

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**Audited Financial Statements
June 30, 2013**

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Architecture, Construction, and Engineering Charter High School
570 Airport Way
Camarillo, CA 93010

Report on the Financial Statements

We have audited the accompanying financial statements of Architecture, Construction, and Engineering Charter High School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Board of Directors
Architecture, Construction, and Engineering Charter High School

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2013, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules on pages 13-15 are presented for purposes of additional analysis and are not a required part of the basic 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 a report dated October 24, 2013 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 this 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 the 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.



VICENTI, LLOYD & STUTZMAN LLP

Glendora, CA

October 24, 2013

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**STATEMENT OF FINANCIAL POSITION
June 30, 2013**

ASSETS

Current Assets:

Cash in county treasury	\$ 309,140
Cash in banks	100
Cash collections awaiting deposit	4,223
Accounts receivable:	
Federal and State governments	339,865
Miscellaneous	<u>67,890</u>
Total current assets	<u>721,218</u>

Total assets	<u>\$ 721,218</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 175,732
Deferred revenue	5,351
Revolving loan, current portion	<u>83,334</u>
Total current liabilities	<u>264,417</u>
Total liabilities	<u>264,417</u>

Net Assets:

Unrestricted	<u>456,801</u>
Total net assets	<u>456,801</u>
Total liabilities and net assets	<u>\$ 721,218</u>

The accompanying notes are an integral part of these financial statements.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Operating Revenues:

Apportionment revenue	\$ 1,447,926
Federal revenue	17,891
Other State revenue	211,992
Other local revenue	<u>72,261</u>
Total Operating Revenues	<u>1,750,070</u>

Operating Expenses:

Instructional services	841,686
Instruction - related services	427,740
Pupil services	164,821
General administration	75,068
Plant services	93,624
Debt service	<u>599</u>
Total Operating Expenses	<u>1,603,538</u>

Operating income	<u>146,532</u>
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Non-Operating Revenues:

Interest income	<u>1,077</u>
Total Non-Operating Revenues	<u>1,077</u>

Change in Unrestricted Net Assets	147,609
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Net Assets - Beginning of Year	<u>309,192</u>
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Net Assets - End of Year	<u><u>\$ 456,801</u></u>
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The accompanying notes are an integral part of these financial statements.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013**

Cash Flows from Operating Activities:

Cash received for state apportionment	\$ 1,605,852
Cash received for grants and local sources	294,798
Cash paid for debt service interest	(597)
Cash paid to employees for services	(865,123)
Cash paid for employee benefits	(272,688)
Cash paid for books and supplies	(56,823)
Cash paid for other operating expenses	<u>(335,189)</u>
Net cash provided by operating activities	<u>370,230</u>

Cash Flows from Investing Activities:

Cash received for interest on investments	<u>882</u>
Net cash provided by investing activities	<u>882</u>

Cash Flows from Financing Activities:

Payments for revolving loan	<u>(83,333)</u>
Net cash used in financing activities	<u>(83,333)</u>

Net increase in cash	287,779
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Cash at the beginning of the year	<u>25,684</u>
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Cash at the end of the year	<u><u>\$ 313,463</u></u>
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**Reconciliation of operating income to
net cash provided by operating activities**

Operating income	\$ 146,532
Adjustments to reconcile changes in operating assets and liabilities to net cash provided by operating activities:	
Decrease in accounts receivable	153,156
Increase in accounts payable	73,118
Decrease in deferred revenue	<u>(2,576)</u>
Net cash provided by operating activities	<u><u>\$ 370,230</u></u>
Cash in county treasury	\$ 309,140
Cash in banks	100
Cash collections awaiting deposit	<u>4,223</u>
Total Cash	<u><u>\$ 313,463</u></u>

The accompanying notes are an integral part of these financial statements.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities– Architecture, Construction, and Engineering Charter High School (the School) is a not-for-profit public charter school approved by the Oxnard Union High School District, which started operations in September 2010. The Board of Directors is elected independent of any District Board of Education’s appointments. The School Board is responsible for approving their own budgets and accounting related activities.

The School is funded principally through State of California public education monies received through the California Department of Education (CDE).

Basis of Presentation – The School presents its financial statements as a California Non-profit Public Benefit Corporation in conformity with accounting principles generally accepted in the United States of America (US GAAP).

Net Asset Classes – The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Net assets of the School consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the organization.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The School does not currently have any temporarily restricted net assets.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

Revenue Recognition – Amounts received from the CDE are recognized as revenue by the School based on the average daily attendance (ADA) of students. Grant revenues are recognized as related grant expenses are incurred. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Cash and Cash Equivalents – The School considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Use of Estimates – The preparation of the financial statements in conformity US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Basis of Accounting– The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Functional Allocation of Expenses – The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The School adopted a capitalization policy with a capitalization threshold of \$5,000. As of June 30, 2013, Architecture, Construction, and Engineering Charter High School did not have any property, plant and equipment in excess of \$5,000.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Income Taxes – The School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Service Code and section 23701 (d) of the California Revenue and Taxation Code, respectively. Therefore, no provision for income taxes has been recorded.

Management of the School has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the School's continued qualifications as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The School files informational tax returns in the U.S. federal jurisdictions and the state of California. The statute of limitations for federal purposes is generally three years and for California, four years.

Subsequent Events – The School has evaluated subsequent events through October 24, 2013, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 2 – DEPOSITS AND CUSTODIAL CREDIT RISK:

The School maintains substantially all of its cash in the Ventura County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2013, the School was not exposed to any such credit risk.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable primarily consist of funds due from various governmental and non-profit corporations. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

NOTE 4 – REVOLVING LOAN:

On May 31, 2011, the School secured a revolving loan from the CDE in the amount of \$250,000 with a stated interest rate of 0.40% with repayment of the loan commencing in the fiscal year ended June 30, 2012 and maturing in the fiscal year ended June 30, 2014 when the balance of \$83,334 and any interest will become due and payable. The loan is recorded in current portion of long-term debt in the accompanying financial statements. The State Controller's Office will automatically deduct the loan payment from the School's State apportionment.

NOTE 5 – ACCOUNTING SERVICES:

The Ventura County Schools Business Services Authority charges the School an administration fee for accounting services. The administrative fee for 2012-13 was \$113,252.

NOTE 6 – EMPLOYEE RETIREMENT PLANS:

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in this multi-employer defined benefit pension plan 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 detailed in Teachers' Retirement Law, 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 multiemployer plan.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 – EMPLOYEE RETIREMENT PLANS: (continued)

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2012, total plan net assets are \$151 billion, the total actuarial present value of accumulated plan benefits is \$270 billion, contributions from all employers totaled \$2.1 billion, and the plan is 67% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members are required to contribute 8.0% 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>STRS Percent Contributed</u>
2011	\$ 38,243	100%
2012	57,142	100%
2013	57,419	100%

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 – EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

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. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2011, the total plan net assets are \$45 billion, the total actuarial present value of accumulated plan benefits is \$69 billion, contributions from all employers totaled \$1.2 billion, and the plan is 78.7% funded. The School 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.

Funding Policy

Active plan members are required to contribute 7.0% 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 rate for fiscal year 2012-13 was 11.417%. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to PERS

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>PERS Percent Contributed</u>
2011	\$ 5,304	100%
2012	11,906	100%
2013	12,910	100%

SUPPLEMENTARY INFORMATION

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

HISTORY AND ORGANIZATION

June 30, 2013

The Architecture, Construction, and Engineering Charter High School is a not-for-profit public charter school serving students from ninth through twelfth grade. It commenced operations in the beginning of the 2010-11 fiscal year. The mission of Architecture, Construction, and Engineering Charter High School's is to provide high school students an alternative educational opportunity to explore construction related careers through rigorous contextual, hands-on, curriculum that prepares them for direct entry into college, professional apprenticeship programs, or a career.

The Architecture, Construction, and Engineering Charter High School charter was granted September 17, 2009 by the Oxnard Union High School District and the California Department of Education

The charter school number authorized by the State: 1126.

The Board of Directors and the Administrators for the fiscal year ended June 30, 2013 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Tony Skinner	President	December 2015
Vacant	Vice President	
Dr. Roger Rice	Secretary	December 2015
Peggy Velarde	CFO	(Resigned)
Dr. Gregorio O'Brien	Member	December 2015
Gary Brewer	Member	December 2014
Gary Cushing	Member	December 2015
David Carlson	Member	December 2015
Judy Perkins	Member	December 2015

ADMINISTRATORS

Ellen Smith	Co-Interim Director
Robert LaBelle	Co-Interim Director
Cynthia Hansen	Chief Business Official

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**SCHEDULE OF INSTRUCTIONAL TIME
June 30, 2013**

Grade Level	2012-13 Minutes			Status
	Requirement	Reduced	Actual	
Grade 9	64,800	62,949	65,880	In compliance
Grade 10	64,800	62,949	65,880	In compliance
Grade 11	64,800	62,949	65,880	In compliance
Grade 12	64,800	62,949	65,880	In compliance

See the accompanying notes to the supplementary information.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2013**

	Second Period		Annual Report	
	Report			
	Classroom		Classroom	
	Based	Total	Based	Total
Grades 9 through 12	<u>233.92</u>	<u>233.92</u>	<u>229.44</u>	<u>229.44</u>

See the accompanying notes to the supplementary information.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

There were no differences between the net assets reported on the June 30, 2013 Annual Financial and Budget Report and the audited financial statements.

See the accompanying notes to the supplementary information.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2013**

NOTE 1 – PURPOSE OF SCHEDULES:

A. 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 Education Code Sections 46200 through 46206.

B. Schedule of Average Daily Attendance (ADA)

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.

C. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported on the Annual Financial and Budget Report form to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



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

Board of Directors
Architecture, Construction, and Engineering Charter High School
570 Airport Way
Camarillo, CA 93010

We have audited, 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, the basic financial statements of Architecture, Construction, and Engineering Charter High School (the School) as of and for the year ended June 30, 2013 and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 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.

**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***

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 of 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 non-compliance 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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
October 24, 2013

Board of Directors
 Architecture, Construction, and Engineering Charter High School
 570 Airport Way
 Camarillo, CA 93010

We have audited the compliance of the Architecture, Construction, and Engineering Charter High School's (the School's) compliance with the types of compliance requirements described in the *2012-13 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2013. The School's State compliance requirements are identified in the table below.

Management's Responsibility

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

Auditor's 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, and the *2012-13 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, 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. However, 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 Charter's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	6	Not applicable
Teacher Certification and Misassignments	3	Not applicable
Kindergarten continuance	3	Not applicable
Continuation education	10	Not applicable
Independent study	23	Not applicable

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Instructional time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable
Class size reduction program (including charter schools):		
General requirements	7	Not applicable
Option 1	3	Not applicable
Option 2	4	Not applicable
One school serving K-3	4	Not applicable
Instructional materials general requirements	8	Not applicable
Ratios of administrative employees to teachers	1	Not applicable
Classroom teacher salaries	1	Not applicable
Early retirement incentive	4	Not applicable
GANN limit calculation	1	Not applicable
School Accountability Report Card	3	Not applicable
Juvenile Court Schools	8	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	Yes
Nonclassroom-based instruction/independent study	15	No
Determination of funding for nonclassroom-based instruction	3	No
Annual instructional minutes – classroom based	4	Yes

Opinion on State Compliance

In our opinion, Architecture, Construction, and Engineering Charter High School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2013.

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 *2012-13 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
October 24, 2013

FINDINGS AND RESPONSES

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013**

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings related to financial statements or state awards for the year ended June 30, 2013.

**ARCHITECTURE, CONSTRUCTION, AND ENGINEERING
CHARTER HIGH SCHOOL**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2013**

There were no prior year findings and responses for the fiscal year ended June 30, 2012.