

FENTON CHARTER PUBLIC SCHOOLS

LOS ANGELES COUNTY

LOS ANGELES, CALIFORNIA

CONSOLIDATED AUDIT REPORT

YEAR ENDED JUNE 30, 2015

FENTON CHARTER PUBLIC SCHOOLS
Consolidated Financial Statements and Supplemental Information
Year Ended June 30, 2015

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Independent Auditor's Report

To the Board of Directors
Fenton Charter Public Schools
Claremont, California

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Fenton Charter Public Schools (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated 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 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School'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 consolidated 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 above present fairly, in all material respects, the financial position of Fenton Charter Public Schools 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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying additional supplementary information, as required by the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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 10, 2015 on our consideration of Fenton Charter Public Schools' 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 Fenton Charter Public Schools' internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2015

FINANCIAL STATEMENTS

FENTON CHARTER PUBLIC SCHOOLS
Consolidated Statement of Financial Position
June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 12,899,362
Accounts receivable	1,923,195
Prepaid expenditures and other current assets	500,690
Total Current Assets	<u>17,940,892</u>

Noncurrent Assets

Capital assets, net	<u>7,608,594</u>
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TOTAL ASSETS \$ 25,549,486

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 555,663
Accrued payroll and benefits	1,563,725
Unearned revenue	234,364
Compensated absences	6,479
Total Current Liabilities	<u>2,360,231</u>

Long Term Liabilities

Other post employment benefits	<u>1,874,365</u>
Total Long Term Liabilities	<u>1,874,365</u>

Total Liabilities 4,234,596

Net Assets

Unrestricted	21,182,634
Temporarily restricted	132,256
Total Net Assets	<u>21,314,890</u>

TOTAL LIABILITIES AND NET ASSETS \$ 25,549,486

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

FENTON CHARTER PUBLIC SCHOOLS
Consolidated Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Revenue			
LCFF Sources			
State aid, current year	\$ 12,429,468	\$ -	\$ 12,429,468
State aid, prior year	308,394	-	308,394
Education protection account funds	3,405,496	-	3,405,496
Payments in lieu of property taxes	4,076,332	-	4,076,332
Total LCFF Sources	<u>20,219,690</u>	<u>-</u>	<u>20,219,690</u>
Federal revenue	-	4,407,378	4,407,378
Other state revenue	3,265,295	-	3,265,295
Interest	39,054	-	39,054
Other local revenue	714,134	-	714,134
Total Revenues	<u>24,238,173</u>	<u>4,407,378</u>	<u>28,645,551</u>
Net assets released from restrictions:			
Grant restrictions satisfied	5,324,964	(5,324,964)	-
TOTAL REVENUE AND SUPPORT	<u>29,563,137</u>	<u>(917,586)</u>	<u>28,645,551</u>
EXPENSES			
Certificated salaries	10,300,704	-	10,300,704
Classified salaries	2,574,469	-	2,574,469
Taxes and employee benefits	3,485,007	-	3,485,007
Books and supplies	3,339,479	-	3,339,479
Rentals, leases and repairs	1,640,751	-	1,640,751
Other operating expenditures	5,176,498	-	5,176,498
OPEB expense	601,621	-	601,621
Debt service interest	34,841	-	34,841
Depreciation expense	433,133	-	433,133
TOTAL EXPENSES	<u>27,586,503</u>	<u>-</u>	<u>27,586,503</u>
CHANGE IN NET ASSETS	1,976,634	(917,586)	1,059,048
NET ASSETS, BEGINNING OF YEAR AS ADJUSTED (NOTE P)	<u>19,206,000</u>	<u>1,049,842</u>	<u>20,255,842</u>
NET ASSETS, END OF YEAR	<u>\$ 21,182,634</u>	<u>\$ 132,256</u>	<u>\$ 21,314,890</u>

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

FENTON CHARTER PUBLIC SCHOOLS

Consolidated Statement of Cash Flows

Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,059,048
Depreciation	433,133
OPEB	511,790
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease resulting from changes in assets:	
Accounts receivable	1,002,969
Related party receivable	(1,369,775)
Prepaid expenditures and other current assets	74,221
Increase (Decrease) resulting from changes in liabilities:	
Accounts payable	(913,190)
Unearned revenue	202,546
Accrued payroll and benefits	785,611
Compensated absences	(346)
Cash overdraft	(88,229)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,697,778</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of fixed assets	(1,590,217)
Sale of fixed assets	6,448,595
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>4,858,378</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of loan payable	(1,401,644)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(1,401,644)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,154,512
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,744,850</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$12,899,362</u></u>

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

FENTON CHARTER PUBLIC SCHOOLS
Notes to the Consolidated Financial Statements
Year Ended June 30, 2015

A. Organization and Summary of Significant Accounting Policies

Organization

Fenton Charter Public Schools (FCPS) is a not for profit organization organized in the State of California. The organization, and the schools that are a part of the organization, are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Schools within the Organization were formed as charter schools pursuant to California Education Code Section 47600 and authorized, as per current law, by the Los Angeles Unified School District.

Fenton Charter Public Schools provide education to students in grades kindergarten through sixth grade. The mission of the Fenton Charter Public Schools is to offer a high quality innovative education to all students in a safe, secure, nurturing environment where students, parents and staff become a community of learners achieving collaborative and successful outcomes.

On November 15, 2006, the governing board of Fenton Avenue Charter School (FACS) submitted the Fenton Primary Center (FPC) charter petition to the Los Angeles Unified School District with the goal of establishing a start-up charter school that would accommodate one half of the students of FACS and thereby allow the School to move off the year round, multi-track calendar. Fenton Primary Center opened on July 1, 2008 and moved to a newly constructed site on September 7, 2013. The schools now follow a single-track calendar with 184 instructional days.

In July 2011, the governing board of Fenton Avenue Charter School, the Council of Councils, and the Board of Directors of the Fenton Primary Center agreed to form a Charter Management Organization (CMO) to legally bind the two schools, create greater fiscal stability, and establish the possibility for growth. The organization that was formed, the Fenton Charter Public Schools, is a non-profit public benefit corporation [501(c)(3)] recognized as tax exempt by the Internal Revenue Service as well as the State of California Franchise Tax Board.

Santa Monica Boulevard Community Charter School (SMB) was divested to the Fenton Charter Public Schools on May 1, 2012 and on August 21, 2012, the office of Secretary of State of the State of California recognized the merger of the three schools (Fenton Avenue Charter School, Fenton Primary Center and Santa Monica Boulevard Community Charter School) under the Fenton Charter Public Schools (“Surviving Corporation”).

The effects of the August 21, 2012 “Agreement of Merger” include the following: each school continues to operate as a charter school under the CMO, the Fenton Charter Public Schools, as per Education Code Section 47604(a), and succeeded all rights and property to the organization. The organization also accepted all debts, liabilities, and obligations of the schools.

On December 6, 2012, the governing board of Fenton Charter Public Schools submitted the Fenton STEM Academy (STEM) and Fenton Academy for Social and Emotional Learning [internally referred to as Fenton Charter Leadership Academy (FCLA)] charter petitions to the Los Angeles Unified School District with the goal of establishing two start-up charter schools. Fenton STEM Academy and Fenton Charter Leadership Academy began serving students August 17, 2015.

FENTON CHARTER PUBLIC SCHOOLS
Notes to the Consolidated Financial Statements
Year Ended June 30, 2015

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Fenton Charter Public Schools (FCPS) and its related entities Fenton Avenue Charter School, Fenton Primary Center, Santa Monica Blvd. Community Charter School, Fenton Charter Leadership Academy, and Fenton STEM Academy. All significant intercompany accounts and transactions have been eliminated in consolidation. Management makes estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the School is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor or grant restrictions.
- Temporarily restricted net assets consist of contributed funds or grants subject to donor or grant imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the School may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Fenton Charter Public Schools had no permanently restricted net assets during the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Fenton Charter Public Schools considers all highly liquid debt equity instruments purchased with an original maturity of three months or less to be cash equivalents.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Investments

Fenton Charter Public School's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments results in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as management believes that all amounts are collectible.

Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the School's earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred. Fenton Charter Public School's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the School's estimate to recover the carrying amount of the property and equipment will change. Estimated useful lives range from three to fifty years depending on the asset.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition or when resources are received by Fenton Charter Public School's prior to Fenton Charter Public School's meeting the requirements for legal claim to the resources.

In subsequent periods, when both revenue recognition criteria are met or when Fenton Charter Public School's has legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Revenue Recognition

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

All donor or grant restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. Fenton Charter Public Schools receive services donated by volunteers in carrying out Fenton Charter Public Schools' operations. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Fenton Charter Public Schools reclassifies temporarily restricted net assets to unrestricted net assets at that time.

LCFF Revenues and Payments in Lieu of Property Taxes

Fenton Charter Public Schools' primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the School's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the School, which is funding in lieu of property taxes and education protection account funds paid by the state under proposition 30. The remaining balance is paid from the state General Fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 71% of the schools revenue. The School is not at risk of losing these funding sources, as long as the school maintains a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Advertising

Advertising costs are expensed when incurred.

Income Taxes

The Fenton Charter Public Schools is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. Fenton Charter Public Schools is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. Fenton Charter Public Schools may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2015, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

Fenton Charter Public Schools follows provisions of uncertain tax positions as addressed in ASC 958. Fenton Charter Public Schools recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2015.

Fenton Charter Public Schools files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Subsequent Events

In preparing these financial statements, Fenton Charter Public Schools has evaluated events and transactions for potential recognition or disclosure through December 10, 2015, the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

Cash in County Treasury

Fenton Charter Public Schools maintains a portion of its cash in the Los Angeles County Treasury as part of the common investment pool (\$10,820,252 as of June 30, 2015). The county is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the Fenton Charter Public School's investments in the pool is reported based upon Fenton Charter Public Schools pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The balance available for withdrawal is equal to the balance recorded in these financial statements.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Cash in Bank

Fenton Charter Public Schools' cash (\$2,079,110 as of June 30, 2015) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC.

At June 30, 2015 Fenton Charter Public Schools four bank accounts in financial institutions whose bank balance exceeded the FDIC insurance coverage by \$1,829,110. The Schools reduces their exposure to risk by maintaining such deposits with high quality financial institutions. Fenton Charter Public Schools has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

C. Analysis of Specific Deposit and Investment Risk

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Cash invested as part of the County Treasury Investment Pool is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of the credit risk.

Custodial Credit Risk – Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in Fenton Charter Public Schools' name. As of June 30, 2015 not all deposits made with financial institutions were fully insured by the FDIC and as such Fenton Charter Public Schools was exposed to this risk.

Concentrations of Credit Risk

This risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of Fenton Charter Public Schools contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such Fenton Charter Public Schools was not exposed to concentration of credit risk.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Interest Rate Risk

This is the risk that changes in interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Fenton Charter Public Schools manages its exposure to interest rate risk by investing in the county pool.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. As of June 30, 2015 the school has not invested in any foreign investments and as such is not exposed to foreign currency risk.

FENTON CHARTER PUBLIC SCHOOLS
Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

D. Accounts Receivable

As of June 30, 2015 accounts receivable consisted of:

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>FCLA</u>	<u>STEM</u>	<u>FCPS CMO</u>	<u>Total</u>
Federal Sources	\$ 170,455	\$ 160,373	\$ 331,153	\$ 107,041	\$ 112,817	\$ -	\$ 881,839
State Sources							
Lottery Revenue	61,725	65,850	78,763	-	-	-	206,338
Special Education	(11,066)	(5,631)	(5,440)	-	-	-	(22,137)
Child Nutrition Programs	6,666	10,563	14,032	-	-	-	31,261
Other Categorical Programs	8,264	231,241	15,955	-	-	-	255,460
Local Sources							
In lieu of property tax	(18,205)	(5,865)	(4,294)	-	-	-	(28,364)
Other local sources	223,060	162,605	213,133	-	-	-	598,798
Total Accounts Receivable	<u>\$ 440,899</u>	<u>\$ 619,136</u>	<u>\$ 643,302</u>	<u>\$ 107,041</u>	<u>\$ 112,817</u>	<u>\$ -</u>	<u>\$ 1,923,195</u>

E. Capital Assets

As of June 30, 2015 capital assets consisted of:

	<u>Audited Balance</u>			<u>Ending Balance</u>
	<u>July, 1 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Fenton Avenue Charter School				
Land	\$ -	\$ -	\$ -	\$ -
Building	-	-	-	-
Leasehold improvements	6,209,395	-	-	6,209,395
Equipment and Furniture	1,617,778	14,520	-	1,632,298
Construction in Progress	-	-	-	-
Total Capital Assets	7,827,173	14,520	-	7,841,693
Less accumulated depreciation	<u>(3,651,849)</u>	<u>(177,893)</u>	<u>-</u>	<u>(3,829,742)</u>
Capital assets, net	<u>\$ 4,175,324</u>	<u>\$ (163,373)</u>	<u>\$ -</u>	<u>\$ 4,011,951</u>

FENTON CHARTER PUBLIC SCHOOLSNotes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

	Audited Balance July, 1 2014	Increases	Decreases	Ending Balance June 30, 2015
Fenton Primary Center				
Land	\$ -	\$ -	\$ -	\$ -
Building	-	-	-	-
Leasehold improvements	175,911	164,523	-	340,434
Equipment and Furniture	450,687	-	-	450,687
Construction in Progress	-	-	-	-
Total Capital Assets	626,598	164,523	-	791,121
Less accumulated depreciation	(47,028)	(84,656)	-	(131,684)
Capital assets, net	<u>\$ 579,570</u>	<u>\$ 79,867</u>	<u>\$ -</u>	<u>\$ 659,437</u>
Santa Monica Blvd. Community Charter				
Land	\$ 829,612	\$ -	\$ -	\$ 829,612
Building	5,497,446	78,514	5,360,452	215,508
Leasehold improvements	3,120,450	732,290	1,854,398	1,998,342
Equipment and Furniture	449,464	53,012	-	502,476
Construction in Progress	-	-	-	-
Total Capital Assets	9,896,972	863,816	7,214,850	3,545,938
Less accumulated depreciation	(1,751,761)	(170,584)	(766,255)	(1,156,090)
Capital assets, net	<u>\$ 8,145,211</u>	<u>\$ 693,232</u>	<u>\$ 6,448,595</u>	<u>\$ 2,389,848</u>
Fenton Charter Public Schools				
Land	\$ -	\$ -	\$ -	\$ -
Building	-	-	-	-
Leasehold improvements	-	-	-	-
Equipment and Furniture	-	-	-	-
Construction in Progress	-	547,358	-	547,358
Total Capital Assets	-	547,358	-	547,358
Less accumulated depreciation	-	-	-	-
Capital assets, net	<u>\$ -</u>	<u>\$ 547,358</u>	<u>\$ -</u>	<u>\$ 547,358</u>

FENTON CHARTER PUBLIC SCHOOLSNotes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

	Audited Balance July, 1 2014	Increases	Decreases	Ending Balance June 30, 2015
Total Fenton Charter Public Schools				
Land	\$ 829,612	\$ -	\$ -	\$ 829,612
Building	5,497,446	78,514	5,360,452	215,508
Leasehold improvements	9,505,756	896,813	1,854,398	8,548,171
Equipment and Furniture	2,517,929	67,532	-	2,585,461
Construction in Progress	-	547,358	-	547,358
Total Capital Assets	18,350,743	1,590,217	7,214,850	12,726,110
Less accumulated depreciation	(5,450,638)	(433,133)	(766,255)	(5,117,516)
Capital assets, net	<u>\$ 12,900,105</u>	<u>\$1,157,084</u>	<u>\$6,448,595</u>	<u>\$ 7,608,594</u>

F. Related Party Accounts

The Fenton Charter Public Schools (FCPS) have the same Board of Directors. During the year, Fenton Charter Public Schools have related transactions that are recorded in their respective related party accounts. At year end, the related party accounts are reconciled to ensure all transactions between the schools are properly recorded, and all the intercompany related party accounts have been eliminated.

G. Accounts Payable

As of June 30, 2015 accounts payable consisted of:

	FACS	FPC	SMB	FCLA	STEM	FCPS CMO	Total
Vendor Payables	\$ 228,215	\$ 113,179	\$ 142,770	\$ 5,263	\$ 9,745	\$ 8,333	\$ 507,505
LAUSD	22,078	3,562	22,518	-	-	-	48,158
Total Accounts Payable	<u>\$ 250,293</u>	<u>\$ 116,741</u>	<u>\$ 165,288</u>	<u>\$ 5,263</u>	<u>\$ 9,745</u>	<u>\$ 8,333</u>	<u>\$ 555,663</u>

FENTON CHARTER PUBLIC SCHOOLS
Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

H. Accrued Expenses

As of June 30, 2015 accrued expenses consisted of:

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>FCLA</u>	<u>STEM</u>	<u>FCPS CMO</u>	<u>Total</u>
Salaries and benefits	\$ 470,397	\$ 320,665	\$ 772,663	\$ -	\$ -	\$ -	\$ 1,563,725
Compensated absences	<u>600</u>	<u>1,546</u>	<u>782</u>	<u>-</u>	<u>-</u>	<u>3,551</u>	<u>6,479</u>
Total Accounts Payable	<u>\$ 470,997</u>	<u>\$ 322,211</u>	<u>\$ 773,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,551</u>	<u>\$ 1,570,204</u>

I. Unearned Revenue

As of June 30, 2015 unearned revenue consisted of:

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>FCLA</u>	<u>STEM</u>	<u>FCPS CMO</u>	<u>Total</u>
Local Sources:							
Other Local Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,364</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>	<u>\$ 234,364</u>
Total Unearned Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,364</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>	<u>\$ 234,364</u>

J. Temporarily Restricted Ending Net Assets

Temporarily restricted ending net assets consisted of restricted grants which have not yet been fully expended. Once the funds have been expended for an allowable purpose, they will be reclassified to unrestricted net assets. As of June 30, 2015 temporarily restricted ending net assets consisted of:

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>Total</u>
Federal Government:				
Child Nutrition	<u>\$ 22,045</u>	<u>\$ 19,297</u>	<u>\$ 90,914</u>	<u>\$ 132,256</u>
Total Temporarily Restricted Net Assets	<u>\$ 22,045</u>	<u>\$ 19,297</u>	<u>\$ 90,914</u>	<u>\$ 132,256</u>

FENTON CHARTER PUBLIC SCHOOLSNotes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015**K. Functional Expenses**

As of June 30, 2015 functional expenses consisted of:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 11,078,832	\$ 1,796,341	\$ 12,875,173
Pension plan accruals and contributions	881,539	160,989	1,042,528
Other employee benefits	1,791,384	371,334	2,162,718
Payroll taxes	237,046	41,831	278,877
OPEB	511,377	90,244	601,621
Fees for services (non-employees):			
Education contractors	1,312,288	452,426	1,764,714
Miscellaneous	2,020,546	682,268	2,702,814
Conferences, conventions and meetings	31,871	1,677	33,548
Depreciation	-	433,133	433,133
Insurance	-	76,135	76,135
Books and supplies	3,162,065	166,424	3,328,489
Dues and memberships	17,928	944	18,872
Operations and housekeeping	288,636	245,496	534,132
Rent, leases, and repairs	950,136	690,614	1,640,750
Communications	32,116	14,896	47,012
Professional development	8,111	3,035	11,146
Debt service	-	34,841	34,841
Total expenses	<u>\$ 22,323,875</u>	<u>\$ 5,262,628</u>	<u>\$ 27,586,503</u>

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

L. Operating Lease

Fenton Charter Public Schools entered into various lease agreements for equipment. The agreements do not contain a purchase option and does not meet the requirements for capitalization. As such, the leases have not been recorded on the statement of financial position.

The agreement contains a termination clause providing for cancellation after a specified number of days written notice to the lessor, but it is unlikely that Fenton Charter Public Schools will cancel the agreement prior to the expiration date.

Future minimum lease payments under the agreement are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Lease</u> <u>Payments</u>
2016	\$ 789,716
2017	521,137
2018	435,416
2019	52,412
2020	17,043
2021	<u>2,841</u>
Total	<u>\$ 1,818,565</u>

M. Commitments and Contingencies*State and Federal Allowances, Awards, and Grants*

Fenton Charter Public Schools has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement will not be material. As a result, no liability has been accrued.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of Fenton Charter Public Schools. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of Fenton Charter Public Schools. The Fenton Charter Public Schools policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the credible service period for calculation of retirement benefits when the employee retires.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

N. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Fenton Charter Public School's participation in these plans for the fiscal year ended June 30, 2015, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2015 and 2014 is for the plan's year-end at June 30, 2015 and June 30, 2014, respectively.

The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. There have been no significant changes that affect the comparability of the 2015, 2014 and 2013 contributions.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status Year Ended June 30		FIP/RP Status Pending/ Implemented	Contributions of School Year Ended June 30			Number of Employees Participating	Surcharge Imposed
		2015	2014		2015	2014	2013		
CalSTRS	NPA	Yellow	Yellow	No	\$ 887,596	\$ 783,589	\$ 758,693	128	No
CalPERS	NPA	Yellow	Yellow	No	\$ 154,932	\$ 253,887	\$ 207,579	38	No

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

CalSTRS:

The School contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2015 active plan members were required to contribute 8% of their salary and the employer contribution rate was 8.88% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Fenton Charter Public Schools made contributions as noted above. For the year ended June 30, 2015 the State contributed \$586,664 on behalf of the School.

CalPERS:

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Active plan members are required to contribute 7% of their salary, and 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 CalPERS Board of Administration. The required employer contribution rates for fiscal year 2014-15 were 11.771% of salaries. The School made contributions as noted above.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

O. Postemployment Benefits Other than Pension Benefits

The Fenton Avenue Charter School, Fenton Primary Center, and Santa Monica Boulevard Community Charter School (“Fenton Schools”) provide post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. As a result of offering such benefits, the Fenton Schools are required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“GASB 45”).

The Fenton Schools provide medical, dental, and vision benefits to eligible retirees and their covered eligible dependents and pays a portion of the cost for eligible retirees, spouses, and dependents. All active employees who retire directly from the Fenton Schools and meet the eligibility criteria may participate.

The following represents the eligibility requirements:

Tier One Employees

Eligibility:

- Retire from active service
- Hired as a full-time benefited employee of the Los Angeles Unified School District on or before May 31, 1992 and resigned from the Los Angeles Unified School District to work at the Charter School by June 30, 2007.
- Hired as a full-time benefited employee of the Los Angeles Unified School District after June 1, 1992 and resigned from the Los Angeles Unified School District to work at the Charter School by June 30, 2007. An employee must also have years of qualifying service and age greater than 80 by June 30, 2007.
- Upon reaching age 65, retirees and spouses must enroll in Medicare Parts A and B.

Dependent Eligibility:

- Spouse Only

Survivor Eligibility:

- None

Benefits:

Retirees meeting Tier One eligibility conditions are offered a lifetime subsidy by the District for medical, dental and vision coverage for the retiree and spouse.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Tier Two Employees

Eligibility

- Retire from active service
- Must have at least 15 years of service in a California Public School
- Hired prior to July 1, 2007
- Not eligible for Tier One
- Upon reaching age 65, retirees and spouses must enroll in Medicare Parts A and B

Dependent Eligibility

- Spouse Only

Survivor Eligibility

- None

Benefits:

- Retirees meeting Tier Two eligibility conditions are offered a 15% lifetime subsidy by the District up to a \$15,000 annual cap for medical, dental and vision coverage for the retiree and spouse.
- Retirees with more than 20 years of service at a California Public School receive a subsidy based on their years of service at retirement. A percentage subsidy is determined by multiplying the total years of service by 2 and adding the amounts of years of service at the Charter School. For example, an employee with 25 total years of service at retirement, with 10 years at the Charter School, would receive a 60% lifetime subsidy by the District up to \$15,000 annual cap for medical, dental and vision coverage for the retiree and spouse.
- If the Subsidy percentage amounts totals over 100, benefits will be covered at 100% with no annual cap on these benefits.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Tier Three Employees

Eligibility:

- Retire from active service
- Must have at least 20 years of service in a California Public School.
- Hired on or after July 1, 2007
- Not eligible for Tier One or Tier Two

Dependent Eligibility:

- Spouse only for pre-2012 hires, none thereafter.

Survivor Eligibility:

- None

Benefits:

- Retirees meeting Tier Three eligibility conditions are offered 20% subsidy by the District up to a \$15,000 annual cap for medical, dental and vision coverage for the retiree and spouse.
- Retirees with more than 30 years of service at a California Public School receive a subsidy based on their years of service at retirement. A percentage subsidy is determined by multiplying the total years of service by 2 and adding the amount of years of service at the Charter School. For example, an employee with 35 total years of service at retirement, with 10 years at the Charter School, would receive an 80% subsidy by the District up to a \$15,000 annual cap for medical, dental and vision coverage for the retiree and spouse.
- If the subsidy percentage amount totals over 100, benefits will be covered at 100% with no annual cap on these benefits.
- Benefits cease at age 65

Annual OPEB Cost and Net OPEB Obligation: The Schools' annual other postemployment benefits (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC). The Schools expense is comprised of the present value of benefits accruing in the current year (normal cost) plus a 30 year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
 Year Ended June 30, 2015

The following table shows the components of all School's in the Fenton Charter Public Schools' annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the School's net OPEB obligation to the plan.

Annual required contribution	\$ 619,993
Interest on net OPEB obligation	68,129
Adjustment to ARC	<u>(86,501)</u>
Annual OPEB cost	601,621
Employer contributions	<u>(89,831)</u>
Increase in net OPEB obligations	511,790
Net OPEB obligations, beginning of year	<u>1,362,575</u>
Net OPEB obligations, end of year	<u><u>\$ 1,874,365</u></u>

The School's portion of the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 610,611	15.8%	\$ 1,362,577
2015	<u>601,621</u>	<u>14.9%</u>	<u>1,874,365</u>

The projection of future benefits payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Medical trend rates: The expected rate of increase in healthcare insurance premiums ranged from a rate of 7% initially, reduced to a rate of 5% after 6 years was used.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Consolidated Financial Statements, Continued
Year Ended June 30, 2015

Actuarial Cost Method: The actuarial cost method used was Projected Unit Credit with service prorate. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at retirement, termination, disability or death. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the year. All employees eligible as of the measurement date in accordance with the provisions of the plan listed in the data provided by the District were included in the valuation.

Actuarial value of assets: Any assets of the plan will be valued on a market value basis.

P. Adjustments to Beginning Net Assets

As a result of the prior year journal entries reclassifying cash and expenditures, the following adjustment to the Fenton Charter Public Schools' beginning net assets is required:

Net Assets, Beginning (As Originally Stated)	\$ 20,294,147
Effect of beginning balance adjustment	<u>(38,305)</u>
Net Assets, Beginning (As Adjusted)	<u>\$ 20,255,842</u>

SUPPLEMENTAL INFORMATION

FENTON CHARTER PUBLIC SCHOOLS

Organization Structure

Year Ended June 30, 2015

Fenton Charter Public Schools is a not for profit organization organized in the State of California and operates five charter schools. Fenton Avenue Charter School (Charter #30), Fenton Primary Center (Charter #911), Santa Monica Blvd. Community (Charter #446), Fenton STEM Academy (Charter #1605). And Fenton Charter Leadership Academy (Charter #1613) were formed as charter schools pursuant to Education Code Section 47600 under an agreement with the Los Angeles Unified School District granted in June 1993, March 2007, and .

GOVERNING BOARD

Name	Office	Term and Term Expiration
Joe Lucente	Chairman	Two Year Term Expires June 30, 2015
Yvette King-Berg	Vice Chairman	Two Year Term Expires June 30, 2015
Gary Borden	Community Representative	Two Year Term Expires June 30, 2016
Cile Borman	Community Representative	Two Year Term Expires June 30, 2015
Jaqueline Elliot	Community Representative	Two Year Term Expires June 30, 2016
Gabriela Hernandez	Parent Representative	Two Year Term Expires June 30, 2016
Daniel Laughlin	Parent Representative	Two Year Term Expires June 30, 2016
Donald Parker	Community Representative	Two Year Term Expires June 30, 2016
Walter Wallace	Community Representative	Two Year Term Expires June 30, 2016
Lilly T. Hernandez	Parent Representative	Two Year Term Expires June 30, 2015

ADMINISTRATION

Irene Sumida
Executive Director

FENTON CHARTER PUBLIC SCHOOLS

Schedule of Average Daily Attendance

Year Ended June 30, 2015

Fenton Avenue Charter School	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Grades TK/K-3:				
Regular ADA - Classroom Based	263.34	N/A	261.31	N/A
Grades 4-6:				
Regular ADA - Classroom Based	457.79	N/A	454.32	N/A
Total Classroom Based	721.13	N/A	715.63	N/A
Grades TK/K-3:				
Regular ADA - Non-Classroom Based	7.42	N/A	7.27	N/A
Grades 4-6:				
Regular ADA - Non-Classroom Based	12.92	N/A	11.82	N/A
Total Non-Classroom Based	20.34	N/A	19.09	N/A
Total Attendance	741.47	N/A	734.72	N/A
Fenton Primary Center				
Grades TK/K-3:				
Regular ADA - Classroom Based	765.95	N/A	763.89	N/A
Total Classroom Based	765.95	N/A	763.89	N/A
Grades TK/K-3:				
Regular ADA - Non-Classroom Based	31.20	N/A	30.62	N/A
Total Non-Classroom Based	31.20	N/A	30.62	N/A
Total Attendance	797.15	N/A	794.51	N/A

FENTON CHARTER PUBLIC SCHOOLS
 Schedule of Average Daily Attendance (Continued)
 Year Ended June 30, 2015

Santa Monica Blvd. Community Charter School	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Grades TK/K-3:				
Regular ADA - Classroom Based	552.14	N/A	551.51	N/A
Grades 4-6:				
Regular ADA - Classroom Based	353.95	N/A	352.61	N/A
Total Classroom Based	906.09	N/A	904.12	N/A
Grades TK/K-3:				
Regular ADA - Non-Classroom Based	23.32	N/A	23.44	N/A
Grades 4-6:				
Regular ADA - Non-Classroom Based	10.33	N/A	10.17	N/A
Total Non-Classroom Based	33.65	N/A	33.61	N/A
Total Attendance	939.74	N/A	937.73	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

Average daily attendance (ADA) is a measure 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 and in different programs.

FENTON CHARTER PUBLIC SCHOOLS

Schedule of Instructional Time

Year Ended June 30, 2015

Fenton Avenue Charter School

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2014-15 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Grade 3	48,960	60,720	184	Complied
Grade 4	52,457	60,720	184	Complied
Grade 5	52,457	60,720	184	Complied

The School neither met nor exceeded their LCFF Target

Fenton Primary Center

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2014-15 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Kindergarten	34,971	54,760	184	Complied
Grade 1	48,960	56,760	184	Complied
Grade 2	48,960	58,760	184	Complied

The School neither met nor exceeded their LCFF Target

Santa Monica Blvd. Community Charter School

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2014-15 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Kindergarten	34,971	57,040	184	Complied
Grade 1	48,960	57,040	184	Complied
Grade 2	48,960	58,880	184	Complied
Grade 3	48,960	58,880	184	Complied
Grade 4	52,457	60,720	184	Complied
Grade 5	52,457	60,720	184	Complied
Grade 6	52,457	60,720	184	Complied

The School neither met nor exceeded their LCFF Target

Fenton Charter Public Schools receives incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the School and whether they complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted.

FENTON CHARTER PUBLIC SCHOOLS

Schedule of Financial Trends and Analysis

Year Ended June 30, 2015

	Budget 2016 (Note 1)	2015	2014	2013
Revenues	\$ 38,816,768	\$ 28,645,551	\$ 26,692,985	\$ 22,088,795
Expenses	37,381,995	27,586,503	25,234,329	22,275,480
Change in Net Assets	1,434,773	1,059,048	1,458,656	(186,685)
Ending Net Assets	\$ 22,749,663	\$ 21,314,890	\$ 20,255,842	\$ 18,835,491
Unrestricted Net Assets	\$ 22,750,013	\$ 21,182,634	\$ 19,244,305	\$ 18,835,491
Unrestricted net assets as a percentage of total expenses	61%	77%	76%	85%
Total Long Term Debt	\$ 1,874,365	\$ 1,874,365	\$ 2,764,219	\$ 2,272,458
Average Daily Attendance at P2	2,925	2,478	1,640	1,524

Note 1: Budget information for 2016 is presented for analysis purposes only and is based on estimates of the 2015-16 fiscal year. The information has not been subject to audit.

This schedule discloses the School's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

FENTON CHARTER PUBLIC SCHOOLSReconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements
Year Ended June 30, 2015

	Fenton Avenue Charter School	Fenton Primary Center	Santa Monica Community Blvd. Charter School
June 30, 2015 financial report - alternative form net assets	\$ 7,437,146	\$ 2,852,938	\$ 5,670,597
(Overstatement) understatement of assets	(141,058)	(36,804)	90,933
Overstatement (Understatement) of liabilities	(44,363)	50,347	(44,520)
Overstatement of revenues	60,812	10,193	19,010
(Overstatement) understatement of expenses	310,030	(41,317)	(111,836)
Total adjustments and reclassifications	185,421	(17,581)	(46,413)
June 30, 2015 audited financial statement net assets	\$ 7,251,725	\$ 2,870,519	\$ 5,717,010

This schedule provides the information necessary to reconcile the fund balance as reported on the Unaudited Financial Report Alternative Form to the net assets reported in the audited financial statements.

FENTON CHARTER PUBLIC SCHOOLS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal	Pass-Through	Fenton	Fenton	Santa Monica	Federal
	CFDA Number	Entity Identifying Number	Avenue Charter School	Primary Center	Blvd. Community Charter School	Expenditures
U.S. DEPARTMENT OF EDUCATION						
Passed through State Department of Education						
Title I	84.010	14329	\$ 494,575	\$ 266,330	\$ 343,169	\$ 1,104,074
Special Education	84.027	13379	142,660	152,029	179,219	473,908
Title III - Limited English Proficiency	84.365	14346	18,593	36,745	58,036	113,374
Title II - Teacher Quality	84.367	14341	77,881	4,163	2,912	84,956
Medical Administrative Activities	93.778	10060	25,828	-	-	25,828
Charter School Facilities Incentive Grant	84.282D	14941	-	-	213,885	213,885
Total passed through State Department of Education			<u>759,537</u>	<u>459,267</u>	<u>797,221</u>	<u>2,016,025</u>
Total U.S. Department of Education			<u>759,537</u>	<u>459,267</u>	<u>797,221</u>	<u>2,016,025</u>
U.S. DEPARTMENT OF AGRICULTURE						
Passed through State Department of Education						
Child Nutrition: National School Lunch	10.555	13396	<u>587,681</u>	<u>651,451</u>	<u>932,363</u>	<u>2,171,495</u>
Total Child Nutrition Cluster			<u>587,681</u>	<u>651,451</u>	<u>932,363</u>	<u>2,171,495</u>
Total U.S. Department of Agriculture			<u>587,681</u>	<u>651,451</u>	<u>932,363</u>	<u>2,171,495</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,347,218</u>	<u>\$ 1,110,718</u>	<u>\$ 1,729,584</u>	<u>\$ 4,187,520</u>

The accompanying notes to the schedule of expenditures of federal awards is an integral part of this schedule.

FENTON CHARTER PUBLIC SCHOOLS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

FENTON CHARTER PUBLIC SCHOOLS
Combining Consolidated Financial Position
Year Ended June 30, 2015

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>FCLA</u>	<u>STEM</u>	<u>FCPS CMO</u>	<u>Elimination</u>	<u>Total</u>
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 4,140,743	\$ 1,070,861	\$ 4,286,980	\$ 158,749	\$ 150,034	\$ 3,091,995	\$ -	\$ 12,899,362
Accounts receivable	440,899	619,136	643,302	107,041	112,817	-	-	1,923,195
Intercompany receivables	-	1,247,194	-	250	250	2,617,821	(1,247,870)	2,617,645
Prepaid expenditures and other current assets	117,078	81,672	77,633	61,537	63,770	99,000	-	500,690
Total Current Assets	<u>4,698,720</u>	<u>3,018,863</u>	<u>5,007,915</u>	<u>327,577</u>	<u>326,871</u>	<u>5,808,816</u>	<u>(1,247,870)</u>	<u>17,940,892</u>
Fixed Assets								
Property and equipment, net	4,011,951	659,437	2,389,848	-	-	547,358	-	7,608,594
TOTAL ASSETS	<u>\$ 8,710,671</u>	<u>\$ 3,678,300</u>	<u>\$ 7,397,763</u>	<u>\$ 327,577</u>	<u>\$ 326,871</u>	<u>\$ 6,356,174</u>	<u>\$ (1,247,870)</u>	<u>\$ 25,549,486</u>
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	\$ 250,293	\$ 116,741	\$ 165,288	5,263	9,745	\$ 8,333	\$ -	\$ 555,663
Accrued payroll and benefits	470,397	320,665	772,663	-	-	-	-	1,563,725
Unearned revenue	-	-	4,364	115,000	115,000	-	-	234,364
Intercompany payables	-	-	-	-	-	1,247,870	(1,247,870)	-
Compensated absences	600	1,546	782	-	-	3,551	-	6,479
Current portion, loan payable	-	-	-	-	-	-	-	-
Total Current Liabilities	<u>721,290</u>	<u>438,952</u>	<u>943,097</u>	<u>120,263</u>	<u>124,745</u>	<u>1,259,754</u>	<u>(1,247,870)</u>	<u>2,360,231</u>
Long Term Liabilities								
Loan payable, less current portion	-	-	-	-	-	-	-	-
Other post employment benefits	737,656	368,829	737,656	13,738	16,486	-	-	1,874,365
Total Long Term Liabilities	<u>737,656</u>	<u>368,829</u>	<u>737,656</u>	<u>13,738</u>	<u>16,486</u>	<u>-</u>	<u>-</u>	<u>1,874,365</u>
Total Liabilities	<u>1,458,946</u>	<u>807,781</u>	<u>1,680,753</u>	<u>134,001</u>	<u>141,231</u>	<u>1,259,754</u>	<u>(1,247,870)</u>	<u>4,234,596</u>
Net Assets								
Unrestricted	7,229,680	2,851,222	5,626,096	193,576	185,640	5,096,420	-	21,182,634
Temporarily restricted	22,045	19,297	90,914	-	-	-	-	132,256
Total Net Assets	<u>7,251,725</u>	<u>2,870,519</u>	<u>5,717,010</u>	<u>193,576</u>	<u>185,640</u>	<u>5,096,420</u>	<u>-</u>	<u>21,314,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,710,671</u>	<u>\$ 3,678,300</u>	<u>\$ 7,397,763</u>	<u>\$ 327,577</u>	<u>\$ 326,871</u>	<u>\$ 6,356,174</u>	<u>\$ (1,247,870)</u>	<u>\$ 25,549,486</u>

FENTON CHARTER PUBLIC SCHOOLS
Combining Consolidated Statement of Activities
Year Ended June 30, 2015

	<u>FACS</u>	<u>FPC</u>	<u>SMB</u>	<u>FCLA</u>	<u>STEM</u>	<u>FCPS CMO</u>	<u>Elimination</u>	<u>Total</u>
REVENUE AND SUPPORT								
Revenue								
LCFF Sources								
State aid, current year	\$3,660,871	\$4,037,115	\$4,731,482	\$ -	\$ -	\$ -	\$ -	\$12,429,468
State aid, prior year	70,557	242,158	(4,321)	-	-	-	-	308,394
Education protection account funds	1,023,715	1,089,605	1,292,176	-	-	-	-	3,405,496
Payments in lieu of property taxes	1,219,548	1,311,128	1,545,656	-	-	-	-	4,076,332
Total LCFF Sources	<u>5,974,691</u>	<u>6,680,006</u>	<u>7,564,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,219,690</u>
Federal revenue	1,347,218	1,110,718	1,729,584	107,041	112,817	-	-	4,407,378
Other state revenue	636,211	1,399,172	1,229,912	-	-	-	-	3,265,295
Interest	6,152	12,914	7,352	-	-	12,636	-	39,054
Other local revenue	106,198	290,093	277,884	25,000	25,000	1,717,594	(1,727,635)	714,134
Total Revenues	<u>8,070,470</u>	<u>9,492,903</u>	<u>10,809,725</u>	<u>132,041</u>	<u>137,817</u>	<u>1,730,230</u>	<u>(1,727,635)</u>	<u>28,645,551</u>
TOTAL REVENUE AND SUPPORT								
EXPENSES								
Certificated salaries	3,205,960	3,064,328	3,969,332	30,542	30,542	42,304	(42,304)	10,300,704
Classified salaries	781,519	921,920	871,030	-	-	1,303,176	(1,303,176)	2,574,469
Taxes and employee benefits	1,191,914	1,060,311	1,211,598	10,592	10,592	353,713	(353,713)	3,485,007
Books and supplies	936,744	1,020,742	1,243,823	65,988	72,182	762	(762)	3,339,479
Rentals, leases and repairs	204,706	1,092,914	342,019	556	556	-	-	1,640,751
Other operating expenditures	1,532,922	1,581,518	1,940,440	60,049	61,569	27,680	(27,680)	5,176,498
OPEB expense	228,558	114,281	228,558	13,738	16,486	-	-	601,621
Debt service interest	-	-	34,841	-	-	-	-	34,841
Depreciation expense	177,893	84,656	170,584	-	-	-	-	433,133
Total Expenses	<u>8,260,216</u>	<u>8,940,670</u>	<u>10,012,225</u>	<u>181,465</u>	<u>191,927</u>	<u>1,727,635</u>	<u>(1,727,635)</u>	<u>27,586,503</u>
CHANGE IN NET ASSETS	(189,746)	552,233	797,500	(49,424)	(54,110)	2,595	-	1,059,048
NET ASSETS, BEGINNING OF YEAR AS ADJUSTED (NOTE P)	<u>7,441,471</u>	<u>2,318,286</u>	<u>4,919,510</u>	<u>243,000</u>	<u>239,750</u>	<u>5,093,825</u>	<u>-</u>	<u>20,255,842</u>
NET ASSETS, END OF YEAR	<u>\$7,251,725</u>	<u>\$2,870,519</u>	<u>\$5,717,010</u>	<u>\$193,576</u>	<u>\$185,640</u>	<u>\$5,096,420</u>	<u>\$ -</u>	<u>\$21,314,890</u>

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With
Government Auditing Standards

To the Board of Directors
Fenton Charter Public Schools
Los Angeles, 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 consolidated financial statements of Fenton Charter Public Schools (a 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 consolidated financial statements, and have issued our report thereon dated December 10, 2015.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2015

Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance Required by
OMB Circular A-133

To the Board of Directors
Fenton Charter Public Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Fenton Charter Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Fenton Charter Public Schools' major federal programs for the year ended June 30, 2015. Fenton Charter Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fenton Charter Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Fenton Charter Public Schools' 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 Fenton Charter Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Fenton Charter Public Schools 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, 2015.

Unmodified Opinion on Compliance for Each of the Other Major Federal Programs

In our opinion, Fenton Charter Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Fenton Charter Public Schools are 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 Fenton Charter Public Schools 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 OMB Circular A-133, 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 Fenton Charter Public Schools 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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2015

Independent Auditor's Report on State Compliance

To the Board of Directors
Fenton Charter Public Schools
Los Angeles, California

Report on State Compliance

We have audited the School'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 direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2015.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit Guide *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the State's audit guide *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. 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. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

Description	Procedures Performed		
	FACS	FPC	SMB
Local Education Agencies Other Than Charter Schools			
Attendance	N/A	N/A	N/A
Teacher Certification and Misassignments	N/A	N/A	N/A
Kindergarten Continuance	N/A	N/A	N/A
Independent Study	N/A	N/A	N/A
Continuation Education	N/A	N/A	N/A
Instructional Time	N/A	N/A	N/A
Instructional Materials	N/A	N/A	N/A
Ratio of Administrative Employees to Teachers	N/A	N/A	N/A
Classroom Teacher Salaries	N/A	N/A	N/A
Early Retirement Incentive	N/A	N/A	N/A
Gann Limit Calculation	N/A	N/A	N/A
School Accountability Report Card	N/A	N/A	N/A
Juvenile Court Schools	N/A	N/A	N/A
Middle or Early College High Schools	N/A	N/A	N/A
K-3 Grade Span Adjustment	N/A	N/A	N/A
Transportation Maintenance of Effort	N/A	N/A	N/A
Regional Occupational Centers/Programs	N/A	N/A	N/A
Maintenance of Effort	N/A	N/A	N/A
Adult Education Maintenance of Effort	N/A	N/A	N/A
School Districts, County Offices of Education and Charter Schools			
California Clean Energy Jobs Act	N/A	Yes	N/A
After School Education and Safety Program	N/A	N/A	N/A
Proper Expenditure of Education Protection Account Funds	Yes	Yes	Yes
Common Core Implementation Funds	Yes	Yes	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes	Yes
Local Control and Accountability Plan	Yes	Yes	Yes
Charter Schools			
Attendance	Yes	Yes	Yes
Mode of Instruction	Yes	Yes	Yes
Nonclassroom-Based Instruction/Independent Study	N/A	N/A	N/A
Determination of Funding for Nonclassroom Based Instruction	N/A	N/A	N/A
Annual Instructional Minutes – Classroom Based	Yes	Yes	Yes
Charter School Facility Grant Program	N/A	Yes	N/A

The term N/A is used above to mean either the Schools did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Fenton Charter Public Schools complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2014-15 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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 10, 2015

FINDINGS AND RECOMMENDATIONS

FENTON CHARTER PUBLIC SCHOOLS
 Schedule of Auditor's Results
 Year Ended June 30, 2015

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 One or more material weakness(es) identified? Yes X No
 One or more significant deficiencies identified that are
 not considered material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:
 One or more material weakness(es) identified? Yes X No
 One or more significant deficiencies identified that are
 not considered material weakness(es)? Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with section 510(a) of
 OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
10.555	National School Lunch

Dollar threshold used to distinguish between Type A
 and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported
 in accordance with *Standards and Procedures for Audits*
 of California K-12 Local Education Agencies? Yes X No

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

FENTON CHARTER PUBLIC SCHOOLS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

None

FENTON CHARTER PUBLIC SCHOOLS
Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
There were no findings reported in the prior year audit.	N/A	N/A