

PACIFIC COMMUNITY CHARTER SCHOOL
CHARTER NUMBER 0192

COUNTY OF MENDOCINO
POINT ARENA, CALIFORNIA

ANNUAL FINANCIAL REPORT
JUNE 30, 2015

ROBERTSON & ASSOCIATES, CPAs
A Professional Corporation

PACIFIC COMMUNITY CHARTER SCHOOL
ORGANIZATION
JUNE 30, 2015

The Pacific Community Charter School (Charter) is a public non-profit benefit corporation that is also a part of the State of California Public School System. The Charter was established during the 1998/1999 year for planning and implementation purposes and commenced instruction during the 1999/2000 school year. The Charter operates 2 school sites serving Kindergarten through grade 12.

BOARD OF DIRECTORS

Name	Office	Term Expires
Mr. Ben Duggan	Chairperson	June, 2016
Mr. Michael Beattie	Member at Large	June, 2017
Ms. Aimee Fredrick	Secretary	June, 2016
Ms. Gaillian Nye	Treasurer	June, 2017
Ms. Corrie Talbot	Member at Large	June, 2017
Ms. Lisa Riboli	Member at Large	June, 2017
Ms. Janet Tishma	Member at Large	June, 2017

ADMINISTRATION

Name	Title	Tenure
Mr. Brent Cushenbery	Superintendent	1 Year
Ms. Yolanda Highhouse	High School Director	14 Years
Ms. Sigrid Hillscan	K-8 Director	20 Years
Ms. Marilyn Boudin-Kronk	HR/Finance Manager	14 Years
Ms. Robbin Beall	Administrative Assistant	10 Years

ADDRESS OF CHARTER SCHOOL

P.O. Box 984
10 and 200 Lake Street
Point Arena, CA 95468

PACIFIC COMMUNITY CHARTER SCHOOL
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pacific Community Charter School
Point Arena, California

Report on the Financial Statements

We have audited the accompanying financial statements of Pacific Community Charter School (Charter), a California nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the 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 an opinion 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 of 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 Charter'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 Charter'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 Pacific Community Charter School as of June 30, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 15 through 17, required by the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 07, 2015, on our consideration of the Charter'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's internal control over financial reporting and compliance.

Robertson & Associates, CPAs

Lakeport, California
December 07, 2015

FINANCIAL SECTION

PACIFIC COMMUNITY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current Assets:

Cash and equivalents	\$ 70,940
Accounts receivable	29,138

Total Current Assets	100,078
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Capital Assets:

Non-depreciable	36,443
Depreciable, net of accumulated depreciation	250,625

Total Capital Assets	287,068
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Total Assets	\$ 387,146
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$ 31,476
Current portion of notes payable	18,496

Total Current Liabilities	49,972
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Long-Term debt:

Notes payable, net of current portion	40,182
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Total Long-Term Debt	40,182
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Total Liabilities	90,154
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Net Assets:

Unrestricted	296,992
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Total Net Assets	296,992
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Total Liabilities and Net Assets	\$ 387,146
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PACIFIC COMMUNITY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

SUPPORT AND REVENUES

Support:	
General purpose entitlement:	
State apportionments	\$ 83,322
In-lieu of property taxes	517,827
Federal	21,341
Other state	20,405
	642,895
Total Support	642,895
Revenues:	
Interest	337
Food sales	5,185
Contributions	11,677
Other local	49,217
	66,416
Total Revenues	66,416
Total Support and Revenue	709,311

EXPENSES

Education	587,057
Management and general	129,741
Fundraising	579
	717,377
Total Expenses	717,377
Change in Net Assets	(8,066)
Net Assets - Beginning	305,058
Net Assets - Ending	\$ 296,992

PACIFIC COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net support and revenues (expenses) to net cash and cash equivalents provided (used) by operating activities:

Change in net assets	\$ (8,066)
Adjustments to reconcile net change in net assets to net cash provided by operating activities:	
Depreciation expense	11,093
Changes in assets and liabilities affecting operating activities:	
Increase in:	
Accounts receivable	(12,389)
Increase in:	
Accounts payable	631
Net cash provided by operating activities	(8,731)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(17,509)
Net cash provided (used) financing activities	(17,509)
Net increase in cash and equivalents	(26,240)
Cash and equivalents Balance - Beginning	97,180
Cash and equivalents Balance - Ending	\$ 70,940

SUPPLEMENTAL INFORMATION

Interest paid	\$ 4,138
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NON CASH TRANSACTIONS

There were no non-cash investing or financing activities.

PACIFIC COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Pacific Community Charter School (Charter) is a public non-profit benefit corporation that is also a part of the State of California Public School System, and as such, receives most of its funding from both state sources and local taxes through the State of California general-purpose entitlement funding system. The Charter was authorized during the 1998/1999 year by the Arena Union Elementary School District for planning and implementation purposes and, commenced instruction during the 1999/2000 school year to students in kindergarten through twelfth grade.

The Board of Directors has governance responsibilities over all of the Charter's activities. Board members are self-nominated and elected by the school community. The Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Accounting Policies

The accounting policies of the Charter conform to accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restrictions are those that specify a use of funds or assets that are significantly more specific than the broad purpose of the organization for which the tax-exemption has been granted. Accordingly, net assets of the Charter and changes therein are classified and reported as follows:

Unrestricted Net Assets - The unrestricted net assets account is for resources over which the governing board has discretionary control to use in carrying on the general operations of the Organization. Fundraising for general or specific purposes is accounted for in this fund.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Charter and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2015, the Charter had no temporarily restricted net assets to report on its Statement of Financial Position. It is the Charter's policy to recognize revenues as unrestricted in the financial statements, if the temporary restrictions are met within the same period.

Permanently Restricted Net Assets - Permanently Restricted Net Assets represent contributions in which the donor has stipulated, as a condition of the gift, that the use of the proceeds are used for purposes that are permanently restricted or principal be maintained intact and only the earnings of the fund be expended as the donor has specified. At June 30, 2015 the Charter had no permanently restricted net assets.

PACIFIC COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. By state law, the Charter's governing board must adopt a preliminary budget no later than July 1. The Charter's board of directors satisfied this requirement.

These budgets are revised by the Charter's board of directors during the year to give consideration to unanticipated income and expenses.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The Charter employs budget control by minor object and by individual appropriation accounts. Expenses cannot legally exceed appropriations by major object account.

E. 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.

F. Cash and Equivalents

The Charter considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. At June 30, 2015, the Charter did not have any highly liquid investments.

G. Accounts Receivable

Accounts receivable consist primarily of state revenue and are non-interest bearing. At June 30, 2015 all accounts receivable are considered collectable in full.

H. Property and Equipment

Property and equipment are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. There are no restricted property and equipment as of June 30, 2015.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis and an annual convention over the following estimated useful lives in years:

Land improvements	25
Buildings and improvements	25 - 50

PACIFIC COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. GENERAL STATEMENT & SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. General-Purpose Entitlement

The Charter's general-purpose entitlement is received from a combination of local funding, consisting of revenues in-lieu of property taxes, transferred from the Charter's sponsoring District, and state apportionments.

The California Department of Education reduces the Charter's entitlement by the local in-lieu of property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment. The Charter's general-purpose entitlement is the amount of general purpose tax revenue, per average daily attendance (ADA), that the Charter is entitled to by law. This amount is multiplied by the second period ADA to derive the Charter's total entitlement.

J. Risk Management

The Charter participates in several joint power agreements (JPAs) as described in Note 6 for the various insurance and risk management needs that have been identified.

K. Income Taxes

The Charter is a California not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Unrelated business income, of which the Charter had none for the year ended June 30, 2015, would be subject to federal income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Charter's federal Exempt Organization Business Income Tax Returns (Form 990) for 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

L. Measure of Operations

In its statement of activities, the Charter includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

M. Risk Concentration

For the year ended June 30, 2015, approximately 73.0% of the total funding for the Charter came from In-Lieu of property taxes.

PACIFIC COMMUNITY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 2. CASH AND EQUIVALENTS

Cash and equivalents at June 30, 2015 are classified in the accompanying financial statements as follows:

Cash and equivalents

Pooled Funds:	
Cash in county treasury	\$ 34,630
Net Cash in County Treasury	34,630
Deposits:	
Cash on hand and in banks	36,310
Total Cash and equivalents	\$ 70,940

Cash in County Treasury

In accordance with Education Code 41001, the Charter maintains substantially all of its cash in the Mendocino County Treasury (the Treasury). The Treasury pools these funds with those of other governmental agencies in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distribute to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury 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; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

Investments Authorized by the Charter's Investment Policy

The table below identifies the investment types authorized for the Charter by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

PACIFIC COMMUNITY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 2. CASH AND EQUIVALENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	n/a	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Agreements	5 years	20%	None
County Pooled Investment Funds	n/a	None	None
Local Agency Investment Funds (LAIF)	n/a	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2015, the weighted average maturity of the investments contained in the Treasury investment pool was not available.

Credit Risk

Generally, credit risk, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Charter’s deposits may not be returned to it. The Charter does not have a formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). 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, 2015, the Charter’s bank balances were fully insured.

PACIFIC COMMUNITY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 2. CASH AND EQUIVALENTS (Continued)

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the Charter will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code and the Charter’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consists of the following:

Property and Equipment	
Land	\$ 36,443
Buildings and improvements	<u>377,640</u>
Total Property and Equipment	414,083
Less Accumulated Depreciation	<u>(127,015)</u>
Total Property and Equipment, Net	<u><u>\$ 287,068</u></u>

Total depreciation for year is \$11,093.

NOTE 4. NOTES PAYABLE

The Charter borrowed \$100,000 evidenced by an Installment Note and Deed of Trust secured by the Charter’s facility. The note is payable in equal monthly installments of interest only at 6% from June 2005 to September 2014; and equal monthly installments of \$1,933 for 46 months thereafter, including principal and interest of 6%. Proceeds of the note were used for the High School Building Project.

Future notes payable payments are as follows:

<u>For the Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,496	\$ 3,071	\$ 21,567
2017	21,370	1,830	23,200
2018	<u>18,812</u>	<u>521</u>	<u>19,333</u>
Totals	<u><u>\$ 58,678</u></u>	<u><u>\$ 5,422</u></u>	<u><u>\$ 64,100</u></u>

PACIFIC COMMUNITY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 5. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2015 is shown below:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Current Portion
Notes payable	\$ 76,187	\$ -	\$ 17,509	\$ 58,678	\$ 18,496
Totals	<u>\$ 76,187</u>	<u>\$ -</u>	<u>\$ 17,509</u>	<u>\$ 58,678</u>	<u>\$ 18,496</u>

NOTE 6. JOINT POWERS AGREEMENTS

The Charter is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2015, the Charter participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the Charter are as follows:

The Charter also participates in California Charter School Association (CharterSAFE) which is organized in accordance with Title 1, Division 7, Chapter 5, Article 1 of the California Government Code. The purpose of the CharterSAFE is to jointly provide for a self-insurance plan and system for workers' compensation claims against the member public educational agencies. The Alliance is under the control and direction of a Board of Directors consisting of representatives of the twenty member agencies.

In addition, the Charter also participates in the Schools Excess Liability Fund (SELF), a State Joint Powers Agency established as a cooperative program of self-funding and risk management for excess liability for California public educational agencies. Members commit to a three-year participation in SELF, but those withdrawing after three years may be entitled to a partial refund five years after withdrawal, under certain conditions. Members may be required to make additional contributions in the event excess liability claims against SELF exceed available resources.

The relationship between the Charter and the JPAs is such that the JPAs are not component units of the Charter for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPA. Separately issued financial statements can be requested from each JPA.

PACIFIC COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. SAVINGS INCENTIVE MATCH PLAN OF EMPLOYEES OF SMALL EMPLOYERS

The Charter's employees expecting to receive at least \$5,000 in compensation for a calendar year, can choose to participate in a Savings Incentive Match Plan of Employees of Small Employers (SIMPLE). Employees may elect a contribution, not to exceed \$11,500 annually, or \$14,000 annually for those over age 49. For each calendar year, the Charter will contribute a matching contribution to each eligible employee's SIMPLE equal to the employee's salary reduction contribution up to a limit of 3% of the employee compensation for the calendar year. The Charter's contributions to employee retirement plans for the year ending June 30, 2015 were \$6,532.

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Grants

The Charter received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund of other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Charter at June 30, 2015.

B. Litigation

As of June 30, 2015 the Charter is not currently involved in any litigation.

C. Commitments

As of June 30, 2015 the Charter had no material commitments outstanding.

NOTE 9. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Charter through December 07, 2015 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION SECTION

PACIFIC COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Education	Management and General	Fundraising	Total
Certificated salaries	\$ 285,405	\$ -	\$ -	\$ 285,405
Classified salaries	33,942	115,955	-	149,897
Employee benefits	75,160	-	-	75,160
Supplies and activities	42,219	-	-	42,219
Contract services and other operating activities	137,842	11,044	579	149,465
Depreciation	9,096	1,997	-	11,093
Interest on long-term debt	3,393	745	-	4,138
Total Expenses	<u>\$ 587,057</u>	<u>\$ 129,741</u>	<u>\$ 579</u>	<u>\$ 717,377</u>

PACIFIC COMMUNITY CHARTER SCHOOL
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2015

Second Period Report				
	Regular ADA	Revised	Classroom Based ADA	Revised
Grades TK / K-3	24.04	N/A	23.39	N/A
Grades 4 through 6	26.99	N/A	26.17	N/A
Grades 7 through 8	16.01	N/A	14.42	N/A
Grades 9 through 12	14.36	N/A	14.19	N/A
Totals	81.40	N/A	78.17	N/A

Annual Report				
	Regular ADA	Revised	Classroom Based ADA	Revised
Grades TK / K-3	24.45	N/A	23.80	N/A
Grades 4 through 6	27.48	N/A	26.47	N/A
Grades 7 through 8	15.74	N/A	14.06	N/A
Grades 9 through 12	14.40	N/A	14.28	N/A
Totals	82.07	N/A	78.61	N/A

N/A - There were no audit findings which resulted in necessary revisions to attendance.

PACIFIC COMMUNITY CHARTER SCHOOL
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	Minutes Requirement	Reduced Minutes	2014/2015 Actual Minutes	Number of Days Traditional Calendar ¹	Status
Kindergarten	36,000	34,971	38,700	180	In Compliance
Grade one	50,400	48,960	51,820	180	In Compliance
Grade two	50,400	48,960	51,820	180	In Compliance
Grade three	50,400	48,960	51,820	180	In Compliance
Grade four	54,000	52,457	56,770	180	In Compliance
Grade five	54,000	52,457	56,770	180	In Compliance
Grade six	54,000	52,457	56,770	180	In Compliance
Grade seven	54,000	52,457	56,770	180	In Compliance
Grade eight	54,000	52,457	56,770	180	In Compliance
Grade nine	64,800	62,949	67,200	180	In Compliance
Grade ten	64,800	62,949	67,200	180	In Compliance
Grade eleven	64,800	62,949	67,200	180	In Compliance
Grade twelve	64,800	62,949	67,200	180	In Compliance

¹ The Charter did not utilize a multitrack calendar during the 2014/2015 year.

PACIFIC COMMUNITY CHARTER SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1. PURPOSE OF SCHEDULES

A. Statement of Functional Expenses

This schedule provides the Charter's detailed expenses by activity.

B. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the Charter. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to the Charter. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

C. Schedule of Instructional Time

Charters must offer a minimum number of minutes of instruction in each grade level served, as specified in *Education Code* Section 47612.5. However for fiscal years 2009/2010 through 2014/2015, the minimum instructional time is reduced pursuant to the provisions of *Education Code* 46201.02. This schedule provides information regarding the actual minutes of instruction offered during the 2014/2015 year and indicates the Charter's compliance with *Education Code* Section 47612.5 and 46201.2.

D. Reconciliation of Annual Financial Report - Alternative Form with Audited Financial Statements

The annual financial report - alternative form agreed with the audited financial statements. As a result, a schedule reconciling the alternative form to the audited financial statements has not been included in the supplementary information.

OTHER INDEPENDENT AUDITOR'S REPORTS

**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 AUDITOR'S REPORT

Board of Directors
Pacific Community Charter School
Point Arena, 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 Pacific Community Charter School (Charter), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 07, 2015.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter'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 Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robertson & Associates, CPAs

Lakeport, California
December 07, 2015

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Pacific Community Charter School
Point Arena, California

Compliance

We have audited Pacific Community Charter School (Charter)'s compliance with the types of compliance requirements described in the *2014-15 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 material effect on each of the Charter's state programs for the year ended June 30, 2015.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the Charter's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Charter's compliance with the applicable compliance requirements based on our compliance audit.

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 *2014-15 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 above that could have a material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the Charter'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. Our audit does not provide a legal determination of the Charter's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Not applicable
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Independent Study	Not applicable
Continuation Education	Not applicable
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratios of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Regional Occupational Centers or Programs Maintenance of Effort	Not applicable
Adult Education Maintenance of Effort	Not applicable
School Districts, County Office of Education and Charter Schools:	
California Clean Energy Jobs Act	Not applicable
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study For Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

We did not perform testing for Nonclassroom-Based Instruction/Independent Study because the ADA was under the level that requires testing.

Opinion on State Programs

In our opinion, the Pacific Community Charter School complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2015.

Robertson & Associates, CPAs

Lakeport, California
December 07, 2015

FINDINGS AND RESPONSES SECTION

PACIFIC COMMUNITY CHARTER SCHOOL
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings

There were no findings or questioned costs relative to the financial statement.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards or programs.

State Award Findings and Questioned Costs

There were no findings or questioned costs relative to state awards or programs.

PACIFIC COMMUNITY CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation, If Not Implemented</u>
There were no prior year findings.		