

**Plumas Charter School**

Charter School #0146

Financial Statements

June 30, 2022

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## Independent Auditors' Report

Board of Directors  
Plumas Charter School  
Quincy, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Plumas Charter School (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Organization, Schedule of Average Daily Attendance, Schedule of Instructional Time, and Reconciliation of Charter School Unaudited Actuals Financial Report Alternative Form with Audited Financial Statements are 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 15, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

San Diego, California  
December 15, 2022

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**PLUMAS CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022**

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**ASSETS**

Current assets:

Cash	\$ 980,890
Accounts receivable	1,012,792
Prepaid expenses	101,595
Total current assets	<u>2,095,277</u>
Fixed assets, net	2,547,607
Deposits	8,850
<b>TOTAL ASSETS</b>	<u><u>\$ 4,651,734</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 121,533
Accrued expenses	163,371
Deferred revenue	337,818
Total current liabilities	<u>622,722</u>
Note payable	1,628,334
Total liabilities	<u>2,251,056</u>

Net assets:

Net assets without donor restrictions - undesignated	<u>2,400,678</u>
Total net assets	<u>2,400,678</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,651,734</u></u>

**PLUMAS CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2022

	<b>Net Assets without donor restrictions</b>
<b>REVENUES</b>	
Revenue limit sources:	
State aid	\$ 204,710
Education protection account	64,133
In-lieu of property taxes	2,905,153
Federal revenues	555,367
State revenues	792,829
Local revenues:	
Interest	473
Donations	18,029
Reimbursements	248,190
Miscellaneous	265,681
Total revenues and other support	5,054,565
 <b>EXPENSES</b>	
Program services:	
Education	4,145,882
Support services:	
Management and general	586,100
Total expenses	4,731,982
 <b>CHANGE IN NET ASSETS</b>	 322,583
 <b>NET ASSETS, BEGINNING</b>	 2,078,095
 <b>NET ASSETS, ENDING</b>	 \$ 2,400,678

**PLUMAS CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Education</u>	<u>Management and General</u>	<u>Total</u>
Certificated salaries	\$ 1,600,817	\$ 23,889	\$ 1,624,706
Classified salaries	904,306	38,891	943,197
Employee benefits	553,506	13,920	567,426
Books and supplies	554,541	57,984	612,525
Travel and conferences	18,377	-	18,377
Dues and memberships	15,870	-	15,870
Operation and housekeeping services	80,853	25,119	105,972
Interest expense	-	11,577	11,577
Rental, leases, repairs, and non-capitalized improvements	143,166	171,850	315,016
Professional/consulting services and operating expenditures	255,886	178,337	434,223
Direct support/indirect cost charges	-	31,740	31,740
Communications	18,560	4,528	23,088
Depreciation	-	28,265	28,265
Total expenses	<u>\$ 4,145,882</u>	<u>\$ 586,100</u>	<u>\$ 4,731,982</u>



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**PLUMAS CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 322,583
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	28,265
(Increase) decrease in operating assets:	
Accounts receivable	(755,876)
Prepaid expenses	(49,662)
Increase (decrease) in operating liabilities:	
Accounts payable	66,679
Deferred revenue	10,087
Accrued expenses	(22,212)
Net cash flows used in operating activities	<u>(400,136)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of fixed assets	<u>(1,908,653)</u>
Net cash flows used in investing activities	<u>(1,908,653)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from note payable	<u>1,603,334</u>
Net cash flows provided by financing activities	<u>1,603,334</u>

**NET CHANGE IN CASH** (705,455)

**CASH, BEGINNING** 1,686,345

**CASH, ENDING** \$ 980,890

**SUPPLEMENTAL DISCLOSURES:**

Cash paid for interest	<u><u>11,577</u></u>
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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. ORGANIZATION AND MISSION**

Plumas Charter School (the “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, and has granted its charter renewal ending on June 30, 2025.

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, 2022, 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:

- 4352 Main Street, Taylorsville, California
- 4338 Main Street, Taylorsville, California
- 1425 East Main Street 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***

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of June 30, 2022, there are no net assets without donor restrictions that have been designated by the Board of Directors for operating reserves or future program development.

*Net assets with donor restrictions*

Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Financial Statement Presentation (continued)***

***Net assets with donor restrictions (continued)***

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2022, the Organization had no net assets with donor restrictions.

***Accounting Method - Basis of Accounting***

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applicable to not-for-profit organizations. 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.

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.

***Cash***

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, 2022.

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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 primarily receives funds from the California Department of Education ("CDE"). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance ("ADA") of students and recognized in the period the ADA occurs.

***Contributions and Grants***

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

Revenue from contributions and grant income is evaluated under ASU 2018-08 and is accounted for as nonreciprocal transactions. Unconditional contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restrictions ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

***Deferred Revenue***

Deferred revenue represents grant funds received, but not expended. These funds must be expended in accordance with the provisions of the contract to which they apply or refunded if not expended under the terms of the contract. Deferred revenue at June 30, 2022, consisted of the following:

Progress Seventy Percent Grant	\$ 204,624
Environment Enhancement Fund	74,252
Universal Kindegarden Planning and Implentation	53,588
Career Technical Education Incentive Grant	5,354
	<u>337,818</u>
	<u>\$ 337,818</u>

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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.

***Accounts Receivable***

Accounts receivable are recorded based on the amount expected to be collected from the federal and state government agencies. The amount recorded is based on apportionment schedules issued by the California Department of Education throughout the fiscal year. Management believes that collections of accounts receivable is reasonably assured based on the nature of the receivable coming from government agencies. As such, no allowance for doubtful accounts has been provided.

***New Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases ("Topic 842"). Topic 842 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 present value of payments to be made to lessor, on its statement of financial position for all leases greater than 12 months. In June 2020, the FASB issued ASU No. 2020-05, Revenue from Contracts with Customers and Leases, which deferred the effective date of this new guidance for the Organization until its fiscal year ending June 30, 2023, and interim periods within its fiscal year ending June 30, 2024. Although the full impact of this new guidance on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization's to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 10).

**3. CASH**

Cash at June 30, 2022, consisted of the following:

Cash in County Treasury	\$ 365,342
Cash in banks	615,548
Total cash	<u>\$ 980,890</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. Cash may be added or withdrawn from the investment pool without limitation. 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.

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**3. CASH (continued)**

***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, 2022, the Organization had \$481,665 in excess of FDIC insurance limits.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022, consisted of the following:

Revenue limit sources:		
State aid	\$	13,563
In-lieu of property taxes		652,929
Federal revenues		314,369
State revenues		26,201
Local revenues:		
Miscellaneous		5,730
Total accounts receivable	\$	<u>1,012,792</u>

**5. FIXED ASSETS, NET**

Fixed assets, net at June 30, 2022, consisted of the following:

Land	\$	50,000
Building Improvements		119,745
Leasehold Improvements		77,391
Construction in progress		2,443,468
Equipment		105,803
Less: accumulated depreciation		(248,800)
Total fixed assets, net	\$	<u>2,547,607</u>

During the fiscal year ended June 30, 2022 a total of \$28,265 was charged to depreciation expense.

**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**6. ACCRUED EXPENSES**

Accrued expenses at June 30, 2022 consisted of the following:

Payroll liabilities	\$	67,917
Pension expenses		51,667
Other payables		43,787
Total accrued expenses	<u>\$</u>	<u>163,371</u>

**7. NOTE PAYABLE**

***Community Facilities Loan Program***

In July 2021, the Organization received \$1,603,334 in proceeds from the United States Department of Agriculture (“USDA”) Office of Rural Development as part of the Community Facilities Loan Program. The USDA loan is scheduled to mature in forty years, has a 2.25% per annum interest rate with monthly interest only payments in the amount of \$7,727 to commence June 15, 2022. As of June 30, 2022, the outstanding principal under this note agreement was \$1,628,334. The USDA loan is secured by the assets of the Organization.

Changes in note payable obligation for the year ended June 30, 2022 are as follows:

	Balance 2021	Additions	Payments	Balance 2022	Due in One year
USDA Loan Payable	\$ 25,000	\$ 1,603,334	\$ -	\$ 1,628,334	\$ -
Total	<u>\$ 25,000</u>	<u>\$ 1,603,334</u>	<u>\$ -</u>	<u>\$ 1,628,334</u>	<u>\$ -</u>

**8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

As part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet a minimum of one year of operating expenses. The Organization’s goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

The Organization’s financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Cash	\$	980,890
Accounts receivable		1,012,792
Total financial assets available within one year	<u>\$</u>	<u>1,993,682</u>

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**9. 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 STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. 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 actuarial valuation report as of June 30, 2021, total plan net assets are \$293 billion, the total actuarial present value of projected plan benefits is \$414.4 billion, contributions from all employers totaled \$5.6 billion and the plan is 73.0% 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](http://www.calstrs.com).

*Funding Policy*

Active plan members are required to contribute 10.25% or 10.205% 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 2021-2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2022, were \$256,912 and equal 100% of the required contributions for the year.

***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 as of June 30, 2021, the School Employer Pool total plan assets are \$86.5 billion, the total actuarial present value of the total pension liability is \$10.6 billion, contributions from all employers totaled \$3.8 billion, and the plan is 78.3% funded. The Organization did not contribute more than 5% of the total contributions to the plan.



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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**9. EMPLOYEE RETIREMENT SYSTEMS** (continued)

**CalPERS** (continued)

*Plan Description* (continued)

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](http://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 7.0% 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 2021-2022 was 25.40% 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, 2022, were \$173,319 and equal 100% of the required contribution for the year.

**10. OPERATING LEASES**

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:

<b>Year Ending</b> <b>June 30,</b>	<b>Lease</b> <b>Payments</b>
<u>2023</u>	<u>\$ 138,732</u>
Total future lease payments	<u>\$ 138,732</u>

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2022, operating lease expense was \$166,114.

**11. COMMITMENTS AND CONTINGENCIES**

***State Allowances, Awards, and Grants***

The 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.

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**PLUMAS CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**12. 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 member 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 \$44,164 in insurance premiums during the fiscal year ended June 30, 2022.

**13. 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 15, 2022 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  
For the Fiscal Year Ended June 30, 2022**

The Organization [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, 2022, was comprised of the following members:

Name	Office	Term	Term Expiration
Stephen Hill	President	Ongoing	N/A
Judy Gimple	Secretary	Ongoing	N/A
Aaron Lohn	Treasurer	Ongoing	N/A
Lisa Cavin	District Member	Permanent	N/A
Bianca Harrison	Parent Member	Ongoing	N/A
Debbie Cook	Parent Member	Ongoing	N/A
Amy Moffett	Parent Member	Ongoing	N/A

**Administration**

Name	Position
Taletha Washburn	Executive Director
Ryan Schramel	Site Director
Patrick Joseph	Site Director

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**PLUMAS CHARTER SCHOOL**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**For the Fiscal Year Ended June 30, 2022**

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	<u>Second Period Report</u>	<u>Annual Report</u>
TK/K-3	77.34	76.56
Grades 4 - 6	51.15	51.46
Grades 7 - 8	50.85	50.59
Grades 9 -12	105.39	106.39
Total	<u>284.73</u>	<u>285.00</u>

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**PLUMAS CHARTER SCHOOL  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Fiscal Year Ended June 30, 2022**

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As of June 30, 2022, the Organization was 100% Independent Study; therefore, a Schedule of Instructional Time was not applicable.

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**PLUMAS CHARTER SCHOOL**  
**RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL**  
**REPORT -- ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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	<u>Charter School</u>
June 30, 2022, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	\$ 2,400,649
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts payable understatement	<u>29</u>
Net adjustments and reclassifications	<u>29</u>
June 30, 2022, audited financial statement net assets	<u><u>\$ 2,400,678</u></u>

**OTHER INDEPENDENT AUDITORS' REPORT SECTION**



**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***

Independent Auditors' Report

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 (*Government Auditing Standards*), the financial statements of Plumas Charter School (the Organization), which comprise the Organization's statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon December 15, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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.

*Baker Tilly US, LLP*

San Diego, California  
December 15, 2022

## REPORT ON STATE COMPLIANCE

### Report on Compliance for Each State Program

We have audited Plumas Charter School's compliance with the types of compliance requirements described in the *2021-22 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 's state programs for the fiscal year ended June 30, 2022. 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.

### Auditors' 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, *2021-22 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	Not Applicable
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
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
In-Person Instruction Grant	Not Applicable
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
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

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 state programs for the fiscal year ended June 30, 2022.

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 the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



San Diego, California  
December 15, 2022

## **FINDINGS AND RECOMMENDATIONS SECTION**

**PLUMAS CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

**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 200.516 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>
<i>The Organization did not have over \$750,000 in Federal Expenditures.</i>	

*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

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:                   Unmodified

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**PLUMAS CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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**B. Financial Statement Findings**

None

**C. Federal Award Findings and Questioned Costs**

None

**D. State Award Findings and Questioned Costs**

None

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**PLUMAS CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
For the Year Ended June 30, 2022**

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<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
N/A	N/A	N/A