January 15, 2019

Leaves :

Name	Classification/Position	Funding	Effective Date
Jen Pazirandeh	Teacher - Math	General	January 7, 2019

Staffing and Recruitment: PCHS has made a strong effort to fill positions and needs with current staff members in an effort to reduce costs. Some staff members have returned from leaves and when we have staff members taking a leave during the spring semester we will make every effort to fill from within first before hiring any additional staff.

Retirement: CalPERS - A CalPERS representative provided over two hours of training to our classified staff members during the professional development day on January 7th, 2019. During the 2019 workshop, over 60 employees were able to take advantage of the time to ask questions and review the CalPERS retirement benefits. We continue to speak with certificated as well as classified employees regarding their own retirement plans for the Spring 2019 semester.

Benefits: On Monday, February 4th, 2019 SISC will hold a Health and Wellness screening program. This will be held on campus in the staff cafeteria and is open to all staff. In addition to standard cholesterol, blood and health screenings employees will be eligible to receive a \$30 amazon spending code upon participation.

We continue to have brokerages work on bids for medical coverage for our employees. The bid process takes several months of preparation and them introduction to the staff. Once we have firm bids returned to us we will begin holding Health & Welfare committee meetings to review the offers made to PCHS.

Lifetime Health Benefits: The finalized actuarial report has been completed by Nyhart. This is attached in the board materials.

Our Mission:

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

Coversheet

Director of Operations Report

Section: II. Organizational Reports
Item: F. Director of Operations Report
Purpose: FYI
Submitted by:
Related Material: II_F_Operations Report_01_15_19.pdf



PALISADES

CHARTER HIGH SCHOOL

Board of Trustees Meeting Operations Report January 15, 2018

Security/Safety:

- Campus-Wide 5-Year Shelf-Life Lockdown Emergency Supplies funded by Boosters and PTSA are now all distributed to all offices (classrooms were done previously). Thank You to both organizations!
- Active Intruder training developed and implemented by Safe Kids Inc. and conducted on five consecutive Mondays in October. A refresher/recap for Faculty/Staff and Students planned for 2/28/2019. Safe Kids representatives were on hand for the Monday 1/8/2019 PD Day for all Faculty/Staff.
- Our Board approved social media alerting vendor Social Sentinel's (www.SocialSentinel.com) system has been setup and initially configured (Thank You PTSA for the Year 1 funding!). Additional refinements expected to be added in January and February but the system is operational.
- PCHS fundraising campaign for Safety & Security needed for 2018-19 and beyond to build up the necessary funds to implement the #1 Safety Priority as determined via a multiple Stakeholder & 3rd-Party expert process – Fencing.
- Additional safety/security measures to increase campus safety have been compiled and prioritized by National Education on Safety & Security Institute (NESSI) and PCHS personnel working together.
- Unfunded and Currently Not Being Pursued, but Desired - Contracting with a locally patrolling security company for on-call emergency support when needed to quickly get additional trained guards on campus in the event of a true crisis. Besides our one (1) on-site LAUSD-PD Officer, even in a 911 situation, additional LAUSD-PD and LAPD are often 30-60 minutes away and we need much faster response time in such events. Costs estimated at \$1,000-\$1,500/month, but funding still needed.



PALISADES

CHARTER HIGH SCHOOL

Security/Safety (Continued):

- PCHS Safety 1 Category Update: (THIS SUB-SECTION UNCHANGED FROM PREVIOUS REPORT)
 - **Fix/Improve General Public Address System:** Classroom PA speakers added, fixed or replaced. Additional work done on the main system is waiting for report from LAUSD for further enhancement recommendations.
 - **Emergency Exit Push-Bar Gates:** The one budget-approved Emergency Exit Push-Bar Gate has been installed at Pali Academy and is functioning as needed. Additional Emergency Exit Gates will require additional funding.
 - **Fencing:** Fencing was budgeted for Parking Lot and PE Tunnel, and our contracted Structural Engineers are working on both design and construction documents for submittal to LAUSD for approval (LAUSD required PCHS to hire an engineering firm so submittal of this project for approval). However, additional funding will be needed to install the fence as the Safety & Security Campaign funds raised Spring Semester are no longer available, and the likely deficit reduction approaches planned will further deplete the partial funding that remained.
 - **Unfunded Other Safety 1 Projects:**
 - Fence Breach Detection/Alerting System
 - Additional Security Cameras
 - Additional Emergency Exit Gates
 - Intrusion Detection System

Transportation:

- All buses finished out the fall semester (and started spring semester) operating as expected.
- PCHS Transportation Department has continued to allocate available donation funds. A small reserve of donations are being allocated as needed to newly enrolled spring semester students, and others who have requested additional assistance. All scholarship funds were previously fully allocated.
- 2019-20 PCHS School Bus Program Registration and Financial Assistance Applications expected to open in March 1, 2019 and be open for two weeks (closing March 12th) in correlation with PCHS Student Enrollment for 2019-20.
- Unless the Board agrees to subsidize all bus riders for the 2019-20 school year, bus costs for next year for students without a scholarship and without donations will go up at least \$10/student to \$225/mo./student. Additional price increases could still occur over and above that, but preliminary projections for school bus registration are at a \$2,250/year per student (\$225/mo./student) cost for bus riders in 2019-20.



PALISADES

CHARTER HIGH SCHOOL

Transportation (Continued):

- Effective 3/18/2019, the Big Blue Bus (BBB) company have agreed to run a Pali Express public transportation bus from the Santa Monica 4th Street train station to Pali High with no in-between stops. The bus's route will be from the train station to PCH to Sunset and 1st Stop is at the corner of El Medio & Sunset at the top of our back staircase, 2nd Stop at Temescal & Sunset corner before continuing along Sunset. This should cut the transit time for PCHS students in half from the current "local" route that has 10+ stops before reaching PCHS. A BBB express bus from PCHS to the station will exist in the afternoon soon after our first dismissal as well. Details on the specific schedule coming soon from BBB.
- Late last semester, the Metro Bus organization agreed to add a second bus to pre-existing Metro Bus Route 206 just after Pali's first dismissal time so that more students could take the Metro 206 Bus route since the single bus at about that time was frequently full or near full. Details are on the Metro web pages in the Transportation section of PCHS's website

Permits & Setups:

- Permit Revenue for Dec 2018 was ~\$42,200:
 - ~\$29,600 from Facility Rentals
 - ~\$1,100 from Banner Rentals
 - ~\$11,500 from Filming
- Dec 2018 Revenue very healthy, especially considering the Baseball Field and Large Gym were out of commission for 1-2 weeks in December for annual maintenance.
- Permit Revenue for Jan 2019 will be available at the next board meeting
- Steady volume of filming request calls continue with three pending shoots in January
- Banner demand continues to be solid
- Winter sports/permits well underway
- Dec 2018 Set-Ups/Events:
 - Marching Band Banquet—12/1
 - Football Banquet—12/2
 - Winter VAPA Show (Chorus)— 12/3
 - Winter VAPA Show (Band)—12/5
 - Winter VAPA Show (Dance)—12/6
 - FNL Performances—12/7
 - Board Meeting 12/11
 - JSA Winter Cabinet Retreat (12/15)
 - PCHS Quiet Week (12/3-12/7)
 - PCHS Finals Week (12/10-12/14)
 - Winter Break (12/17-1/8)



PALISADES

CHARTER HIGH SCHOOL

Permits & Setups (Continued):

- Jan 2019 Set-Ups/Events:
 - PD Day – 1/7
 - BSU Rehearsals (1/8-1/30)
 - Activity Drill (Fire Drill) – 1/15
 - Senior Panorama Picture – 1/17
 - Fuerza Unida Parent Meeting – 1/19
 - PPWC Parking Event (rescheduled due to Woosley Fires) – 1/20
 - Coach Todd's Football Camp – 1/21
 - PPTFH 2019 Homeless Count – 1/23
 - Blood Drive – 1/23
 - Advanced Drama Scene Night – 1/24
 - Counseling Office Symposium – 1/25
 - Girl Scout Cookie Distribution – 1/26
 - BSU Showcase Performances– 1/31-2/1
 - Board Meeting – 1/15
 - School Tours – 1/16 and 1/24

MGAC/Pool:

- Pool Winter Hours in effect
- Regular PCHS and Club Teams Activities Continuing
- Hosted Water Polo Tournament successful (and won by PCHS)
- Competition Scoreboard Repaired/Updated
- Lifeguard Training/Testing Conducted
- Pool House gas leak repaired
- Frequency of miscellaneous repairs at Pool starting to climb as Pool Equipment ages
- PCHS should continue accruing/saving for major repairs in the 3-5 year timeframe as major pool components start to reach their useful life of 8-10 years.
 1. Replace Lochinvar High Efficiency Heaters (2) that serve all pools (~\$40-\$50k)
 2. Re-Plaster All Pools (~\$160-\$200k)
 3. Replacement Competition Pool Pump (~\$25-\$35k)

Information Technology:

- The Microsoft Single Sign-On (SSO) integration between Infinite Campus and Active Directory went into effect at the start of this semester and is a very welcome upgrade. A few hiccups along the way may occur, but this is a giant step forward for PCHS and its users.



PALISADES

CHARTER HIGH SCHOOL

Information Technology (Continued):

- Annual mid-year tech assessment, cleanup and inventory took place over Winter Break. In addition, most tech identified items from the Winter Break Faculty/Staff needs survey were addressed.
- Also over Winter Break, the long awaited from LACOE Internet Circuit upgrade was started and should be in-place and ready for use in January 2019.
- Social Sentinel's social media alerting service started-up the first week in January. Additional refinements expected to be added along the way in January and February but the system is operational.
- Our new Chromebook Inventory Management System (Destiny Resource Manager) had refinements made, and templates created, and is now in production use to manage PCHS's Chromebook assets.
- A small lab environment was created to test domain joining in our OSX environment, something we used to have but stopped due to more negative than positive effects. The tests were very successful and we will move forward with a few TBD pilot users before the rollout takes place.
- The E-Rate infrastructure project is still on-hold pending state approval. LearningTech, who assists us with our E-Rate processes, have issued their annual executive overview. A key highlight of the report is a savings of \$33,997.54 on annual allowable services this past fiscal year.
 - Replace aged and failing core network infrastructure
 - Replace aged and/or failing classroom lab networks
 - Supplement wireless access points in classrooms with insufficient infrastructure
 - Grow physical network in insufficient, non-existent, or otherwise problematic areas
 - Provide for, repair, or replace the battery backup to each network IDF
 - Repair/Replace fiber runs that have stopped working
 - Run new fiber runs to new classroom labs and new IDF's
 - Add new Ethernet capacity where exhausted in lower A, B101, AA office, H, E, G, J, Mercer Hall, Cafeteria/Staff Cafeteria
- Continuing to work with Impero, our classroom device management tool, for a Spring Semester rollout. At this time, the software is working fantastically on school owned devices but there are a number of workflow issues with BYOD devices, along with some bugs on macOS devices. John Vieira is working with a small number of teachers to get feedback and create PD for teacher use when we are able to go live.
- Worked with Facilities Team to troubleshoot/repair issues with the school-wide PA system.



PALISADES

CHARTER HIGH SCHOOL

Facilities/Projects:

1. Replaced/Upgraded Mercer Hall light fixtures to LEDs. Also upgraded lighting controls to have more flexibility in rows/banks being on/off or dimmed. Project is part of ongoing campus wide lighting upgrade from fluorescent bulbs to LED bulbs as part of Prop39.
2. Restroom Renovation Project – Upgraded exteriors of nine students’ restroom locations with Pali colored tile, freshly painted exterior, and ordered new signage. Locations: C-Bldg. 1st/2nd (2); E-Bldg. 1st/2nd (2); F-Bldg. 1st(1); G-Bldg. 1st/2nd (4)
3. LAUSD completing the short-term temporary HVAC “Bypass” into the main line to complete the Winter Break heating line project
4. LAUSD conducted a school wide assessment of HVAC system infrastructure for preventative maintenance purposes and in selected problematic classrooms. Remediation of issues found started during Winter Break and are expected to be completed in January 2019.
5. A Public Address (PA) Speaker assessment was done for all faculty/staff survey identified PA issues in various areas. All issues were addressed/fixed.
6. Rotated/changed 30 exterior hallway locker combos to can accommodate those students without as well as any new incoming student requests.
7. Infield/Outfield baseball field/grass renovation completed.
8. Per Cafeteria Food Inspection report – Walk-In fridge, Reach-In fridge, electronic ballasts and patching/painting done.
9. Some A-Bldg 1st Floor Hallway Upgrades were made over Winter Break - Replaced aging baseboards, aging/damaged ceiling tiles, access hatches, waxed floors (A-Bldg hallway 1st/2nd Floor, Main Office, Attendance Office, Counseling Office, Dolphin Tank, etc.
10. Also waxed floors in Mercer Hall, Gilbert Hall, Teachers’ Lounge, Gym Lobby and Snack Shop areas. Carpets cleaned (machine scrubbed) in Library, College Center, Fitness Room and several offices.
11. New counter installed in library
12. Re seeded quads grass areas available. Will reseed by Outdoor Stage as soon as LAUSD removes temporary fencing.
13. Replaced 3 water damaged and rotted doors for U112; U113; U114
14. New location for school psychologist now occupied by Lauren DeNoia, and School Resource Officer (SRO) Officer Johnson moved into office next to Dean’s Office, and several Mental Health Services therapists relocates as needed.
15. Rotated/Changed exterior hallway locker combinations as needed for new/incoming spring semester students.
16. Large & Small Gym floor refinishing completed over Winter Break
17. Many smaller Winter Break work tasks planned/completed by Facilities & Janitorial Teams



PALISADES

CHARTER HIGH SCHOOL

Facilities/Projects (Continued):

Larger Scale Projects:

- **Security Fencing (Unfunded)** – LAUSD mandated Architectural & Structural Engineering plans created by Breen Engineering Inc. Funding needed for fence purchase/installation.
- **Short-Term Temporary Heating System Repair (Primarily LAUSD Funded)** – Project design and execution completed by LAUSD. Phase 1 completed over Thanksgiving Break. Phase 2 completed over Winter Break. Funding expected to be provided by LAUSD - Any cost to PCHS still TBD.
- **Long-Term Temporary Heating System Repair (Primarily LAUSD Funded)** – Project re-design underway by LAUSD. Phase 1 was anticipated to be done over Thanksgiving through Winter Breaks, but has been postponed until Spring 2019. Funding expected to be provided by LAUSD - Any cost to PCHS still TBD.
- **Long-Term Heating System Infrastructure Replacement Project (LAUSD Funded)** – Project design phase still underway. Estimated start date Summer/Fall 2020 and completion Spring/Summer 2021 (anticipated as a 10-12 month project). Many milestones still to be cleared before confidence in project being started at all becomes high. Temporary heating solution still be analyzed and planned by LAUSD.
- **Gym A/C Project (LAUSD Funded)** – Project has been DSA Approved. LAUSD currently preparing bid packages for General Contractor bidding/selection. Latest estimated start date pushed back to Mid-April 2019, but further start date delays are likely.
- **Student Restroom Renovation Project (Donor Funded)** – Project planning underway for full interiors execution Summer 2019. Exterior Entrance improvements completed over Winter Break.
- **Garden Gateway Phase 3 (Fully Boosters Funded)** – Project approval obtained from LAUSD. Full-Scope bids received for Construction determined by Boosters to be higher than desired. Boosters reduced project scope to remove the decorative pony brick wall and “Palisades Charter High School” sign and just do the landscaping portion of the project. Re-bid process completed, vendor selection completed (Liliput, Inc.), contract process underway. Expected start date 12/17/2018. However, vendor (Liliput) backed out in Mid-December and Boosters is contemplating their next steps.

Coversheet

Director of Development Report

Section: II. Organizational Reports
Item: G. Director of Development Report
Purpose: FYI
Submitted by:
Related Material: II_G_Development Report_01_15_19.pdf

Board of Trustees Meeting
Development Report

1/10/2019

TOTAL FUNDS RAISED TO DATE:	Fund	Prior Report	YTD	Inc.	Budget
The PCHS Fund	General	\$115,511	\$153,132	\$37,621	
The Pali GO Fund	Pali GO	\$27,949	\$31,942	\$3,993	
Campus Safety & Security	General	\$2,150	\$2,150	\$0	
Donor Brick Campaign	General	\$1,276	\$1,276	\$0	
Donations to Athletic Teams	ASB	\$1,930	\$1,930	\$0	
Donations to Classroom Teachers	ASB	\$15,567	\$16,279	\$712	
Donations to Extra-Curriculars	ASB	\$7,304	\$9,063	\$1,759	
Donations to Pali Cares	ASB	\$0	\$0	\$0	
TOTAL UNRESTRICTED FUNDS RAISED		\$171,687	\$215,772	\$44,085	
Rest. Donations/Pledges - Recd	General	\$45,424	\$54,098	\$8,674	
Rest. Donations/Pledges	General	\$109,200	\$105,526	-\$3,674	
TOTAL RESTRICTED FUNDS RAISED		\$154,624	\$159,624	\$5,000	
TOTAL FUNDS RECEIVED		\$326,311	\$375,396	\$49,085	\$488,000

TOTAL EXPENSES TO DATE:

Bacio Design	\$855	\$5,100
L.A. Press Printing	\$3,721	\$6,900
American Direct Mail	\$2,329	\$5,000
Postage	\$48	\$250
Subscriptions	\$4,574	\$10,000
California Consulting	\$12,041	\$12,041
SafeSave service fees	\$4,343	\$6,232
Salaries & Benefits (Campus Unification/Development Dir)	\$103,208	\$176,928
Office supplies	\$139	\$200
Videography	\$0	\$1,500
Young Alumni Pizza Lunch	\$0	\$190
Career Day & Fair Breakfast/Lunch	\$0	\$0
Donor Reception	\$0	\$1,500
Awards	\$0	\$200
New Parent Welcome Breakfast	\$1,162	\$1,162
TOTAL EXPENSES FOR UNRESTRICTED FUNDS	\$132,420	\$227,203

TOTAL NET FUNDS**\$242,976****\$260,797**

Board of Trustees Meeting
Development Report

Submitted Grant Proposals:

<i>Date Submitted</i>	<i>Found./ Grantor</i>	<i>Request Amt.</i>	<i>Outcome</i>	<i>Award Date</i>
3/28/2018	District 4 Facilities	\$20,000	Pending - Campus Safety & Security	4/15/18
7/16/2018	Norman F. Sprague, Jr	\$5,000	Transportation Assistance - Submitted	None
7/16/2018	Jewett & Chandler	\$10,000	Transportation Assistance - Submitted	1/31/19
8/2/2018	Donald T. Sterling	\$5,000	Transportation Assistance - Submitted	Varies
8/2/2018	Hidden Leaf	\$10,000	Transportation Assistance - Submitted	9/1/19
8/2/2018	Hofmann Family	\$10,000	Transportation Assistance - Submitted	None
8/2/2018	Leonardt	\$5,000	Transportation Assistance - Submitted	None
8/2/2018	Saban Family	\$10,000	Transportation Assistance - Submitted	2/15/19
8/2/2018	Kathryne Beynon	\$5,000	Transportation Assistance - Submitted	None
9/17/2018	Craigslist Charitable	\$5,000	Transportation Assistance - Submitted	None
9/18/2018	T & D Leavey	\$1,000	Transportation Assistance - Submitted	Varies
9/18/2018	Cynthia & Wm Simon	\$5,000	Transportation Assistance - Submitted	None
9/24/2018	Lowe's Toolbox	\$5,000	Smartboard - Submitted	1/30/19
10/22/2018	PP Women's Club	\$1,500	Soil & Supplies for Pali Academy Garden	3/12/19
3/31/2018	PP Optimist Found.	\$1,500	Received - Surveillance camera	6/1/18
4/28/2018	Motorola Solutions	\$30,000	Denied - PCHS lacked proven eval. proc.	7/15/18
6/1/2018	Lewis A. Kingsley	\$10,000	Received - General program funds	7/3/18
7/12/2018	A & E Borchard Fdn	\$10,000	Not accepting uninvited proposals	None
8/1/2018	American Honda	\$30,000	Denied - PCHS lacked proven eval. proc.	12/1/18
8/2/2018	William H. Hannon	\$10,000	Denied - already allocated funds for yr.	None
9/1/2018	Joseph Drown	\$25,000	Denied - transportation assistance	1/31/19
10/15/2018	Mara Breech Found.	\$10,000	Received \$5,000 for professional dev.	12/31/18
10/15/2018	Wm. Bannerman Fdn	\$10,000	Denied - transportation assistance	3/15/19
10/15/2018	Cathay Bank Found.	\$10,000	Received \$5,000 for ELL program	11/20/18
11/26/2018	Target Foundation	\$1,000	Approved - Soccer grant	12/15/18

Coversheet

Chief Business Officer (CBO) Report

Section: II. Organizational Reports
Item: H. Chief Business Officer (CBO) Report
Purpose: FYI
Submitted by:
Related Material: II_H_Part 4_TEXTBOOK_IMA UPDATE 12-31-18.pdf
II_H_Part 3_Credit Card - Dec 2018.pdf
II_H_Part 2_Budget Summary 1st Interim.pdf
II_H_Part 1_CBO_01_15_19.pdf

Palisades Charter High School
2018-2019 Textbook/IMA
Budget to Actuals 12/31/18

Sch/Loc Description	Resource Description	Budgeted Amt	Expended Amt	Enc Amt	Remaining Amt	% Left
Textbook refund/repair	General Fund	4,200.00	-9,222.05	0.00	13,422.05	319.57
English Department	General Fund	18,200.00	3,609.15	2,895.31	11,695.54	64.26
Math Department	General Fund	0.00	414.50	0.00	-414.50	0.00
Science Department	General Fund	4,236.00	5,828.51	171.05	-1,763.56	-41.63
World Languages	General Fund	10,000.00	6,054.15	0.00	3,945.85	39.46
Social Studies	General Fund	20,940.00	12,983.06	0.00	7,956.94	38.00
Technical Education	General Fund	5,939.00	0.00	0.00	5,939.00	100.00
Visual & Performing Arts	General Fund	2,868.00	3,041.20	0.00	-173.20	-6.04
Library	General Fund	10,800.00	2,757.25	2,642.23	5,400.52	50.00
Academic Achievement	General Fund	0.00	523.99	0.00	-523.99	0.00
Pali Academy	General Fund	0.00	0.00	0.00	0.00	0.00
Leadership Class	General Fund	0.00	0.00	0.00	0.00	0.00
Undistributed	LCAP Expenses	0.00	2,041.20	0.00	-2,041.20	0.00
ESL	LCAP Expenses	0.00	979.20	1,876.18	-2,855.38	0.00
Intervention	LCAP Expenses	0.00	0.00	0.00	0.00	0.00
Virtual Academy	LCAP Expenses	20,000.00	3,242.11	201.61	16,556.28	82.78
Special Education	Special Education	0.00	0.00	0.00	0.00	0.00
Total for Object: 4100-Textbooks		97,183.00	32,252.27	7,786.38	57,144.35	58.80
IMA/Savings	General Fund	-28,047.00	0.00	0.00	-28,047.00	100.00
English Department	General Fund	4,183.00	824.03	273.84	3,085.13	73.75
Math Department	General Fund	2,500.00	998.16	320.54	1,181.30	47.25
Science Department	General Fund	65,000.00	21,528.11	7,547.54	35,924.35	55.27
World Languages	General Fund	1,898.00	0.00	0.00	1,898.00	100.00
Social Studies	General Fund	2,564.00	155.00	0.00	2,409.00	93.95
Technical Education	General Fund	11,012.00	3,773.83	1,519.41	5,718.76	51.93
Visual & Performing Arts	General Fund	70,000.00	22,798.46	8,012.20	39,070.13	55.81
Physical Education	General Fund	9,000.00	4,533.24	4,914.33	-447.57	-4.97
Athletic Director	General Fund	28,000.00	11,564.45	6,750.10	9,685.45	34.59
Counseling Department	General Fund	5,799.00	2,290.80	9.03	3,499.17	60.34
Career Center	General Fund	1,088.00	277.36	0.00	810.64	74.51
Writing Center	General Fund	0.00	0.00	0.00	0.00	0.00
Attendance Office	General Fund	3,600.00	1,217.13	176.73	2,206.14	61.28
Study Center	General Fund	700.00	57.54	125.29	517.17	73.88
Main Office	General Fund	0.00	267.79	137.50	-405.29	0.00
Nurses Office	General Fund	2,000.00	0.00	0.00	2,000.00	100.00
Summer School	General Fund	500.00	0.00	0.00	500.00	100.00

1/11/2019

Palisades Charter High School

2018-2019 Textbook/IMA

Sch/Loc Description	Resource Description	Budget to Actuals 12/31/18		Enc Amt	Remaining Amt	% Left
		Budgeted Amt	Expended Amt			
Intervention	General Fund	0.00	396.19	430.81	-827.00	0.00
Independent Study	General Fund	888.00	61.30	0.00	826.70	93.10
MESA Program	General Fund	1,500.00	0.00	0.00	1,500.00	100.00
Library	General Fund	4,565.00	1,518.49	84.25	2,962.26	64.89
Deans/Security	General Fund	3,050.00	708.69	103.64	2,237.67	73.37
Academic Achievement	General Fund	15,500.00	9,132.76	308.87	6,058.37	39.09
Pali Academy	General Fund	1,500.00	0.00	0.00	1,500.00	100.00
ACADEMIC DECATHLON	General Fund	4,800.00	2,185.00	472.16	2,142.84	44.64
Leadership Class	General Fund	1,500.00	0.00	0.00	1,500.00	100.00
College Center	General Fund	6,860.00	1,703.92	0.00	5,156.08	75.16
LCAP	LCAP Expenses	0.00	1,059.08	0.00	-1,059.08	0.00
Math Department	LCAP Expenses	0.00	0.00	0.00	0.00	0.00
Summer School	LCAP Expenses	0.00	3,344.38	0.00	-3,344.38	0.00
Intervention	LCAP Expenses	0.00	0.00	0.00	0.00	0.00
Literacy Program	LCAP Expenses	0.00	0.00	0.00	0.00	0.00
ESL	IASA: Title I Part A	3,000.00	1,089.16	191.31	1,719.53	57.32
504	Special Education	1,132.00	0.00	0.00	1,132.00	100.00
Special Education	Special Education	15,908.00	2,630.61	578.30	12,699.09	79.83
Total for Object: 4300-Materials and Supplies		240,000.00	94,115.48	31,955.85	113,928.67	45.17

**PALISADES CHARTER HIGH SCHOOL
2017-2018 UNAUDITED ACTUALS AND 2018-2019 BUDGET UPDATES**

	Unaudited Actuals 2017-2018 Updated 8/31	Adopted 2018-2019 Budget	Re-Adopted 2018-2019 Budget	2018-2019 1st Interim	Updated 17/18 vs. 18/19 <i>Incr./(Decr.)</i>	
ADA	2,905.08	2,881.50	2,867.00	2,867.00		ADA budgted
LCFF Revenue	26,816,219	28,277,877	28,305,891	28,305,891	5.6%	Higher COLA%
Federal Revenue	1,321,289	1,391,636	1,389,976	1,334,311	1.0%	Received new federal grants
Other State Revenue	3,944,232	3,568,933	3,206,174	3,290,260	-16.6%	decrease in one-time revenue
Local Revenue	1,779,367	1,842,590	1,892,591	1,971,591	10.8%	increase in permit & fundraising projections
Total Revenue	<u>33,861,107</u>	<u>35,081,036</u>	<u>34,794,632</u>	<u>34,902,053</u>	<u>3.1%</u>	

Expenses	2017-2018	2018-2019	2018-2019	2018-2019	2017-2018	2018-2019	
					% Of Total	% Of Total	
Certificated Salaries (Excl. Admin)	13,802,448	13,610,179	13,360,179	13,360,179	39.7%	38.8%	
Certificated Salaries-Admin	900,745	916,313	916,313	916,313	2.6%	2.7%	
Classified Salaries (Excl. Admin)	4,156,480	4,385,989	4,385,988	4,385,988	12.0%	12.7%	
Classified Salaries -Admin	435,684	412,863	412,863	412,863	1.3%	1.2%	
Benefits	7,107,370	8,231,979	7,835,308	7,825,317	20.4%	22.7%	
Total Salaries & Benefits	<u>26,402,727</u>	<u>27,557,322</u>	<u>26,910,651</u>	<u>26,900,660</u>	<u>75.9%</u>	<u>78.0%</u>	
Books & Supplies	1,452,174	1,165,906	1,087,906	1,087,906	4.2%	3.2%	
Services & Other Operating	5,960,039	5,158,203	5,243,204	5,292,704	17.1%	15.4%	transportation/legal costs
Interest	44,961	52,932	52,932	52,932	0.1%	0.2%	
Depreciation	637,921	860,000	860,000	860,000	1.8%	2.5%	
District Oversight	268,177	282,779	284,528	283,059	0.8%	0.8%	
Total Expenses	<u>34,765,997</u>	<u>35,077,142</u>	<u>34,439,221</u>	<u>34,477,261</u>	<u>100.0%</u>	<u>100.0%</u>	
Fund Balance-Excess/(Deficit)	<u>(904,890)</u>	<u>3,894</u>	<u>355,411</u>	<u>424,792</u>			



PALISADES

CHARTER HIGH SCHOOL

CBO REPORT BOARD OF TRUSTEES MEETING JANUARY 15, 2019

2018-2019

Cash Balances for PCHS at the end of December was \$6.7 million (\$6.5 million unrestricted) November Balance (\$5.8 Million total). December Cash flow includes the benefit from increases due to the EPA Prop 30 Funding (\$1.3 million) which occurs quarterly.

Attendance

Current enrollment through 01/11/19 was 2,967. Given the winter break, there are no changes to report for ADA from prior month (The Cumulative ADA to Month 4 was 2,864.1 at a rate of 96.7% (incl. estimated 7 NPS). While current ADA is below the Budget of 2,867, the Attendance office is targeting to bring in 40 (currently 26 students) to meet the full year 2018-2019 ADA Budget.

2018-2019 Budget

Since the presentation of the 1st Interim Report at the December meeting, there are no material updates to make. The Summary 2018-2019 Budget with 2017-2018 Unaudited Actuals are attached for reference. Finance will be reviewing Revenue and Expenditures made through December 2018 to compare to the prior projections made. Updated salary, auxiliary, ADA and other expenses will be utilized to prepare this information. IMA and Textbook updates are also provided separately.

Other

PCHS will be attending the Annual LA County Job-alike conference sponsored by CASBO (Calif. Assoc. of School Business Officers) at the end of January.



PALISADES

CHARTER HIGH SCHOOL

CBO REPORT BOARD OF TRUSTEES MEETING JANUARY 15, 2019

Cafeteria

The Free & Reduced population at PCHS remains largely unchanged at 31.1% of the total Enrollment (921 students) at the date of this report.

Audit

The Year end 2017-2018 Audit Report, as reviewed with the Audit Committee, was submitted last week and is included as a separate Agenda item. The timing of the Report submission did not meet PCHS expectations and the Audit Committee will review the Audit contract for 2018-2019.

ASB

- Process of going over mid-year budget and addressing budget shortfall from last year (will bring to next meeting)**
- Going through re-branding/re-marketing of ASB**
 - Design contest for new merchandise to be sold in student store**

2019-2020

Preliminary Educational Budget information for 2019-2020 was released this last week by newly elected Governor Newsome. While specific details, in addition to 2018-2019 Budget updates, will be discussed at a meeting held by School Services of California on January 16th that will be attended by the CBO and Executive Director/Principal.

Coversheet

Executive Director/Principal (EDP) Report

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

Related Material:

II_I_Part 4_EDP_CCSA Capital Updates_01_15_19.pdf
II_I_Part 2_EDP_Calendar Dates_2019_2020__01_15_19.pdf
II_I_Part 3_EDP_Tour Agenda _DAC_ Seneca Bay Area Programs_01_15_19.pdf
II_I_Part 1_EDP bdrpt_01_15_19.pdf

Shelby Ladnier

From: CCSA Government Affairs <governmentaffairs@ccsa.org>
Sent: Thursday, January 10, 2019 7:11 PM
To: Pamela Magee
Subject: Capitol Update

Not rendering correctly? View this email as a web page [here](#).



Capitol Update

Governor Newsom's 2019-20 Budget Reflects Commitment to Cradle to Career Support for California's Children

In one of his first official actions as the new Governor of California, Governor Gavin Newsom introduced his first Governor's Budget on January 10, 2019. The Governor's Budget is the "kick-off" to the 2019-20 Budget cycle which will result in the state budget that will take effect on July 1, 2019.

Details of the budget proposal are still emerging, and we will provide a more detailed summary and analysis of the budget proposal in the coming days. But here are some initial highlights of the Governor's plan for education funding in 2019-20 fiscal year. See CCSA's statement on the Governor's Budget [here](#).

Overall Budget:

The Budget assumes moderate economic growth but cautions that even a moderate recession could result in significant revenue declines. For 2019-20, General Fund revenues are expected to increase from \$136.9 billion to \$142.6 billion (about 4.1 percent over the 2018-19 budget). The Governor proposes to transfer an additional \$1.8 billion to the Budget Stabilization Account (commonly called the Rainy-Day Fund) beyond the \$13.5 billion currently set aside. The Budget makes an unprecedented \$3 billion supplemental contribution to pay down the state's share of unfunded liabilities within state pension systems.

For K-12 Education:

The Budget proposes an historic level of funding for K-12 schools. Per-pupil funding has grown nearly \$5,000 more than 2011-12 levels from \$7,008 to \$12,003. The Proposition 98 funding for K-12 schools and community colleges for 2019-20 is \$80.7 billion, a new all-time high. When combined with more than \$686 million in settle-up payments for prior fiscal years, the Budget proposes an increased investment of \$2.9 billion in schools and community colleges.

The Budget proposes a \$2 billion augmentation to the Local Control Funding Formula (LCFF), and more than \$576 million for special education. Additionally, the Budget proposes using \$3 billion one-time non-Proposition 98 General Fund to reduce pension costs for K-12 schools and community colleges, and \$125 million non-Proposition 98 General Fund to expand State Preschool, with a plan to serve all low-income four-year-olds by 2021-22. The Budget also proposes funding to develop a comprehensive longitudinal, cradle to career data system.

Education Funding Highlights include:

- **Local Control Funding Formula (LCFF):** \$2 billion Proposition 98 General Fund increase for the LCFF, which reflects a 3.46-percent cost-of-living adjustment (COLA) and brings total LCFF funding to \$63 billion.

- **Other COLAs:** \$187 million Proposition 98 General Fund to support a 3.46 percent cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- **Charter School SB 740 Facility Grant Program:** Funding is maintained at the 2018-19 level of \$136.8 million. This retains the ongoing funding increase provided in 2018-19, but does not include COLA or growth for 2019-20. We will evaluate program need at the May Revision when more accurate program data is available.
- **Special Education:** \$576 million Proposition 98 General Fund (\$390m ongoing and \$186m one-time funding) to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students (low-income, youth in foster care, and English language learners). Eligible local educational agencies may use these grants to fund special education and school readiness services not currently included in an individualized education program. This proposal aligns with and complements CCSA's goal to improve access to more inclusive settings, particularly for students in smaller LEAs with high percentages of students with disabilities.
- **STRS Relief:** The budget proposes a \$3 billion one-time non-Proposition 98 General Fund payment to CalSTRS to reduce long-term liabilities for employers. Based on current assumptions, employer contributions would decrease from 18.13 percent to 17.1 percent in 2019-20. The remaining \$2.3 billion would be paid toward the employers' long-term unfunded liability. This investment will free up local dollars for investment in education, or to match the state's commitment to pay down pension liabilities.
- **Data Systems:** \$10 million one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system to connect student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
- **Early Education:** The governor proposes a comprehensive package of supports for children and families, including, within education:
 - \$750 million one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities for full-day kindergarten programs.
 - \$125 million non-Proposition 98 General Fund to increase access to subsidized full-day, full-year State Preschool for four-year-old children in 2019-20 (for a total of approximately 180,000 State Preschool slots).
 - A net increase of \$119.4 million non-Proposition 98 General Fund to reflect increases in the number of CalWORKs child care cases.
 - An increase of \$26.8 million Proposition 98 General Fund to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through the 2018-19 fiscal year.

-
- **At the Capitol: Statewide Advocacy webpage:** Track current legislation and regulations, schedule a legislative visit and more.
 - **State Budget Update webpage:** Find out how the state budget impacts charter schools
 - Have questions related to legislation or regulations? **Email Government Affairs** or call us: (916) 448-0995, ext 308.



2019-20 School Year Important Dates

- August 12: First day for teachers (Professional Development)
- August 13: Professional Development
- August 14: First day for students
- August 30: Admissions Day
- Sept. 2: Labor Day (Holiday)
- Sept. 30: Rosh Hashanah (Unassigned Day)
- Oct. 9: Yom Kippur (Unassigned Day)
- Nov. 11: Veteran's Day
- Nov. 25-29: Thanksgiving Break
- Dec. 19: Last day of first semester
- Dec. 20: Last day for teachers (Pupil Free Day)
- Dec. 23-Jan 10: Winter Break
- Jan. 13: First day of second semester (teacher's only/prof. development)
- Jan. 14: First day of second semester (students)
- Jan. 20: MLK Day (Holiday)
- Feb. 17: President's Day (Holiday)
- April 3: Cesar Chavez Day (Unassigned Day)
- April 6-10: Spring Break
- May 25: Memorial Day
- June 1-3: Finals (last day for students)
- June 4: Last day for teachers (Pupil Free Day)



Tour Agenda

LAUSD SELPA Charter-Operated Programs – Director’s Advisory Committee
January 30th – 31st, 2019
Oakland, CA

Weds, January 30th

- 11am–12:30pm: **Tour James Baldwin Academy** (Seneca Non-Public School, grades 3-12)
 - Learn about Seneca’s non-public school model, which combines a rigorous course of specialized academic study with a therapeutic milieu and behavioral program
- 12:30–1:30pm: **Lunch with Seneca’s Education Leadership Team**
 - Meet leaders from education programs while learning more about Seneca’s different school-based service models
- 1:30–3:30pm: **Tour Aspire Triumph Technology Academy** (Oakland Charter School, grades TK-6)
 - See implementation of Seneca’s Collaborative Program model, an inclusive learning environment that integrates students with mental health needs in their general education classroom with intensive academic, behavioral, and social-emotional supports
 - Hear from members of Aspire’s leadership team about Seneca’s consultation and training services within the Aspire network

Stay: Hotel in Oakland

Thurs, January 31st

- 9–11am: **Tour Learning Without Limits** (Oakland Charter School, grades K-5)
 - See implementation of Seneca’s Unconditional Education model, a full-school partnership program providing an integrated, multi-tiered system of academic, behavioral, and social-emotional supports
- 11:30am–12:30pm: **Lunch and Panel with Leaders from Seneca’s Partner Schools**
 - Hear from leaders of Seneca’s partner schools, districts, and charter management organizations about the implementation and impact of Seneca’s school-based programs
- 12:30–1:30pm: **Presentation by Seneca’s School-Based Wraparound staff**
 - Learn about Seneca’s wraparound service model for students and families in need of a comprehensive system of in-school and out-of-school of supports
- 1:30–2pm: **Close out and Q&A with members of Seneca’s Leadership Team**
 - Conclude by summarizing our site visits with the opportunity to ask questions directly to leaders of Seneca’s education programs



PALISADES CHARTER HIGH SCHOOL

PALISADES CHARTER HIGH SCHOOL BOARD OF TRUSTEES MEETING EXECUTIVE DIRECTOR AND PRINCIPAL REPORT JANUARY 15, 2019

2019-20 School Year Calendar

Per the calendar recommended by PCHS UTLA and approved by the PCHS Board of Trustees, the first day of classes in the 2019 school year will be August 12. This calendar is the final stage of a three-year agreement. The 2020-21 school year calendar will be revisited next year.

Counselor Symposium hosted by PCHS on January 25

Approximately 30 counselors from ten local schools will participate in the Counselor Symposium at PCHS. School attendees include Beverly Hills, Culver City, Mira Costa, Santa Monica, Torrance, North Torrance, South Torrance, West Torrance, and University. Seminar topics: 1) The Counselor's role in SST, 504, and IEP meetings 2) Scheduling, drop policies, and concurrent enrollment 3) Mental health and suicide prevention resources.

Executive Director/Principal Workshops

Governor's Budget Update from Financial Crisis & Management Assistance Team (FCMAT) and School Services of CA (SSC) - Ontario, CA January 16

The release of the Governor's Budget on January 10, 2019, was the first official indication of the Governor's priorities for the state as a whole and for K-12 education specifically. The workshop will focus on the major policy issues and funding proposals of the Governor, and it will provide detail for local educational agencies (LEAs) to project their revenues for 2019-20—and for the balance of 2018-19—in accordance with the new Administration's Budget recommendations and fiscal assumptions. The workshop will also offer SSC's insights and advice on what LEAs should do now to prepare for the upcoming year.

Charter School Critical Issues Symposium - Glendale, CA on January 23

Young, Minney & Corr, LLP and CSMC (Charter School Management Corporation) are teaming up to present critical fiscal and legal topics that will impact schools in 2019. The symposium will cover recent court decisions relating to charter schools, new laws impacting charter schools effective January 1, 2019, the best operational and fiscal steps to take to prepare for our challenging political times, and an analysis of the new governor's initial budget proposal. The symposium is designed to prepare schools to thrive in the new political environment, provide opportunities to ask questions of the experts, and connect with other charter school leaders.



PALISADES

CHARTER HIGH SCHOOL

LAUSD SELPA Charter-Operated Programs – Director’s Advisory Committee Oakland, CA - January 30 – 31

Charter Operated Programs (COP) is sending representatives to the Bay Area to visit with the Seneca programs and meet with charter leaders that utilize their supports. Mary Bush and I will be participating. PCHS has utilized Non-Public School (NPS) supports in the past and has been invited to learn more about Seneca’s work with charters. As LA charters begin to think more deeply about localizing NPS supports, this will be an opportunity to visit with schools that are working through solutions. Mental health representation from COP and other LA charter representation will also be in attendance. The program agenda is included in the meeting materials.

New LAUSD Charter School Division liaison - PCHS will be working with a new Charter School Division liaison due to Chris Humphrey’s recent retirement. Dr. Blanca Alves-Monaster is stepping into this role. Dr. Alves-Monaster participated in last year’s CSD compliance audit and already has some familiarity with PCHS. We look forward to working with Dr. Alves-Monaster who is leading the annual compliance audit which takes place on May 8 and 9, 2019.



PALISADES

CHARTER HIGH SCHOOL

Coversheet

Charter Committee Updates

Section: III. Board Committees (Stakeholder Board Level Committees)
Item: C. Charter Committee Updates
Purpose: Vote
Submitted by:
Related Material: III_C_Charter Committee DRAFT MINUTES_11_30_18.pdf



PALISADES CHARTER HIGH SCHOOL

Palisades Charter High School Minutes of the Charter Committee Meeting November 30, 2019 Dolphin Tank

Attendees:

Dara Williams – Committee Chair
Pam Magee
Tami Christopher
Susan Ackerman
Amy Nguyen
Daphne Gronich
Karen Perkins

The committee discussed the provisions of the Charter that will primarily need to be addressed

Element 4

The possibility of appointing some of the board member positions was raised. We can look at Granada Hills and Birmingham as they have some appointed positions and the process for appointing the members is written out. Dara will look into this. We can also consult with Lisa Corr about other schools that have some appointed positions. There would be a vote by the Board before changing the charter.

Element 7 involves means to achieve diversity and element 8 deals with admissions. These are inter-related because Pali's admissions practices affect diversity. Tami Christopher had the idea that changing our admissions priorities to include other schools, rather than just Paul Revere, could help with diversity. She mentioned Palms specifically. Other possibilities are Emerson and Webster. Paul Revere used to provide more diversity. Not sure how many of the magnet kids from Paul Revere end up attending Pali.

We would want a lag time for decreasing the number of Paul Revere student admissions
Funding to support diversity was discussed
Crawford order is in our Charter
Is outreach enough

For some of the students who live far away, they would be able to attend University High School, which does have a magnet so buses are provided. So they would have an alternative if Pali decides to admit more students from the local schools
This saves money in transportation costs while maintaining diversity



PALISADES

CHARTER HIGH SCHOOL

Discussion about money from the state for busing tied to Crawford
TIG Funding for API kids.
LAUSD stopped this funding

Elements 2 and 3 of the Charter will have to incorporate new state metrics so Monica lanessa will look at those

Element 11

Issues of expulsion, which may include our new restorative justice program

Element 12

Temescal/Pali and Virtual Academy and credit recovery

Granada's Charter was found on the internet

They have a "Plan B" in their charter in the event there are issues with faculty and staff sitting on the Charter based upon changes or interpretations of the law

They have some other elements we can look at:

Must complete in service training

No term limits

Teachers, classified, and administrators

Retired sits on the board and is appointed by a community

Community members

Parent/Guardian members

El Camino has community reps appointed

Appointing representatives makes the board less insular and we can look at having board members who may be able to help with funding, technology, legal issues, and financial issues.

We may also reconsider not allowing 9th grade parents to sit on the board

Pali's Charter expires June 30, 2020

At the faculty meeting on January 7, 2019, some of these issues will be rolled out. The possibility of appointed board members will be discussed. One advantage is that with appointed board members, faculty would be able to vote to seat them if a committee recommends the appointment. So in a way faculty would get a voice in seating some of the members and they don't vote on all the members now. The idea of opening up Pali to other schools by giving them a preference and lowering the number of Paul Revere spots will also be discussed

Tentative Meeting Scheduled for January 11, 2019 at 2:15 pm

Coversheet

2017-2018 - Audit Report

Section: VII. Finance
Item: A. 2017-2018 - Audit Report
Purpose: Vote
Submitted by:
Related Material: VII_A_Finance_2017_2018 PCHS Audit Report.pdf

**PALISADES CHARTER HIGH SCHOOL
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2018
(with Summarized Comparative Information
for June 30, 2017)**



PALISADES CHARTER HIGH SCHOOL
For the Fiscal Year Ended June 30, 2018
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Financial Section



INDEPENDENT AUDITORS' REPORT

Governing Board
Palisades Charter High School
Pacific Palisades, California

Report on the Financial Statements

We have audited the accompanying combined financial statements of Palisades Charter High School (a California nonprofit Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the fiscal year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Palisades Charter High School as of June 30, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative prior Period Financial Statements

The financial statements of Palisades Charter High School for the fiscal year ended June 30, 2017, were audited by other auditors whose report dated December 15, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the comparative information presented herein as of and for the fiscal year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

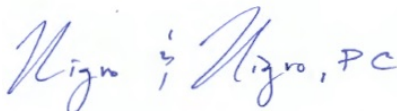
Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is also not a required part of the basic combined financial statements. The supplementary information on pages 24 to 35, including the schedule of expenditures of federal awards on page 27, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined 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 information is fairly stated in all material respects in relation to the basic combined financial statements as a whole. The information on page 23 has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2019, on our consideration of the Palisades Charter High 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



Murrieta, California
January 10, 2019

PALISADES CHARTER HIGH SCHOOL
Combined Statement of Financial Position
June 30, 2018

	2018	2017
ASSETS		
Cash	\$ 7,184,508	\$ 10,445,172
Accounts receivable	1,156,573	626,070
Inventory	5,481	5,481
Prepaid expenses and other current assets	147,296	293,629
Capital assets:		
Non-depreciable assets	1,493,790	371,712
Depreciable assets	13,740,704	12,688,354
Accumulated depreciation	(6,563,348)	(5,925,427)
Total Assets	\$ 17,165,004	\$ 18,504,991
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,532,894	\$ 1,817,634
Accrued payroll and benefits	1,472,696	1,530,286
Due to student groups	317,612	294,547
Unearned revenues	92,829	399,023
Long term liabilities:		
Portion due within one year	344,748	268,927
Portion due after one year	18,200,050	17,032,371
Total liabilities	21,960,829	21,342,788
Net assets		
Unrestricted:		
Board designated for OPEB	2,038,821	2,005,926
Unfunded deficit OPEB	(16,425,129)	(15,295,372)
General reserves	8,858,368	9,986,226
Total unrestricted	(5,527,940)	(3,303,220)
Temporarily restricted	443,486	150,969
Permanently restricted	288,629	314,454
Total net assets	(4,795,825)	(2,837,797)
Total Liabilities and Net Assets	\$ 17,165,004	\$ 18,504,991

The notes to financial statements are an integral part of this statement.

PALISADES CHARTER HIGH SCHOOL
Combined Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	2017
REVENUES, GAINS, AND OTHER SUPPORT					
LCFF revenues	\$ 26,453,983	\$ -	\$ -	\$ 26,453,983	\$ 25,626,699
Federal revenues	-	1,317,930	-	1,317,930	1,190,729
Other state revenues	544,322	4,784,679	-	5,329,001	4,864,012
Interest earned	115,788	-	-	115,788	78,560
Other local revenues	1,765,407	560,082	14,185	2,339,674	2,437,784
Net assets released from restrictions	6,410,184	(6,370,174)	(40,010)	-	-
Total Revenues, Gains, and Other Support	35,289,684	292,517	(25,825)	35,556,376	34,197,784
EXPENSES					
Program services					
Education	30,432,999	-	-	30,432,999	27,636,335
Management and general	7,081,405	-	-	7,081,405	7,280,441
Total Expenses	37,514,404	-	-	37,514,404	34,916,776
Change in net assets	(2,224,720)	292,517	(25,825)	(1,958,028)	(718,992)
Net Assets, July 1	(3,303,220)	150,969	314,454	(2,837,797)	(2,118,805)
Net Assets, June 30	\$ (5,527,940)	\$ 443,486	\$ 288,629	\$ (4,795,825)	\$ (2,837,797)

The notes to financial statements are an integral part of this statement.

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PALISADES CHARTER HIGH SCHOOL
Combined Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,958,028)	\$ (718,992)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	637,921	594,295
(Increase) decrease in operating assets:		
Accounts receivable	(530,503)	63,600
Prepaid expenses	146,333	(17,457)
Increase (decrease) in operating liabilities:		
Accounts payables and other liabilities	(270,148)	798,980
Retiree benefit payable	1,162,652	1,237,002
Compensated absences	5,241	-
Unearned revenues	(306,194)	(13,714)
Due to student groups	26,490	39,708
Net cash provided (used) by operating activities	<u>(1,086,236)</u>	<u>1,983,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment, furniture, and building improvements	<u>(2,174,428)</u>	<u>(673,947)</u>
Net increase (decrease) in cash	(3,260,664)	1,309,475
Cash, July 1	<u>10,445,172</u>	<u>9,135,697</u>
Cash, June 30	<u>\$ 7,184,508</u>	<u>\$ 10,445,172</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 44,960</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

PALISADES CHARTER HIGH SCHOOL
Combined Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Education</u>	<u>Management And General</u>	<u>Total Expenditures</u>
Certificated salaries	\$ 14,703,194	\$ -	\$ 14,703,194
Classified salaries	1,827,756	2,764,408	4,592,164
Benefits	8,639,209	826,343	9,465,552
Total Salaries and Benefits	<u>25,170,159</u>	<u>3,590,751</u>	<u>28,760,910</u>
Professional and consulting	1,849,584	1,437,886	3,287,470
Rents and other operating	484,766	794,164	1,278,930
Student transportation	732,204	-	732,204
Books and supplies	524,240	156,147	680,387
Depreciation	74,455	563,466	637,921
Noncapitalized equipment	534,273	6,198	540,471
Student activities	390,226	-	390,226
Dues & subscriptions	293,887	5,320	299,207
Other outgo	76,453	191,724	268,177
Student nutrition	231,314	-	231,314
Insurance	-	183,815	183,815
Travel & conferences	71,438	36,659	108,097
Communications	-	70,315	70,315
Interest	-	44,960	44,960
Totals	<u>\$ 30,432,999</u>	<u>\$ 7,081,405</u>	<u>\$ 37,514,404</u>

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

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.

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 combined financial statements include the accounts of the Charter School and the Associated Student Body accounts.

B. Basis of Accounting

The Charter School accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the Charter School conform to generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA).

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Financial statements are prepared using the accrual basis of accounting.

C. Basis of Presentation

The Charter School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted: These net assets represent expendable funds for operations that are not otherwise limited by donor restrictions. These generally result from revenues generated by receiving contributions, providing services, and receiving interest from investments. These net assets also included expendable funds that are designated by the board, but do not meet the criteria to be classified as temporarily restricted.

Temporarily Restricted: The Charter School reports gifts of cash and other assets as temporarily restricted when they are received with donor stipulations that limit the use of the donated asset. The specific donor imposed restrictions are often contingent upon specific performance of a future event or a specific passage of time before the organization may spend the funds.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
 June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Permanently Restricted: Assets subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

At June 30, 2018, the Charter School had unrestricted net assets of \$(5,527,940), temporarily restricted net assets of \$443,486, and permanently restricted net assets of \$288,629.

D. Functional Allocation of Expenses

The Charter School reports expenses by function. The costs of providing and supporting educational programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the instructional program and supporting services benefited.

E. Cash

Cash consists of funds held in financial institutions and in the Los Angeles County Treasury with the majority of the cash balance held in the County Treasury. Cash is valued at carrying cost which approximates its fair value.

F. Prepaid Expenses

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions or conditions.

H. Non-Cash Donations

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.

I. Unearned Revenue

Unearned revenues represent payments received in advance for services that have not yet been performed or from cost-reimbursement grants for which expenses have not yet been incurred.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
 June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates include the lives used for depreciation of property and equipment and allocation of costs between the various programs and expense categories. Actual results could differ from those estimates.

K. Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation, and are updated for additions and retirements during the year. The Charter School's policy is to capitalize all assets costing \$5,000 or more; all other assets are expensed in the year incurred. All capital assets, except for land and construction in progress, are depreciated. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Leasehold Improvements	5-19 years
Furniture and Equipment	2-30 years

Depreciation expense for the year ended June 30, 2018, was \$637,921.

L. Income Taxes

The Charter School is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. 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. The Charter School files information returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state tax purposes is generally three and four years, respectively.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2018, are reported at fair value and consisted of the following:

Cash and Cash Equivalents:	
Cash on hand and in banks	\$ 1,406,159
Cash in County Treasury	5,778,349
Total Cash and Cash Equivalents	\$ 7,184,508

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Pooled Funds

In accordance with Education Code Section 41001, the Charter School maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the Charter School's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Charter School's share of the pool does not consist of specific, identifiable investment securities owned by the Charter School, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter School's deposits may not be returned to it. The Charter School does not have a policy for custodial credit risk for deposits. Deposits held in noninterest bearing transaction accounts are fully insured regardless of the amount in the account through June 30, 2018, and other cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions.

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2018, \$1,263,728 of the Charter School's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the Charter School.

Fair Value Measurements

The Charter School categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the Charter School has the ability to access at the measurement date. Level 1 assets 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.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Fair Value Measurements (continued)

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the Charter School’s own data. The Charter School should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Charter School are not available to other market participants.

Uncategorized – Funds in the Los Angeles County Treasury 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.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable outstanding at June 30, 2018, consisted of the following:

Federal Government:	
School lunch and breakfast program	\$ 55,702
Other	23,847
State Government:	
Lottery	122,684
School lunch and breakfast program	4,737
Other state	21,002
Local:	
Special education - AB602	2,500
Education Foundation	156,125
Permit and pool	64,308
School lunch and breakfast program	91,612
Interest	27,702
Other local	586,354
	<hr/>
Total	<u><u>\$ 1,156,573</u></u>

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	Additions	Retirements	Balance, June 30, 2018
Capital assets not being depreciated:				
Work in progress	\$ 371,712	\$ 1,493,790	\$ 371,712	\$ 1,493,790
Capital assets being depreciated:				
Buildings & improvements	10,651,257	866,343	-	11,517,600
Furniture & equipment	2,037,097	186,007	-	2,223,104
Total capital assets being depreciated	12,688,354	1,052,350	-	13,740,704
Accumulated depreciation for:				
Buildings & improvements	(5,095,099)	(482,141)	-	(5,577,240)
Furniture & equipment	(830,328)	(155,780)	-	(986,108)
Total accumulated depreciation	(5,925,427)	(637,921)	-	(6,563,348)
Total capital assets being depreciated, net	6,762,927	414,429	-	7,177,356
Total capital assets, net	<u>\$ 7,134,639</u>	<u>\$ 1,908,219</u>	<u>\$ 371,712</u>	<u>\$ 8,671,146</u>

NOTE 5 – NET ASSETS

As of June 30, 2018, the Charter School had board designated unrestricted net assets, as well as temporarily and permanently restricted net assets that are legally restricted balances, which were allocated to the following programs:

Unrestricted Net Assets:	
Board designated for OPEB	\$ 2,038,821
Unfunded deficit OPEB	(16,425,129)
General reserves	8,858,368
Total Unrestricted	<u>(5,527,940)</u>
Temporarily Restricted:	
College readiness block grant	11,032
Renovation and technology	231,162
Drama program	1,292
Restroom renovation	200,000
Total Temporarily Restricted	<u>443,486</u>
Permanently Restricted:	
Scholarship Fund	<u>288,629</u>
Total Net Assets	<u>\$ (4,795,825)</u>

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 6 – LONG-TERM OBLIGATIONS

A general schedule of long-term liabilities as of June 30, 2018, is as follows:

	Balance, June 30, 2017	Additions	Deductions	Balance, June 30, 2018	Current Portion
Other post-employment benefits	\$ 17,205,492	\$ 1,487,687	\$ 229,229	\$ 18,463,950	\$ 344,748
Compensated absences	75,607	5,241	-	80,848	-
Totals	<u>\$ 17,281,099</u>	<u>\$ 1,492,928</u>	<u>\$ 229,229</u>	<u>\$ 18,544,798</u>	<u>\$ 344,748</u>

Postemployment Benefits

Management has reported \$18,463,950 as long-term obligations for post-employment benefits shown as current of \$344,748 and non-current obligation of \$18,119,202. Additionally, the Charter School has a board designation of post-employment benefits of \$2,038,821 reported in the ending net asset balance.

Future estimated payments are as follows:

Year Ended June 30:	
2019	\$ 344,748
2020	393,809
2021	451,284
2022	508,563
2023	556,405
Thereafter	<u>16,209,141</u>
Total	18,463,950
Less Current Portion	<u>(344,748)</u>
Net Long-Term Obligations	<u>\$ 18,119,202</u>

NOTE 7 – PENSION PLANS

Qualified employees are covered under multiple-employer retirement pension 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
Notes to Combined Financial Statements
June 30, 2018

NOTE 7 – PENSION PLANS (continued)

The details of each plan are as follows:

A. 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.

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, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly 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% 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
Notes to Combined Financial Statements
June 30, 2018

NOTE 7 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	2% at 60	2% at 62
Benefit Formula	5 years of service	5 years of service
Benefit Vesting Schedule	Monthly for life	Monthly for life
Benefit Payments	60	62
Retirement Age	2.0%-2.4%	2.0%-2.4%
Monthly Benefits as a Percentage of Eligible Compensation	10.25%	9.205%
Required Employee Contribution Rate	14.43%	14.43%
Required Employer Contribution Rate	9.328%	9.328%
Required State Contribution Rate		

Contributions

Required member District 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% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the Charter School's total contributions were \$2,059,405.

The Charter School's contributions to CalSTRS and required employer contribution rate for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Required Contribution Rate</u>
2017-18	\$ 2,059,405	14.43%
2016-17	\$ 1,711,339	12.58%
2015-16	\$ 1,375,220	10.73%

On Behalf Payments

The Charter School was the recipient of on-behalf payments made by the State of California to STRS for the benefit of covered employees' retirement savings. These payments consist of state General Fund contributions of \$1,195,531 to STRS. This estimate was based on 9.328% of covered payroll expenses for the 2015-16 year.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 7 – PENSION PLANS (continued)

B. 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.

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, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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>.

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, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	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	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 7 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Contributions (continued)

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, 2018, are presented above and the total Charter School contributions were \$609,158.

The Charter School's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Required Contribution Rate</u>
2017-18	\$ 609,158	15.531%
2016-17	\$ 499,538	13.05%
2015-16	\$ 406,653	11.847%

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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.

B. Benefits Provided

The Charter School currently provides medical, dental and vision benefits to approximately 105 eligible active employees. Additionally, as of June 30, 2018, there were 27 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.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (continued)

C. Eligibility

Future retiree must be enrolled in health plan prior to retirement date, and 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 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 May 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.

D. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Fiscal year	July - June
Valuation date	July 1, 2017
Accounting standard	FASB ASC 715
Discount	5.00%
Return on assets*	Not applicable (no qualified plan assets)
Medical cost trend rates	Actual
Dental & vision cost trend rates	3.00%

* The School has not reported any FASB-eligible plan assets but has set aside assets and has commenced investing these assets for the future payment of retiree health benefits. The amount of set-aside assets at June 30, 2018 is \$6,383,360

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
 June 30, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (continued)

E. 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, 2017, and is projected at June 30, 2018.

Change in Benefit Obligation

Benefit obligation at beginning of year	\$ 17,205,492
Service cost	633,143
Interest cost	854,544
Change due to plan amendments	-
Change due to gain/loss	-
Actual benefits paid	(229,229)
Benefit obligation at end of year	<u>\$ 18,463,950</u>

Change in Plan Assets

Fair value of plan assets at beginning of year	\$ -
Expected/actual return of plan assets	-
Employer contributions	229,229
Benefits paid	(229,229)
Fair value of plan assets at end of year	<u>\$ -</u>

Funded Status

Funded balance	\$ (18,463,950)
Unrecognized net gain(loss)	(95,806)
Unrecognized prior service cost	-
Unrecognized transition obligation	7,175,426
Net amount recognized	<u>\$ (11,384,330)</u>

Amount Recognized in Unrestricted Assets

Net actuarial gain(loss)	\$ (95,806)
Prior service cost	-
Unrecognized net transition obligation	7,175,426
Net amount recognized	<u>\$ 7,079,620</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
Notes to Combined Financial Statements
June 30, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (continued)

E. 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, 2017, and is projected at June 30, 2018.

Components of Net Periodic Benefit Cost

Service cost	\$	633,143
Interest cost		854,544
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>\$</u>	<u>2,039,643</u>

Effect of a One Percent Increase in Healthcare Trend

Benefit obligation	\$	3,639,330
Total service cost and interest cost	\$	362,331

Effect of a One Percent Decrease in Healthcare Trend

Benefit obligation	\$	(2,831,969)
Total service cost and interest cost	\$	(278,125)

Estimated Future Benefit Payments

Fiscal Year Ending June 30,	Total
2018 Actuals	\$ 229,229
2019	344,748
2020	393,809
2021	451,284
2022	508,563
2023	556,405
2024	638,344
2025	698,948
2026	762,198
2027	845,532

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, 2017, for the 2017-18 fiscal year. The Charter School will obtain a new evaluation every two years.

In response to and in anticipation of the post-retirement health benefits described, the Charter School has designated \$2,038,821 of the unrestricted net assets and \$18,463,950 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.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (continued)

E. Post-Retirement Benefit Plan (continued)

During 2015-2016 the Board approved an internal borrowing agreement to payoff outside Aquatics Center project 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. During 2017-18, the Board approved another internal borrowing agreement for track improvement related debt in the amount of \$649,881, at an interest rate of 4.5 percent and monthly payments of \$12,116 due April 2023. At June 30, 2018, the total loans receivable are \$496,052 for the Aquatics Center and \$630,487 for the track loan.

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

OPEB Obligation, June 30, 2017	\$ 17,205,492
Current year additions to benefit payable	1,487,687
Current year benefits paid	<u>(229,229)</u>
OPEB Obligation, June 30, 2018	<u>\$ 18,463,950</u>
Board Designated for OPEB, June 30, 2017	\$ 1,926,172
Current year interest revenue earned	112,649
Board Designated for OPEB, June 30, 2018	<u>\$ 2,038,821</u>
Board Designated Pool Loan, June 30, 2017	\$ 656,593
Repayment of loan	<u>(160,541)</u>
*Board Designated Pool Loan, June 30, 2018	<u>\$ 496,052</u>
Board Designated Track Loan, June 30, 2017	\$ 649,881
Repayment of loan	<u>(19,394)</u>
*Board Designated Track Loan, June 30, 2018	<u>\$ 630,487</u>

*Funds borrowed against the designated OPEB net assets

NOTE 9 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The Charter School has received federal and state 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 required reimbursement will 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, 2018.

PALISADES CHARTER HIGH SCHOOL
Notes to Combined Financial Statements
June 30, 2018

NOTE 10 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2018, have been evaluated through January 10, 2019, the date at which the Charter School's audited financial statements were available to be issued.

Supplementary Information

PALISADES CHARTER HIGH SCHOOL*Organizational Structure**June 30, 2018*

Palisades Charter High School (Charter #0037) was formed in 2003 pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified School District and operates one high school.

BOARD OF TRUSTEES		
Member	Office	Term Expires
Emilie Larew	Faculty/Board Chair	June 30, 2018
Leslie Woolley	Community/Vice Chair	June 30, 2018
Deanna Hamilton	Parent/Board Secretary	June 30, 2018
Rocky Montz	Management	June 30, 2018
Robert Rene	Parent	June 30, 2018
Andrew Paris	Classified	June 30, 2019
Emily Hirsch	Community	June 30, 2019
Camille Schoenberg	Community	June 30, 2019
David Carini	Faculty	June 30, 2019
Shawn McClellan	Parent	June 30, 2019
Mystic Thompson	Faculty	June 30, 2018

ADMINISTRATION

Dr. Pamela Magee (Ex-Officio),
Executive Director/Principal

Gregory Wood (Ex-Officio),
Chief Business Officer

Taylor Torgerson (Ex-Officio),
Student Representative

PALISADES CHARTER HIGH SCHOOL
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
	Certificate No. EBDB7DCA	Certificate No. 0C2CEE24
Total ADA		
Regular ADA:		
Ninth through Twelfth	2,903.14	2,887.84
Exextended Year Special Education:		
Ninth through Twelfth	1.18	1.18
Special Education, Nonpublic, Nonsectarian Schools:		
Ninth through Twelfth	1.94	2.49
Extended Year Special Education, Nonpublic, Nonsectarian Schools:		
Ninth through Twelfth	0.05	0.05
Total Regular ADA	2,906.31	2,891.56
Classroom-Based ADA		
Regular ADA:		
Ninth through Twelfth	2,852.70	2,837.06
Exextended Year Special Education:		
Ninth through Twelfth	1.18	1.18
Special Education, Nonpublic, Nonsectarian Schools:		
Ninth through Twelfth	1.94	2.49
Extended Year Special Education, Nonpublic, Nonsectarian Schools:		
Ninth through Twelfth	0.05	0.05
Total Classroom-Based ADA	2,855.87	2,840.78

PALISADES CHARTER HIGH SCHOOL
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

<u>Grade Level</u>	<u>Required</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	64,455*	172*	Complied
Grade 10	64,800	64,455*	172*	Complied
Grade 11	64,800	64,455*	172*	Complied
Grade 12	64,800	64,455*	172*	Complied

*In compliance due to charter obtaining approval for three emergency closure dates.

PALISADES CHARTER HIGH SCHOOL*Reconciliation of Unaudited Actuals with Audited Financial Statements
For the Fiscal Year Ended June 30, 2018*

June 30, 2018, unaudited actuals	
Net assets	\$ (3,783,173)
Adjustments and reclassifications:	
Increase (decrease) in total net assets:	
Long-term obligations - OPEB	(1,162,652)
Pledge receivable understated	<u>150,000</u>
Net adjustments and reclassifications	<u>(1,012,652)</u>
June 30, 2018, audited financial statement net assets	<u><u>\$ (4,795,825)</u></u>

PALISADES CHARTER HIGH SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 3,625	
School Breakfast Program - Especially Needy	10.553	13525	124,394	
National School Lunch Program	10.555	13523	234,668	
Total Child Nutrition Cluster				\$ 362,687
Total U.S. Department of Agriculture				362,687
U.S. Department of Health and Human Services:				
Passed through California Department of Health Services:				
Medi-Cal Billing Option	93.778	10013		16,925
Total U.S. Department of Health and Human Services				16,925
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		281,972
Title II, Part A, Supporting Effective Instruction Local	84.367	14341		57,519
Carl D. Perkins Career and Technical Education, Secondary, Section 131	84.048	14894		24,736
Passed through the Los Angeles Unified School District SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379		565,541
Passed through California Department of Rehabilitation:				
State Vocational Rehabilitation Services Program	84.126A	N/A		8,550
Total U.S. Department of Education				938,318
Total Expenditures of Federal Awards				\$ 1,317,930

Subrecipients

Of the Federal expenditures presented in the schedule, the Charter provided no Federal awards to subrecipients.

PALISADES CHARTER HIGH SCHOOL
Charter School Statement of Financial Position
For the Fiscal Year Ended June 30, 2018

	2018	2017
ASSETS		
Current Assets:		
Cash	\$ 6,833,276	\$ 10,006,164
Accounts receivable	1,156,189	625,477
Prepaid expenses and other current assets	140,941	287,274
Total Current Assets	<u>8,130,406</u>	<u>10,918,915</u>
Non-Current Assets:		
Capital assets:		
Non-depreciable assets	1,493,790	371,712
Depreciable assets	13,680,887	12,628,537
Accumulated depreciation	(6,503,531)	(5,865,610)
Capital assets (net)	<u>8,671,146</u>	<u>7,134,639</u>
Total Assets	<u>\$ 16,801,552</u>	<u>\$ 18,053,554</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,497,461	\$ 1,708,213
Accrued payroll and benefits	1,447,216	1,508,231
Unearned revenues	91,209	397,403
Long term liabilities:		
Portion due within one year	344,748	268,927
Portion due after one year	18,200,050	17,032,371
Total liabilities	<u>21,580,684</u>	<u>20,915,145</u>
Net assets		
Unrestricted		
Board designated for OPEB	2,038,821	2,005,926
Unfunded deficit OPEB	(16,425,129)	(15,295,372)
General reserves	8,875,061	9,962,432
Total unrestricted	<u>(5,511,247)</u>	<u>(3,327,014)</u>
Temporarily restricted	443,486	150,969
Permanently restricted	288,629	314,454
Total net assets	<u>(4,779,132)</u>	<u>(2,861,591)</u>
Total Liabilities and Net Assets	<u>\$ 16,801,552</u>	<u>\$ 18,053,554</u>

See accompanying note to supplementary information.

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PALISADES CHARTER HIGH SCHOOL
Charter School Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	2017
REVENUES, GAINS, AND OTHER SUPPORT					
Local Control Funding Formula	\$ 26,453,983	\$ -	\$ -	\$ 26,453,983	\$ 1,190,729
Federal revenue	-	1,317,930	-	1,317,930	25,626,699
Other state revenues	544,322	4,784,679	-	5,329,001	4,864,012
Interest earned	115,788	-	-	115,788	78,560
Other local revenues	1,415,668	560,082	14,185	1,989,935	2,023,224
Net assets released from restrictions	6,410,184	(6,370,174)	(40,010)	-	-
Total Revenues, Gains, and Other Support	34,939,945	292,517	(25,825)	35,206,637	33,783,224
EXPENSES					
Program Services					
Education	30,042,773	-	-	30,042,773	27,431,364
Management and general	7,081,405	-	-	7,081,405	7,072,140
Total Expenses	37,124,178	-	-	37,124,178	34,503,504
Change in net assets	(2,184,233)	292,517	(25,825)	(1,917,541)	(720,280)
Net Assets, July 1	(3,327,014)	150,969	314,454	(2,861,591)	(2,141,311)
Net Assets, June 30	\$ (5,511,247)	\$ 443,486	\$ 288,629	\$ (4,779,132)	\$ (2,861,591)

See accompanying note to supplementary information.

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PALISADES CHARTER HIGH SCHOOL
Charter School Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,917,541)	\$ (720,280)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	637,921	594,295
(Increase) decrease in operating assets:		
Accounts receivable	(530,712)	63,580
Prepaid expenses and other current assets	146,333	(16,602)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(196,160)	687,602
Retiree benefit payable	1,162,652	1,237,002
Compensated absences	5,241	-
Unearned revenues	(306,194)	(13,714)
Net cash provided (used) by operating activities	<u>(998,460)</u>	<u>1,831,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment, furniture, and building improvements	<u>(2,174,428)</u>	<u>(673,947)</u>
Net increase (decrease) in cash	(3,172,888)	1,157,936
Cash, July 1	<u>10,006,164</u>	<u>8,848,228</u>
Cash, June 30	<u>\$ 6,833,276</u>	<u>\$ 10,006,164</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 44,960</u>	<u>\$ -</u>

See accompanying note to supplementary information.

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PALISADES CHARTER HIGH SCHOOL*Associated Student Body Funds Statement of Financial Position
For the Fiscal Year Ended June 30, 2018*

	2018	2017
ASSETS		
Cash	\$ 351,232	\$ 439,008
Accounts receivable	384	593
Inventory	5,481	5,481
Prepaid expenses and other current assets	6,355	6,355
Capital assets:		
Depreciable assets	59,817	59,817
Accumulated depreciation	(59,817)	(59,817)
Total Assets	\$ 363,452	\$ 451,437
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 35,433	\$ 109,421
Accrued payroll and benefits	25,480	22,055
Due to student groups	317,612	294,547
Unearned revenues	1,620	1,620
Total liabilities	380,145	427,643
Net assets		
Unrestricted	(16,693)	23,794
Total Liabilities and Net Assets	\$ 363,452	\$ 451,437

PALISADES CHARTER HIGH SCHOOL
Associated Student Body Funds Statement of Activities
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
REVENUES, GAINS, AND OTHER SUPPORT		
Admissions	\$ 138,397	\$ 118,748
Collections	17,836	20,738
Commissions	5,387	14,353
Merchandise sales	196,821	180,460
Non-taxable income	11,583	42,930
Other income	4,606	37,331
Cost of sales	<u>(24,891)</u>	<u>(52,225)</u>
 Total Revenues, Gains, and Other Support	 <u>349,739</u>	 <u>362,335</u>
EXPENSES		
Program Services:		
Salaries and benefits	18,906	23,606
Officials	28,674	33,354
Tournament fees	-	117
Security	38,527	22,883
Bank charges	6,357	1,214
General expenses	<u>297,762</u>	<u>279,873</u>
 Total Expenses	 <u>390,226</u>	 <u>361,047</u>
 Change in net assets	 (40,487)	 1,288
 Net Assets, July 1	 <u>23,794</u>	 <u>22,506</u>
 Net Assets, June 30	 <u>\$ (16,693)</u>	 <u>\$ 23,794</u>

PALISADES CHARTER HIGH SCHOOL
Associated Student Body Funds Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (40,487)	\$ 1,288
Adjustments to reconcile increase (decrease) in net (Increase) decrease in operating assets:		
Accounts receivable	209	20
Prepaid expenses and other current assets	-	(855)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(73,988)	111,378
Due to student groups	26,490	39,708
Net increase (decrease) in cash	<u>(87,776)</u>	<u>151,539</u>
Cash, July 1	<u>439,008</u>	<u>287,469</u>
Cash, June 30	<u><u>\$ 351,232</u></u>	<u><u>\$ 439,008</u></u>

See accompanying note to supplementary information.

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PALISADES CHARTER HIGH SCHOOL*Statement of Financial Position – Other Postemployment Benefits Adjustment
For the Fiscal Year Ended June 30, 2018*

	Final Combined Audit Report	Combined Audit Pre-OPEB Adjustment
ASSETS		
Cash	\$ 7,184,508	\$ 7,184,508
Accounts Receivable	1,156,573	1,156,573
Inventory	5,481	5,481
Prepaid expenses and other current assets	147,296	147,296
Capital assets:		
Non-depreciable assets	1,493,790	1,493,790
Depreciable assets	13,740,704	13,740,704
Accumulated depreciation	<u>(6,563,348)</u>	<u>(6,563,348)</u>
Total Assets	<u>\$ 17,165,004</u>	<u>\$ 17,165,004</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,532,894	\$ 1,532,894
Accrued payroll and benefits	1,472,696	1,472,696
Due to student groups	317,612	317,612
Unearned revenues	92,829	92,829
Long term liabilities:		
Portion due within one year	344,748	344,748
Portion due after one year	18,200,050	17,037,398
Total liabilities	<u>21,960,829</u>	<u>20,798,177</u>
Net assets		
Unrestricted		
Board designated for OPEB	2,038,821	2,038,821
Unfunded deficit OPEB	(16,425,129)	(15,262,477)
General reserves	8,858,368	8,858,368
Total unrestricted	<u>(5,527,940)</u>	<u>(4,365,288)</u>
Temporarily restricted	443,486	443,486
Permanently restricted	288,629	288,629
Total net assets	<u>(4,795,825)</u>	<u>(3,633,173)</u>
Total Liabilities and Net Assets	<u>\$ 17,165,004</u>	<u>\$ 17,165,004</u>

See accompanying note to supplementary information.

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PALISADES CHARTER HIGH SCHOOL*Statement of Activities – Other Postemployment Benefits Adjustment
For the Fiscal Year Ended June 30, 2018*

	Final Combined Audit Report	Combined Audit Pre- OPEB Adjustment
REVENUES		
Local control funding formula	\$ 26,453,983	\$ 26,453,983
Federal revenues	1,317,930	1,317,930
Other state revenues	5,329,001	5,329,001
Interest	115,788	115,788
Local revenues	2,339,674	2,339,674
Total Revenues	<u>35,556,376</u>	<u>35,556,376</u>
EXPENSES		
Program Services		
Education	30,432,999	29,270,347
Management and general	7,081,405	7,081,405
Total Expenses	<u>37,514,404</u>	<u>36,351,752</u>
Change in net assets	(1,958,028)	(795,376)
Net Assets, July 1, 2017	<u>(2,837,797)</u>	<u>(2,837,797)</u>
Net Assets, June 30, 2018	<u>\$ (4,795,825)</u>	<u>\$ (3,633,173)</u>

PALISADES CHARTER HIGH SCHOOL

Note to the Supplementary Information

June 30, 2018

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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 charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of Education Code Sections 47612 through 47612.5.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The Charter did not elect to use the ten percent de minimis indirect cost rate.

Supplementary Financial Statements by Entity

These combining financial statements include an account of each entity operated by the Charter School.

Other Postemployment Benefits Schedules

These combining financial statements present the effect of the adjustment to the postemployment benefit liability.

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' 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 High School
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 financial statements of Palisades Charter High School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Palisades Charter High School's basic financial statements, and have issued our report thereon dated January 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Palisades Charter High 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Palisades Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Palisades Charter High 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.

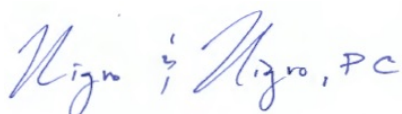
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Palisades Charter High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Murrieta, California
January 10, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Palisades Charter High School
Pacific Palisades, California

Report on State Compliance

We have audited Palisades Charter High School's compliance with the types of compliance requirements described in the *2017-18 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 on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Palisades Charter High School's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state 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 state program. However, our audit does not provide a legal determination of Palisades Charter High School's compliance.

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

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, Palisades Charter High School complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.



Murrieta, California
January 10, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Palisades Charter High School
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 requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Palisades Charter High School's major federal programs for the year ended June 30, 2018. Palisades Charter High School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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, 2018.


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 the Charter 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 a 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.



Murrieta, California
January 10, 2019

Findings and Recommendations

PALISADES CHARTER HIGH SCHOOL
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516	<u>No</u>
Identification of major programs:	
<u>CFDA Numbers</u>	<u>Name of Program/Cluster</u>
84.027	Basic Local Assistance Entitlement, Part B, Section 611

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 auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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PALISADES CHARTER HIGH SCHOOL
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2017-18.

PALISADES CHARTER HIGH SCHOOL
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND RECOMMENDATIONS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or recommendations in 2017-18.

PALISADES CHARTER HIGH SCHOOL
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND RECOMMENDATIONS

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

There were no state award findings or questioned costs in 2017-18.

PALISADES CHARTER HIGH SCHOOL
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018

There were no audit findings in 2016-17.



To the Governing Board
and Management of Palisades Charter High School

In planning and performing our audit of the financial statements of Palisades Charter High School as of and for the year ending June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Palisades Charter High School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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.

However, during our audit we noted matters that are an opportunity 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 January 10, 2019, on the financial statements of Palisades Charter High School

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 and 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 money 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 the inventory was not properly reflected in the financial statements.

Recommendation: According to the policies and procedures outlined in the “Accounting Procedures for Student Body Organizations”, prepared by FCMAT, a physical inventory should be taken quarterly under supervision of the student body 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.

PAYROLL & PERSONNEL FILES

Observation: We noted the following deficiencies in internal controls over the payroll and personnel activities at the Charter School:

- Proper updated documentation for pay rate increases, auxiliary pay, and stipend contracts is not maintained consistently in the personnel files.
- Changes within the payroll system are not consistently communicated on the Charter School’s personnel action notice form to the payroll department.

As a part of gaining an understanding of internal controls for payroll and personnel activities we reviewed eight personnel files and noted the following

- Two exceptions noted for certificated employees’ files lacking proper updated documentation to support the pay rates and stipends associated to the period tested.
- Two exceptions noted for classified hourly employees’ files lacking proper updated documentation to support pay rates and stipends to the period tested. Also, the time cards for the period tested did not show evidence of approvals by their respective supervisors.

Recommendation: We recommend that the Charter School develop a board approved policy and procedure that will ensure the proper pay rate and contract information is communicated between the departments, as well as maintained in the personnel files with note of proper review and approvals. We recommend that each school year a contract for additional pay and stipends is approved and signed by the respective employee to be maintained in their personnel file. We also recommend that the supervisor over hourly employees review timecards and indicate approval prior to payroll processing each pay period.

This communication is intended solely for the information and use of management, the Governing Board, and others within the Charter School, and is not intended to be, and should not be, used by anyone other than these specified parties.



Murrieta, California
January 10, 2019

Coversheet

Approval of Field Trips

Section: X. Consent Agenda 1: Non-Finance Items
Item: A. Approval of Field Trips
Purpose: Vote
Submitted by:
Related Material: IX_A_Field Trip_01_15_19.pdf

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 C. Onoye Non-Cert. _____
 Telephone Number (310) 230-6623 Grade levels (Circle) 9 10 11 12 OTHER _____

1. Destination Disney's California Adventure Are admission fees charged? Yes No _____
2. Dates of Trips ~~1/29/19~~ 2/19/19 Tues. 3. Number of Students 32 Number of adults _____
4. Name and employee number of employee who will go on trip: Cheryl Onoye 0623987
Minh Ha Ngo, Alice Kim, Dina Habashi
5. Substitute required? Yes No _____ How Many? 2 Source of funds MESA Trust
6. Time schedule required by school: Leave School 8:00 AM Arrive destination 9:30 AM
 Leave destination 7:00 PM Return school 8:30 PM
7. Duration of trip: Less than one day ___ One day Overnight _____ (if overnight, how many days?) _____
8. Method of transportation: School bus (indicate number required) 1 Walking _____ Automobile _____
 Public Carrier: airplane _____ boat _____ 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 _____
participate in the Disney Energy and Waves Physics Lab 201 | Disney Youth Education Series to
explore how magnetism, light and sound are applied to achieve dazzling outcomes.
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 _____ 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 *Pam Maser* Date: 12/15/18
 Board of Trustees* _____ Date: _____

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