

**ALTA PUBLIC SCHOOLS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2019**

**OPERATING:**

**Academia Moderna (#1101)**  
**Prepa Tec - Los Angeles (#1542)**  
**Prepa Tec Los Angeles High (#1789)**

**ALTA PUBLIC SCHOOLS  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Alta Public Schools  
Walnut Park, CA

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Alta Public Schools (the School), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 auditors' 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 consolidated financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2019, 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**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The consolidating information presented on the face of the consolidated statements of financial position, activities, and cash flows and the accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated REPORT DATE on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE

**ALTA PUBLIC SCHOOLS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	Eliminations	Consolidated
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 418,405	\$ 158,634	\$ 95,620	\$ 6,496	\$ 283	\$ -	\$ 679,438
Restricted Cash	-	-	-	-	859,264	-	859,264
Accounts Receivable	660,724	733,919	412,548	90,828	-	-	1,898,019
Intercompany Receivables	760,318	139,519	-	-	-	(899,837)	-
Deferred Lease Asset, Current	-	-	-	-	3,883	(3,883)	-
Prepaid Expenses and Other Assets	-	-	3,980	17,069	-	-	21,049
Total Current Assets	<u>1,839,447</u>	<u>1,032,072</u>	<u>512,148</u>	<u>114,393</u>	<u>863,430</u>	<u>(903,720)</u>	<u>3,457,770</u>
<b>LONG-TERM ASSETS</b>							
Deposits	16,565	58,301	68,200	23,100	-	-	166,166
Deferred Lease Asset	-	-	-	-	152,104	(152,104)	-
Property, Plant, and Equipment, Net	792,529	1,765,202	901,916	6,600	5,739,833	-	9,206,080
Total Long-Term Assets	<u>809,094</u>	<u>1,823,503</u>	<u>970,116</u>	<u>29,700</u>	<u>5,891,937</u>	<u>(152,104)</u>	<u>9,372,246</u>
Total Assets	<u>\$ 2,648,541</u>	<u>\$ 2,855,575</u>	<u>\$ 1,482,264</u>	<u>\$ 144,093</u>	<u>\$ 6,755,367</u>	<u>\$ (1,055,824)</u>	<u>\$ 12,830,016</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 359,070	\$ 1,073,018	\$ 367,148	\$ 962,385	\$ 78,758	\$ -	\$ 2,840,379
Intercompany Payables	-	-	847,797	52,040	-	(899,837)	-
Deferred Revenue	14,664	-	43,111	-	-	-	57,775
Deferred Lease Liability, Current	3,883	-	-	-	-	(3,883)	-
Line of Credit Payable	-	1,310,000	514,000	-	-	-	1,824,000
Revolving Loan, Current Portion	-	50,000	50,000	-	-	-	100,000
Bonds Payable, Current Portion	-	-	-	-	105,000	-	105,000
Total Current Liabilities	<u>377,617</u>	<u>2,433,018</u>	<u>1,822,056</u>	<u>1,014,425</u>	<u>183,758</u>	<u>(903,720)</u>	<u>4,927,154</u>
<b>LONG-TERM LIABILITIES</b>							
Deferred Lease Liability	152,104	-	-	34,817	-	(152,104)	34,817
Revolving Loan	-	50,000	150,000	-	-	-	200,000
Bonds Payable	-	-	-	-	6,632,486	-	6,632,486
Total Long-Term Liabilities	<u>152,104</u>	<u>50,000</u>	<u>150,000</u>	<u>34,817</u>	<u>6,632,486</u>	<u>(152,104)</u>	<u>6,867,303</u>
Total Liabilities	<u>529,721</u>	<u>2,483,018</u>	<u>1,972,056</u>	<u>1,049,242</u>	<u>6,816,244</u>	<u>(1,055,824)</u>	<u>11,794,457</u>
<b>NET ASSETS</b>							
Net Assets Without Donor Restriction	2,118,820	372,557	(489,792)	(905,149)	(60,877)	-	1,035,559
Total Net Assets	<u>2,118,820</u>	<u>372,557</u>	<u>(489,792)</u>	<u>(905,149)</u>	<u>(60,877)</u>	<u>-</u>	<u>1,035,559</u>
Total Liabilities and Net Assets	<u>\$ 2,648,541</u>	<u>\$ 2,855,575</u>	<u>\$ 1,482,264</u>	<u>\$ 144,093</u>	<u>\$ 6,755,367</u>	<u>\$ (1,055,824)</u>	<u>\$ 12,830,016</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	Academia Moderna	Prepa Tec Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	Eliminations	Consolidated
<b>REVENUES, WITHOUT DONOR RESTRICTION</b>							
State Revenue:							
State Apportionment	\$ 3,545,913	\$ 2,560,050	\$ 2,596,311	\$ -	\$ -	\$ -	\$ 8,702,274
Other State Revenue	1,305,961	871,803	651,832	-	-	-	2,829,596
Federal Revenue:							
Grants and Entitlements	626,761	468,039	382,180	-	-	-	1,476,980
Local Revenue:							
In-Lieu Property Tax Revenue	1,097,642	828,839	675,634	-	-	-	2,602,115
Contributions	-	-	-	1,951	-	-	1,951
Other Revenue	67,810	14,924	7,171	2,042,914	606,506	(2,623,356)	115,969
Total Revenues	<u>6,644,087</u>	<u>4,743,655</u>	<u>4,313,128</u>	<u>2,044,865</u>	<u>606,506</u>	<u>(2,623,356)</u>	<u>15,728,885</u>
<b>EXPENSES</b>							
Program Services Expense:	5,192,439	3,739,866	3,367,123	1,944,899	70,196	(2,042,914)	12,271,609
Management and General	967,372	786,565	556,082	196,370	527,457	(580,442)	2,453,404
Total Expenses	<u>6,159,811</u>	<u>4,526,431</u>	<u>3,923,205</u>	<u>2,141,269</u>	<u>597,653</u>	<u>(2,623,356)</u>	<u>14,725,013</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>	484,276	217,224	389,923	(96,404)	8,853	-	1,003,872
Net Assets Without Donor Restriction, Beginning of Year	<u>1,634,544</u>	<u>155,333</u>	<u>(879,715)</u>	<u>(808,745)</u>	<u>(69,730)</u>	<u>-</u>	<u>31,687</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR</b>	<u>\$ 2,118,820</u>	<u>\$ 372,557</u>	<u>\$ (489,792)</u>	<u>\$ (905,149)</u>	<u>\$ (60,877)</u>	<u>\$ -</u>	<u>\$ 1,035,559</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in Net Assets	\$ 484,276	\$ 217,224	\$ 389,923	\$ (96,404)	\$ 8,853	\$ -	\$ 1,003,872
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation	66,932	20,007	402,571	2,400	70,198	-	562,108
Amortization	-	-	-	-	53,028	-	53,028
(Increase) Decrease in Assets:							
Accounts Receivable	50,372	(104,542)	14,390	65,293	-	-	25,513
Intercompany Receivables	6,564	770,342	-	-	-	(776,906)	-
Prepaid Expenses and Other Assets	1,926	10,141	(3,980)	52,125	-	-	60,212
Deposits	(2,095)	-	(68,200)	(23,100)	-	-	(93,395)
Deferred Rent Asset	-	-	-	-	(1,630)	1,630	-
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Liabilities	201,289	622,515	(100,945)	278,791	(2,260)	-	999,390
Intercompany Payables	-	-	(462,449)	(314,457)	-	776,906	-
Deferred Rent Liability	1,630	-	-	34,817	-	(1,630)	34,817
Deferred Revenue	26,589	-	43,111	-	-	-	69,700
Net Cash Provided (Used) by Operating Activities	<u>837,483</u>	<u>1,535,687</u>	<u>214,421</u>	<u>(535)</u>	<u>128,189</u>	<u>-</u>	<u>2,715,245</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchases of Property, Plant, and Equipment	(267,280)	(399,002)	(74,142)	-	-	-	(740,424)
Net Cash Used by Investing Activities	<u>(267,280)</u>	<u>(399,002)</u>	<u>(74,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(740,424)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Repayments of Debt	(502,065)	(1,204,310)	(50,000)	-	(99,999)	-	(1,856,374)
Net Cash Provided (Used) by Financing Activities	<u>(502,065)</u>	<u>(1,204,310)</u>	<u>(50,000)</u>	<u>-</u>	<u>(99,999)</u>	<u>-</u>	<u>(1,856,374)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>							
	68,138	(67,625)	90,279	(535)	28,190	-	118,447
Cash and Cash Equivalents, Beginning of Year	<u>350,267</u>	<u>226,259</u>	<u>5,341</u>	<u>7,031</u>	<u>831,357</u>	<u>-</u>	<u>1,420,255</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 418,405</u>	<u>\$ 158,634</u>	<u>\$ 95,620</u>	<u>\$ 6,496</u>	<u>\$ 859,547</u>	<u>\$ -</u>	<u>\$ 1,538,702</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>							
Cash Paid for Interest	<u>\$ 28,515</u>	<u>\$ 83,072</u>	<u>\$ 57,432</u>	<u>\$ 21</u>	<u>\$ 474,429</u>	<u>\$ -</u>	<u>\$ 643,469</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Eliminations</u>	<u>Total</u>
Salaries and Wages	\$ 5,747,853	\$ -	\$ -	\$ 5,747,853
Pension Expense	910,872	-	-	910,872
Other Employee Benefits	626,710	-	-	626,710
Payroll Taxes	300,207	-	-	300,207
Legal Expenses	-	62,851	-	62,851
Accounting Expenses	33,465	-	-	33,465
Instructional Materials	369,780	-	-	369,780
Other Fees for Services	3,848,010	134,407	(2,042,914)	1,939,503
Advertising and Promotion Expenses	49,088	-	-	49,088
Office Expenses	136,712	-	-	136,712
Printing and Postage Expenses	21,607	-	-	21,607
Information Technology Expenses	348,666	-	-	348,666
Occupancy Expenses	-	2,146,165	(580,442)	1,565,723
Travel Expenses	106,030	-	-	106,030
Interest Expense	169,040	527,457	-	696,497
Depreciation Expense	562,108	-	-	562,108
Insurance Expense	-	89,668	-	89,668
Other Expenses	1,157,673	-	-	1,157,673
Subtotal	14,387,821	2,960,548	(2,623,356)	14,725,013
Eliminations	(2,042,914)	(580,442)	2,623,356	-
Total Expenses by Function	<u>\$ 12,344,907</u>	<u>\$ 2,380,106</u>	<u>\$ -</u>	<u>\$ 14,725,013</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Alta Public Schools (the School) is a non-profit public benefit corporation that operates three charter schools. The charter schools were petitioned through Los Angeles Unified School District and have been approved by the State of California Department of Education. The School is funded principally through the State of California public education monies received through the California Department of Education.

The charters may be revoked by the Los Angeles Unified School District or the State Board of Education for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

**Basis of Accounting**

The consolidated financial statements have been prepared on the accrual method of accounting, and accordingly reflect all significant receivables and liabilities.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

**Principles of Consolidation**

The consolidating financial statements include the accounts of AMPT, LLC which was formed to provide assistance with funding capital improvement on behalf of Alta Public Schools. Alta Public Schools is the single member of AMPT, LLC. These entities are together referred to as the School. All material intercompany transactions have been eliminated.

**Use of Estimates**

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

**Functional Allocation of Expenses**

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**Restricted Cash**

The School has certain debt reserve cash and cash equivalents that are not considered part of cash and cash equivalents. At June 30, 2019, cash held for bond reserves was reported at restricted cash.

**Net Asset Classes**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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. 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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Accounts Receivable**

Accounts receivable primarily represents amounts due from federal and state governments as of June 30, 2019. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**ALTA PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intercompany Receivable/Payable**

Intercompany receivable/payable results from a net cumulative difference between resources provided by the School to each individual charter school and reimbursement for those resources from each individual charter school to the School.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The School has the option of reporting an expense for prepaid items either when purchased or during the benefiting period. The School has chosen to report the expenditures during the benefit period.

**Property, Plant, and Equipment**

It is the School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over three to five years.

**Revenue Recognition**

Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

**Contributions**

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give as contributions without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**ALTA PUBLIC SCHOOLS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported on the statement of financial position. Employees of the School are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave is accumulated without limit for each employee at the equivalent rate of one day for each full month of service. Sick leave with pay is provided when employees are absent for health reasons.

**Allocations Between Charter Schools**

For the year ended June 30, 2019, the School has chosen to identify each charter school separately within the basic financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

**Income Taxes**

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

**Evaluation of Subsequent Events**

The School has evaluated subsequent events through REPORT DATE, the date these consolidated financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of \$2,706,788.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 LIQUIDITY AND AVAILABILITY (CONTINUED)**

As part of the School's liquidity management plan, the School invest cash in excess of daily requirements in short term investments, CDs, and money market funds.

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The School also maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 4 PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment in the accompanying consolidated financial statements are presented net of accumulated depreciation. Depreciation expense was \$562,106 for the year ended June 30, 2019.

The components of property, plant, and equipment as of June 30, 2019 are as follows:

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	Total
Land	\$ -	\$ 476,335	\$ -	\$ -	\$ 2,850,000	\$ 3,326,335
Construction in Progress	255,408	1,285,755	66,242	-	-	1,607,405
Building and Improvements	793,539	55,126	1,467,206	-	3,158,926	5,474,797
Furniture, Fixtures, and Equipment	105,225	13,237	65,131	12,000	-	195,593
Total	<u>1,154,172</u>	<u>1,830,453</u>	<u>1,598,579</u>	<u>12,000</u>	<u>6,008,926</u>	<u>10,604,130</u>
Less: Accumulated Depreciation	(361,643)	(65,251)	(696,663)	(5,400)	(269,093)	(1,398,050)
Total Property, Plant, and Equipment	<u>\$ 792,529</u>	<u>\$ 1,765,202</u>	<u>\$ 901,916</u>	<u>\$ 6,600</u>	<u>\$ 5,739,833</u>	<u>\$ 9,206,080</u>

**NOTE 5 LINE OF CREDIT**

The School has two lines of credit with Umpqua Bank for \$1,500,000 and \$600,000. Interest charged on the principal balance is equal to the greater of the Prime Rate or three and one-half percent at June 30, 2019, with increases or decreases in the Interest Rate occurring at the time of any such corresponding increases or decreases in the Prime Rate. As of June 30, 2019, there was a balance of \$1,824,000.

**NOTE 6 LONG-TERM DEBT**

**California School Finance Authority (CSFA) School Facility Revenue Bonds**

In June 2014, the CSFA issued \$7,600,000 in School Facilities Revenues, Series 2014A, and Series 2014B for the purpose of a loan to AMPT, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bonds mature in November 2045 and carry an interest rate of 6.5%. At June 30, 2019, the principal balance outstanding was \$7,170,000.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**California School Finance Authority (CSFA) School Facility Revenue Bonds  
(Continued)**

The bonds mature through 2045 as follows:

<u>Year Ending June 30,</u>		
2020	\$	105,000
2021		110,000
2022		120,000
2023		130,000
2024		135,000
Thereafter		<u>6,570,000</u>
Total Future Maturities		7,170,000
Bond Discount		(31,263)
Unamortized Issue Costs		<u>(401,251)</u>
Total Bonds Payable	\$	<u><u>6,737,486</u></u>

**CSFA School Facility Revenue Bonds Discount on Issuance**

The CSFA School Facilities Revenue Bonds, Series 2014B were issued at discounts of \$37,278. The discount will be amortized financial statements over the life of the debt issues. The remaining unamortized discounts for the CSFA School Facility Revenue bonds total \$31,263 at June 30, 2019.

**CSFA School Facility Revenue Bonds Cost of Issuance**

The CSFA School Facilities Revenue Bonds, Series 2014A and 2014B were issued with costs of \$142,800 and \$371,617, respectively. The cost of issuance will be amortized over the life of the debt issues. The remaining unamortized issuance costs for the CSFA School Facility Revenue bonds total \$401,251 at June 30, 2019.

**Notes Payable**

The School received two unsecured revolving loans payable to the California Department of Education in the amount of \$250,000 each. The loans balance as of June 30, 2019, was \$300,000. The loans have an interest rate of 0.53 percent and mature in five years. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**Notes Payable (Continued)**

Future payments are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 100,000
2021	100,000
2022	50,000
2023	50,000
Total	<u>\$ 300,000</u>

**NOTE 7 OPERATING LEASES**

Academia Moderna has a lease with AMPT, LLC for a facility which expires in August 2032 and has three options to extend an additional 5 years each. Lease expense associated with this lease is recognized on a straight line basis over the life of the lease and amounted to \$580,442 for the year ended June 30, 2019. The cumulative difference between the lease expense recorded and the lease payments made is reported as a deferred lease liability for Academia Moderna and a deferred lease asset for AMPT, LLC on the consolidating statement of financial position and amounted to \$155,987 as of June 30, 2019, this was eliminated on the consolidated statement of financial position.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 577,221
2021	578,512
2022	581,279
2023	580,538
2024	581,204
Thereafter	12,351,571
Total	<u>\$ 15,250,325</u>

Alta Public Schools (home office), Academia Moderna, and Prepa Tec also leased facilities from unrelated third parties under several lease agreements where the last lease expires in September 2028. Lease expense under these lease agreements for the year ended June 30, 2019 was \$972,033.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7 OPERATING LEASES (CONTINUED)**

Future minimum lease payments are as follows:

Year Ending June 30,	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	Total
2020	\$ 96,906	\$ 429,336	\$ 345,600	\$ 129,826	\$ 1,001,668
2021	99,816	203,445	-	121,112	424,373
2022	50,646	209,548	-	149,256	409,450
2023	-	215,835	-	153,738	369,573
2024	-	18,030	-	158,352	176,382
Thereafter	-	-	-	772,806	772,806
Total	<u>\$ 247,368</u>	<u>\$ 1,076,194</u>	<u>\$ 345,600</u>	<u>\$ 1,485,090</u>	<u>\$ 3,154,252</u>

**NOTE 8 EMPLOYEE RETIREMENT**

**Multi-Employer Defined Benefit Pension Plans**

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

**State Teachers' Retirement System (STRS)**

Plan Description

The School contributes to the State Teachers' Retirement System (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 Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2018, total plan net assets are \$225 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.9 billion, and the plan is 64% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and [www.calstrs.com](http://www.calstrs.com).

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)**

**State Teachers' Retirement System (STRS) (Continued)**

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The School 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. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

The School's contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2017	\$ 471,832	100 %
2018	\$ 586,552	100 %
2019	\$ 601,918	100 %

**Public Employee's Retirement System (PERS)**

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State Statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2018, the School Employer Pool total plan assets are \$69.4 billion, the total pension liability is \$91.5 billion, contributions from all employers totaled \$2.1 billion, and the plan is 70.8% 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, Sacramento, CA 95814 and [www.calpers.ca.gov](http://www.calpers.ca.gov).

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% of their salary. 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 CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2019 was 18.062%. The contribution requirements of the plan members are established and may be amended by State Statute.

**ALTA PUBLIC SCHOOLS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)**

**Public Employee's Retirement System (PERS) (Continued)**

Funding Policy (continued)

The School's contributions to PERS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2017	\$ 286,182	100 %
2018	\$ 327,353	100 %
2019	\$ 308,954	100 %

**NOTE 9 RELATED ORGANIZATION**

Alta Public Schools Foundation (the Foundation) is a supporting organization to the School. During the year ended June 30, 2019, there were no activities or account balances held by the Foundation.

**NOTE 10 CONTINGENCIES**

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**NOTE 11 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

**SUPPLEMENTARY INFORMATION**

**ALTA PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2019**

**Academia Moderna**

Charter school number authorized by the State: 1101

Academia Moderna is located on 2410 Broadway, Walnut Park, California 90255, petitioned through Los Angeles Unified School District. The charter school opened in September 21, 2009.

**Prepa Tec**

Charter school number authorized by the State: 1542

Prepa Tec is located on 2665 Clarendon Avenue, Huntington Park, California 90255, petitioned through Los Angeles Unified School District. The charter school opened in August 20, 2013.

**Prepa Tec High**

Charter school number authorized by the State: 1789

Prepa Tec High is located on 4210 E. Gage Avenue, Huntington Park, CA 90255, petitioned through State Board of Education. The charter school opened in August 16, 2017.

**ALTA PUBLIC SCHOOLS  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)  
 YEAR ENDED JUNE 30, 2019**

The board of directors and the administrators as of the year ended June 30, 2019 were as follows:

**BOARD OF DIRECTORS**

<u>Member</u>	<u>Office</u>	<u>Term Expires (term length)</u>
Gregory Tanner	Board Chair	August 2021 (3 years)
Mary Porras	Board Secretary	March 2021 (3 years)
Azucena Chavarria	Member	August 2019 (1 year)
Dustin Bainbridge	Member	June 2019 (1 year)
Jesse Pelayo	Member	January 2020 (3 years)
Raul Carranza	Member	October 2021 (3 years)

**ADMINISTRATORS**

Xavier Reyes	Founder and Chief Executive Director
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**ALTA PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2019**

	<u>Instructional Minutes</u>		<u>Traditional Instructional Days</u>	<u>Status</u>
	<u>Requirement</u>	<u>Actual</u>		
<b>Academia Moderna</b>				
Kindergarden	36,000	57,850	182	In Compliance
Grade 1	50,400	60,710	182	In Compliance
Grade 2	50,400	60,710	182	In Compliance
Grade 3	50,400	60,710	182	In Compliance
Grade 4	54,000	60,710	182	In Compliance
Grade 5	54,000	60,710	182	In Compliance
<b>Prepa Tec</b>				
Grade 6	54,000	60,600	182	In Compliance
Grade 7	54,000	60,600	182	In Compliance
Grade 8	54,000	60,600	182	In Compliance
<b>Prepa Tec High</b>				
Grade 9	64,800	63,640	182	Not In Compliance
Grade 10	64,800	63,640	182	Not In Compliance
Grade 11	64,800	63,640	182	Not In Compliance

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
YEAR ENDED JUNE 30, 2019**

	Second Period Report		Corrections		Second Period Report (Audited)	
	Classroom Based	Total	Classroom Based	Total	Classroom Based	Total
<b>Academia Moderna</b>						
Grades TK-3	284.67	284.67	-	-	284.67	284.67
Grades 4-5	146.81	146.81	-	-	146.81	146.81
ADA Totals	431.48	431.48	-	-	431.48	431.48
<b>Prepa Tec</b>						
Grade 6	76.10	76.10	-	-	76.10	76.10
Grades 7-8	250.02	250.02	-	-	250.02	250.02
ADA Totals	326.12	326.12	-	-	326.12	326.12
<b>Prepa Tec High</b>						
Grades 9-11	265.59	265.59	(1.53)	(1.53)	264.06	264.06
ADA Totals	265.59	265.59	(1.53)	(1.53)	264.06	264.06
	Annual Report		Corrections		Annual Report (Audited)	
	Classroom Based	Total	Classroom Based	Total	Classroom Based	Total
<b>Academia Moderna</b>						
Grades TK-3	287.72	287.72	-	-	287.72	287.72
Grades 4-5	146.67	146.67	-	-	146.67	146.67
ADA Totals	434.39	434.39	-	-	434.39	434.39
<b>Prepa Tec</b>						
Grade 6	76.25	76.25	-	-	76.25	76.25
Grades 7-8	252.08	252.08	-	-	252.08	252.08
ADA Totals	328.33	328.33	-	-	328.33	328.33
<b>Prepa Tec High</b>						
Grades 9-11	262.64	262.64	-	-	262.64	262.64
ADA Totals	262.64	262.64	-	-	262.64	262.64

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

	<u>Academia Moderna</u>	<u>Prepa Tec</u>	<u>Prepa Tec High</u>
June 30, 2019 Annual Financial Report Fund Balances (Net Assets)	\$ 2,137,907	\$ 667,946	\$ (482,446)
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents			
Accounts Receivable - Federal and State Accounts Receivable	(20,583)	(909,572)	(129,331)
Prepaid Expenses and Other Assets			
Property, Plant, and Equipment, Net	-	(75,022)	-
Accounts Payable and Accrued Liabilities	(53,661)	656,398	506,654
Deferred Revenue	55,157	32,801	129,331
Line of Credit	-	100,006	(514,000)
Revolving Loan Payable, Current Portion	-	(50,000)	-
Revolving Loan Payable	-	(50,000)	-
Net Adjustments and Reclassifications	<u>(19,087)</u>	<u>(295,389)</u>	<u>(7,346)</u>
June 30, 2019 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,118,820</u>	<u>\$ 372,557</u>	<u>\$ (489,792)</u>

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See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Academia Moderna	Prepa Tec	Prepa Tec High	Total
<b>U.S. Department of Education</b>						
Pass-Through Program from						
California Department of Education:						
Every Student Succeeds Act						
Title I, Part A, Basic Grants:						
Low-Income and Neglected	84.010	14329	\$ 207,435	\$ 185,351	\$ 97,967	\$ 490,753
Title II, Part A, Teacher Quality	84.367	14341	22,926	20,733	12,804	56,463
Title III, Immigrant Education	84.365	15146	11,370	-	-	11,370
Title III, Limited English Proficient (LEP)	84.365	14346	13,920	-	-	13,920
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	15,062	13,459	10,000	38,521
Title V, Part B, Public Charter School Grant Program	84.282A	14941	-	-	127,575	127,575
Special Education Cluster:						
Special Education - IDEA	84.027	13379	89,605	67,697	45,746	203,048
Total Special Education Cluster			89,605	67,697	45,746	203,048
<i>Total U.S Department of Education</i>			360,318	287,240	294,092	941,650
<b>U.S. Department of Agriculture</b>						
Pass-Through Program From						
California Department of Education:						
Child Nutrition Cluster	10.555	N/A	266,443	180,799	88,088	535,330
<i>Total U.S Department of Agriculture</i>			266,443	180,799	88,088	535,330
Total Federal Expenditures			<u>\$ 626,761</u>	<u>\$ 468,039</u>	<u>\$ 382,180</u>	<u>\$ 1,476,980</u>

N/A - Pass-through entity number not readily available or not applicable.

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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

**NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.

**NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 5 INDIRECT COST RATE**

The School has elected to use a rate other than the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.



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

Board of Directors  
Alta Public Schools  
Walnut Park, CA

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 of America, the consolidated financial statements of Alta Public Schools (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

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

### **CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE**

Board of Directors  
Alta Public Schools  
Walnut Park, CA

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Alta Public Schools (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The School's response to the finding identified in or audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Board of Directors  
Alta Public Schools

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
Alta Public Schools  
Walnut Park, CA

We have audited Alta Public Schools's (the School) compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The School's state compliance requirements are identified in the table below.

### Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

### Auditors' Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. 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 of America, and the *2018-2019 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 specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the 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 state compliance. Our audit does not provide a legal determination of the School's compliance.

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

### **Opinion on State Compliance**

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and are described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003 and 2019-004. Our opinion on each state program is not modified with respect to these matters.

The School's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Glendora, California  
REPORT DATE

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

**CFDA Number(s)**

10.555

**Name of Federal Program or Cluster**

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2019-001      Child Nutrition Cluster      50000**

**Academic Moderna #1101  
Prepa Tec #1542  
Prepa Tec High #1789**

Federal Agency: U.S. Department of Agriculture  
Federal Program Title: Child Nutrition Cluster  
CFDA Number: 10.555  
Pass-Through Agency: California Department of Education  
Pass-Through Number(s): 13525, 13526, 13524  
Award Period: July 1, 2018 – June 30, 2019

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or Specific Requirement:**

7 CFR section 245.3 requires that students are classified as Free, Reduced or Paid based on the household income eligibility requirements set by the California Department of Education.

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-001      Child Nutrition Cluster (Continued)      50000**

**Condition/Context:**

During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the School inaccurately reported students as eligible for free or reduced price meals as follows: Academia Moderna reported free price meals for 1 out of 9 students sampled; Prepa Tec reported reduced price meals for 1 out of the 11 students sampled who did not qualify; Prepa Tec High reported reduced price meals for 2 out of 6 students sampled who did not qualify.

**Questioned Costs:**

Utilizing an error rate in line with the discrepancies noted above, the following questioned costs were calculated: Academia Moderna \$29,605, Prepa Tec \$16,436 and Prepa Tec High \$29,363 totaling \$75,404.

**Cause:**

Students were misidentified in the Student Information System and this was not captured during the review process.

**Effect:**

The School is not compliance with 7 CFR section 6 income eligibility requirements.

**Identification of Repeat Finding: No**

**Recommendation:**

We recommend that the School perform a full file review over eligibility and counts claimed for reimbursements to determine the actual discrepancies and work with its oversight agency to determine next steps.

**Views of Responsible Officials and Corrective Action Plan:** Due to a downsize in executive workforce, institutional knowledge was lost in the interim. APS will work closer with SIS provider and current APS "meals" staff to accurately identify and report free and reduced students.

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***Section IV – Findings and Questioned Costs – State Compliance***

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**2019-002      Unduplicated Local Control Funding Formula Pupil Counts      40000**

**Prepa Tec Middle School #1542  
Prepa Tec High School #1789**

**Criteria:**

Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-002      Unduplicated Local Control Funding Formula Pupil Counts (Continued)      40000**

using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced price meals and those identified as “English Learners”.

**Condition:**

During testing we compared students’ family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the School inaccurately reported students as eligible for free or reduced price meals. For Prepa Tec 1 out of the 11 sampled students contained and error and for Prepa tech High 2 out of the 6 sampled students contained errors. An error rate was applied to calculate the questioned costs below.

**Effect:**

The School is not in compliance with Education code section 42238.02 (b)(2). The 1.17 and 1.18 reports contained errors as follows:

Charter School Audit Adjustments to CALPADS Data - Alta Public Schools for June 30, 2019

School Name	CDS Code	Original		Updated		Net Change		LCFF Entitlement		
		Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
Prepa Tec Middle School	0127936	347	345	347	335	---	-10	2,494,048	2,489,806	4,242
Prepa Tec High School	0133900	288	256	288	238	---	-18	2,542,796	2,528,518	14,278

**Cause:**

Employees entering eligibility data in the student information system and CALPADS did not fully understand the eligibility requirements.

**Questioned Costs & Units:**

After an error rate was applied a total of 28 students were included in the CALPADS report as eligible for free or reduced meals which were not eligible. The total impact on LCFF Entitlement is a decrease of \$18,520.

**Repeat Finding: No**

**Recommendation:**

We recommend that the School employ additional monitoring processes to review the Free and Reduced Price Meal (FRPM) eligibility data to ensure that reporting errors are minimized and corrections are made on a timely basis.

**Corrective Action Plan:**

Management has implemented procedures to ensure CALPADS compliance requirements will be met.

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-003      Instructional Minutes**

**40000**

**Prepa Tec High #1789**

**Criteria:**

Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, the minimum instructional minutes offered for grades 9 through 12 should be 64,800.

**Condition:**

During our testing we calculated that the School offered 63,640 of instructional minutes for the year for grades 9 through 11 which are short by 1,160 minutes per grade level.

**Effect:**

Non-compliance with the instructional minute requirements for grades 9-11.

**Cause:**

The School made last minute changes to the bell schedule due to transportation issues and did not recalculate the instructional minimum was met.

**Questioned Costs and Units:** The questioned costs generated from not meeting the annual minutes per grade is as follows, this was determined using the penalty calculation worksheet from the California Department of Education for a total of \$58,224.

The calculation for the instructional minute penalties are as follows:

<b>Prepa Tec Los Angeles High #1789</b>					
	<b>Instructional Time Grade Spans</b>				
	<b>K</b>	<b>1-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
Affected grade levels					9
Affected grade level ADA					76.03
Derived Value of ADA by Grade Span					\$ 12,318.04
Number of required minutes	36,000	50,400	54,000	54,000	64,800
Number of minutes short					1,160
Percentage of Minutes Not Offered	0%	0%	0%	0%	1.79%
Affected LCFF Apportionment by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 936,541
Instructional Time Penalty by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 16,764
<b>Total Instructional Time Penalty</b>					<b>\$ 16,764</b>

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**2019-003      Instructional Minutes (Continued)**

**40000**

<b>Prepa Tec Los Angeles High #1789</b>					
	<b>Instructional Time Grade Spans</b>				
	<b>K</b>	<b>1-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
Affected grade levels					10
Affected grade level ADA					99.23
Derived Value of ADA by Grade Span					\$ 12,318.04
Number of required minutes	36,000	50,400	54,000	54,000	64,800
Number of minutes short					1,160
Percentage of Minutes Not Offered	0%	0%	0%	0%	1.79%
Affected LCFF Apportionment by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 1,222,319
Instructional Time Penalty by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 21,880
<b>Total Instructional Time Penalty</b>	<b>\$</b>				<b>21,880</b>

<b>Prepa Tec Los Angeles High #1789</b>					
	<b>Instructional Time Grade Spans</b>				
	<b>K</b>	<b>1-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
Affected grade levels					11
Affected grade level ADA					88.80
Derived Value of ADA by Grade Span					\$ 12,318.04
Number of required minutes	36,000	50,400	54,000	54,000	64,800
Number of minutes short					1,160
Percentage of Minutes Not Offered	0%	0%	0%	0%	1.79%
Affected LCFF Apportionment by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 1,093,842
Instructional Time Penalty by Grade Span	\$ -	\$ -	\$ -	\$ -	\$ 19,580
<b>Total Instructional Time Penalty</b>	<b>\$</b>				<b>19,580</b>

**Recommendation:**

We recommend that the School review instructional minute calculations to be sure the minimum requirement is met before the bell schedule/calendar is changed.

**Corrective Action Plan:**

Management has implemented procedures to ensure instructional minute requirements will be met.

**2019-004      ADA Reporting**

**10000**

**Prepa Tec High School #1789**

**Criteria:** Pursuant to the provisions of Education Code Section 19850, the Second Principal (P2) and Annual reports of attendance submitted to the California Department of Education should be supported by written contemporaneous records that document all pupil attendance included in the charter school's Average Daily Attendance (ADA) calculations.

**Condition:** During our testing on ADA we calculated that the Prepa Tec High School's P2 Reports over-reported ADA.

**ALTA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**Effect:** The School over-reported ADA for the P2 ADA Report by 1.53 ADA.

**Cause:** It appears that the School's ADA was including Saturday in their calculation. This was fixed later in the year but did the School did not adjust their P2 until we discovered this difference during testing.

**Questioned Costs and Units:** None. Average Daily Attendance (ADA) was adjusted as follows:

	Second Period Report		Corrections		Second Period Report (Audited)	
	Classroom Based	Total	Classroom Based	Total	Classroom Based	Total
<b>Prepa Tec High</b>						
Grades 9-11	265.59	265.59	(1.53)	(1.53)	264.06	264.06
ADA Totals	265.59	265.59	(1.53)	(1.53)	264.06	264.06

**Recommendation:** We recommend that the School implement procedures to accurately report ADA in its P2 ADA Reports.

**Corrective Action Plan:** Management has implemented procedures to ensure that accurate P-2 Reports are prepared.

**ALTA PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2019**

There were no findings and questioned costs related to the basic financial statements, state, or federal awards for the prior year.