



Certified Public Accountants
and Financial Advisors

Plumas Charter School

Charter School #0146

Financial Statements

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Plumas Charter School
Quincy, California

Report on the Financial Statements

We have audited the accompanying financial statements of Plumas Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plumas Charter School as of June 30, 2016, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, on our consideration of Plumas Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Plumas Charter School's internal control over financial reporting and compliance.

SQUAR MILNER LLP

San Diego, California
December 14, 2016

PLUMAS CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Current assets:

Cash	\$ 526,999
Accounts receivable	439,158
Prepaid expenses	24,430
Total current assets	<u>990,587</u>

Fixed assets, net	<u>17,147</u>
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Deposits	<u>850</u>
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TOTAL ASSETS	<u><u>\$ 1,008,584</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 15,235
Accrued expenses	50,029
Total current liabilities	<u>65,264</u>

Total liabilities	<u>65,264</u>
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Net assets:

Temporarily restricted	26,778
Unrestricted	916,542
Total net assets	<u>943,320</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,008,584</u></u>
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PLUMAS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Revenue limit sources:			
State aid	\$ 238,692	\$ -	\$ 238,692
Education protection account	63,426	-	63,426
In-lieu of property taxes	2,286,727	-	2,286,727
Federal revenues	163,716	-	163,716
State revenues	396,637	21,030	417,667
Local revenues:			
Interest	1,417	-	1,417
Donations	14,461	-	14,461
Fundraising	13,045	-	13,045
Miscellaneous	17,244	-	17,244
Total revenues	3,195,365	21,030	3,216,395
Net assets released from restrictions	44,252	(44,252)	-
Total revenue and support	3,239,617	(23,222)	3,216,395
EXPENSES			
Program services:			
Education	2,573,920	-	2,573,920
Support services:			
Management and general	275,028	-	275,028
Total expenses	2,848,948	-	2,848,948
CHANGE IN NET ASSETS	390,669	(23,222)	367,447
NET ASSETS, BEGINNING OF YEAR	525,873	50,000	575,873
NET ASSETS, END OF YEAR	<u>\$ 916,542</u>	<u>\$ 26,778</u>	<u>\$ 943,320</u>

**PLUMAS CHARTER SCHOOL
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 367,447
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,026
(Increase) decrease in operating assets:	
Accounts receivable	(135,552)
Prepaid expenses	(13,039)
Increase (decrease) in operating liabilities:	
Accounts payable	(27,205)
Accrued expenses	12,835
Net cash flows provided by operating activities	<u>207,512</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(20,173)</u>
Net cash flows used in investing activities	<u>(20,173)</u>

NET CHANGE IN CASH 187,339

CASH, BEGINNING OF YEAR 339,660

CASH, END OF YEAR \$ 526,999

**PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

1. ORGANIZATION AND MISSION

Plumas Charter School (Organization) is operated by Plumas Alternative Learning Services, a nonprofit, public-benefit corporation, which receives its principal funding from the California Department of Education and Plumas Unified School District (District) in lieu of local property taxes to operate an independent study program for students in Kindergarten through Grade 12 primarily in Plumas County. The District is the sponsoring local educational agency of the Organization.

The Organization was granted its charter renewal on November 14, 2012, for a five year period ending on June 30, 2018.

The mission of the Organization is to provide individualized education that is designed to be meaningful to each student; to build academic excellence and skills mastery, and to cultivate social responsibility and respect for self and others.

For the fiscal year ended June 30, 2016, Plumas Alternative Learning Services only financial activity was from the Organization.

The Organization is a K-12 charter school and maintains the following educational resource centers:

- 175 North Mill Creek in Quincy, California
- 117 Grand Street in Greenville, California
- 212 Pine Street in Greenville, California
- 135 Main Street in Chester, California

The Organization's administrative office is located at 175 North Mill Creek in Quincy, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are presented in conformity Financial Accounting Standards Board (FASB) with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were \$26,778 temporarily restricted net assets as of June 30, 2016.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2016.

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles (GAAP) provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are from time to time variously composed of cash on hand and in banks, and liquid investments with original maturities of three months or less. The Organization had no cash equivalents at June 30, 2016.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred.

Revenue Sources and Recognition

The Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization primarily receives the funds from the California Department of Education (CDE). Amounts received from the CDE are recognized by the Organization based on the average daily attendance (ADA) of students.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

In August 2016, The FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

3. CASH

Cash at June 30, 2016, consisted of the following:

Pooled Funds:

Cash in County Treasury	\$ 186,664
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Deposits:

Cash in banks	340,335
Total cash	<u>\$ 526,999</u>

Cash in County Treasury

The Organization maintains a portion of its cash in the Plumas County Treasury (County) as part of the common investment pool (\$186,664 as of June 30, 2016). Cash may be added or withdrawn from the investment pool without limitation.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

3. CASH AND CASH EQUIVALENTS (continued)

Cash in County Treasury (continued)

The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. Government Securities, State registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptance, commercial paper, negotiable certificates of deposits, and repurchase or reverse repurchase agreements.

Cash in Banks

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2016, the Organization had \$94,304 in excess of FDIC insured funds.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

Revenue limit sources:

State aid	\$ 3,891
In-lieu of property taxes	320,993
Federal revenues	53,824
State revenues	60,192
Local revenues:	
Miscellaneous	258
Total accounts receivable	<u>\$ 439,158</u>

5. FIXED ASSETS, NET

Fixed assets, net at June 30, 2016, consisted of the following:

Equipment	\$ 20,173
Less: accumulated depreciation	<u>(3,026)</u>
Total fixed assets, net	<u>\$ 17,147</u>

During the fiscal year ended June 30, 2016 a total of \$3,026 was charged to depreciation expense.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

6. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, the Organization's temporarily restricted net assets consisted of the following:

Educator Effectiveness Funds	\$ 3,980
Prop 39 California Clean Energy Jobs Act	<u>22,798</u>
Total temporarily restricted net assets	<u><u>\$ 26,778</u></u>

7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available.

The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total plan assets are \$180.6 billion, the total actuarial present value of accumulated plan benefits is \$301.3 billion, contributions from all employers totaled \$2.5 billion, and the plan is 68.5% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Quincy, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 8.56% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2015-2016 was 10.73% of annual payroll. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2016 were \$100,176 and equal 100% of the required contribution for the fiscal year.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

7. EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Description and Funding Policy (continued)

CalPERS

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2016, the Schools Pool total plan assets are \$56.9 billion, the total actuarial present value of accumulated plan benefits is \$71.7 billion, contributions from all employers totaled \$1.3 billion, and the plan is 77.5% funded, The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Quincy, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Organization is required to contribute an actuarially determined rate. Effective January 1, 2013, any new participants in the plan will be required to contribute 6.0% of their salary. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2015-2016 was 11.847% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal year ending June 30, 2016, were \$63,428 and equal 100% of the required contribution for the fiscal year.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

8. OPERATING LEASE

The Organization leases property and equipment under various non-cancelable operating lease agreements. Future minimum lease payments under the signed lease arrangements are as follows:

Year Ending	Lease
June 30,	Payments
2017	\$ 37,404
2018	6,801
Total future lease payments	<u>\$ 44,205</u>

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2016, operating lease expense was \$131,883.

9. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

10. PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization entered into a Joint Powers Agreement (JPA) known as the “California Charter School Joint Powers Authority (CCS-JPA),” a self-insurance plan for workers’ compensation, property/casualty, and school board liability insurance. The CCS-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCS-JPA including selection of management and approval of operating budgets, independent of any influence by the number organizations beyond their representation on the board. Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCS-JPA. The CCS-JPA is a separate entity which is audited by an independent accounting firm. The Organization paid CCS-JPA \$19,653 in insurance premiums during the fiscal year ended June 30, 2016.

PLUMAS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

11. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 14, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

**PLUMAS CHARTER SCHOOL
ORGANIZATION
JUNE 30, 2016**

Plumas Charter School [Charter #0146] is a Kindergarten through Grade 12 Charter School and was granted its charter renewal by Plumas Unified School District on November 14, 2012, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2016, was comprised of the following members:

Name	Office	Term	Term Expiration
Stephen Hill	President	2 years	June 30, 2018
Taletha Washburn	Secretary	2 years	June 30, 2018
Cindy Thackeray	Faculty Member	2 years	July 31, 2016
Lucia Biunno	Community Member	2 years	July 31, 2016
Terry Oestreich	District Member	N/A	N/A
Sue Weber	Faculty Member	2 years	January 31, 2017
Judy Gimple	Community Member	2 years	June 30, 2018
Toni Hymas	Parent Member	2 years	October 31, 2018
Paul Vaughn	Parent Member	2 years	October 31, 2018
Stacy Kingdon	Parent Member	2 years	May 31, 2017
Marly Marincas	Parent Member	2 years	December 31, 2017
Katie Harris	Faculty Member	2 years	September 30, 2018

Administration

Name	Position
Taletha Washburn	Executive Director

PLUMAS CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2016

	<u>Second Period Report</u>	<u>Annual Report</u>
TK/K-3	76.62	77.01
Grades 4 - 6	72.39	72.86
Grades 7 - 8	51.13	51.30
Grades 9 -12	<u>116.99</u>	<u>116.40</u>
Total	<u><u>317.13</u></u>	<u><u>317.57</u></u>

The Organization's operation is 100% independent study and does not generate any ADA from a classroom based program.

**PLUMAS CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2016**

For the fiscal year ended June 30, 2016, the Organization was 100% independent study; therefore, a Schedule of Instructional Time was not applicable.

PLUMAS CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2016

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	\$ 1,074,840	\$ 37,163	\$ 1,112,003
Classified salaries	641,713	14,190	655,903
Employee benefits	250,398	7,368	257,766
Books and supplies	151,636	11,212	162,848
Travel and conferences	13,477	-	13,477
Dues and memberships	4,111	-	4,111
Operation and housekeeping services	10,825	6,625	17,450
Rental, leases, repairs, and non-capitalized improvements	113,844	33,755	147,599
Professional/consulting services and operating expenditures	301,934	145,959	447,893
Direct support/indirect cost charges	-	12,944	12,944
Communications	11,142	2,786	13,928
Depreciation	-	3,026	3,026
Total expenses	<u>\$ 2,573,920</u>	<u>\$ 275,028</u>	<u>\$ 2,848,948</u>

**PLUMAS CHARTER SCHOOL
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT - - ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

There were no differences between the net assets reported on the June 30, 2016 Charter School Unaudited Financial Report - - Alternate Report and the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
Plumas Charter School
Quincy, 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 Plumas Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plumas Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plumas Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Plumas Charter School's internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 14, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Plumas Charter School
Quincy, California

Report on Compliance for Each State Program

We have audited Plumas Charter School's compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Plumas Charter School's state programs for the fiscal year ended June 30, 2016. Plumas Charter School's state programs are identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Plumas Charter School's state 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 State's Audit Guide, *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Plumas Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Plumas Charter School's compliance.

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



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

The term “Not Applicable” is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs (Modified Opinion)

Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs Plumas Charter School did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts, as described in finding number 2016-01. Compliance with such requirements is necessary, in our opinion, for Plumas Charter School to comply with the requirements applicable to that program.

Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the “Basis for Modified Opinion” paragraph, Plumas Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Unduplicated Local Control Funding Formula Pupil Counts for the fiscal year ended June 30, 2016.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Plumas Charter 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 other state programs for the fiscal year ended June 30, 2016.



The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

SQUAR MILNER LLP

SQUAR MILNER LLP

San Diego, California
December 14, 2016

FINDINGS AND RECOMMENDATIONS SECTION

PLUMAS CHARTER SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial
statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes N/A No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes N/A None Reported

Type of auditor's report issued on compliance for
major programs: N/A

Any audit findings disclosed that are required to be
reported under section 200.510 Audit Findings
paragraph (a) of OMB Uniform Guidance? Yes N/A No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

The Organization did not have over \$750,000 in Federal Expenditures.

Dollar threshold used to distinguish between
type A and type B programs: N/A

Auditee qualified as low-risk auditee? Yes N/A No

PLUMAS CHARTER SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

A. Summary of Auditor's Results (continued)

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

Finding 2016-01

40000 State Compliance - Unduplicated Local Control Funding Formula Pupil Counts

(1) Criteria

For the Fiscal year 2015-16, the Organization certified that it is aware of the requirements of the Local Control Funding Formula (LCFF) pursuant to California *Education Code* sections 2574, 2575, 42238.02, 42238.03, and 42238.07, as applicable.

California Longitudinal Pupil Achievement Data System (CALPADS) data collections affect the LCFF calculation as supplemental and concentration grant amounts are calculated based on the percentage of “unduplicated pupils” enrolled in the LEA on Census Day.

(2) Condition

The Organization did not maintain complete supporting documentation such as free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the National School Lunch Program designation.

PLUMAS CHARTER SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

D. State Award Findings and Questioned Costs (continued)

(3) Effect

CALPADS unduplicated counts for the FRPM was incorrectly reported.

(4) Cause

Misclassification was a result of an error with their system.

(5) Number of units of Average Daily Attendance inappropriately reported for apportionment.

Not Applicable.

(6) Estimated dollar impact of inappropriately reporting Unduplicated Pupil Counts

A negative impact of \$11,027.

(7) Recommendation

Implement a process of collecting the appropriate supporting documentation to substantiate eligibility for inclusion in the FRPM.

(8) Corrective Action Plan

The Organization's plan is to comply with the requirements applicable to the finding and 1) correct the data in the CALPADS reporting system and 2) re-assess the data in CALPADS and update as necessary.

A schedule of unduplicated pupil counts is presented below summarizing the results of the procedures and displaying any inappropriately reported unduplicated pupil counts based on total enrollment of 331.

Plumas Charter School				
CALPADS School code: 3230083				
	FRPM Direct Certified	FRPM Non-Direct Certified	FRPM Total	EL English Learner
CALPADS 1.17 Report 2015-2016	81	132	213	2
Audit Adjustment	-	(36)	(36)	-
Adjusted Total	81	96	177	2

**PLUMAS CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2016**

<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
None	N/A	N/A