

WESTLAKE CHARTER SCHOOL
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

**WESTLAKE CHARTER SCHOOL
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YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Westlake Charter School
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of Westlake Charter School (the Organization), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Organization's financial statements as a whole. The accompanying supplementary schedules 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 November 26, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 26, 2018

**WESTLAKE CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,666,240
Accounts Receivable - Federal and State	557,539
Total Current Assets	<u>7,223,779</u>

Total Assets	<u><u>\$ 7,223,779</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	<u>\$ 427,206</u>
Total Current Liabilities	<u>427,206</u>

NET ASSETS

Unrestricted	6,756,760
Temporarily Restricted	39,813
Total Net Assets	<u>6,796,573</u>

Total Liabilities and Net Assets	<u><u>\$ 7,223,779</u></u>
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See accompanying Notes to Financial Statements.

**WESTLAKE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Total
REVENUES			
State Revenue:			
State Aid	\$ 5,585,610	\$ -	\$ 5,585,610
Other State Revenue	1,034,723	-	1,034,723
Federal Revenue:			
Grants and Entitlements	118,652	-	118,652
Local Revenue:			
In-Lieu Property Tax Revenue	1,503,739	-	1,503,739
Interest Income	93,753	-	93,753
Other Revenue	1,057,841	-	1,057,841
Net Assets Released from Restrictions	12,120	(12,120)	-
Total Revenues	9,406,438	(12,120)	9,394,318
EXPENSES			
Program Services	7,929,990	-	7,929,990
Management and General	1,090,183	-	1,090,183
Total Expenses	9,020,173	-	9,020,173
CHANGE IN NET ASSETS	386,265	(12,120)	374,145
Net Assets - Beginning of Year	6,370,495	51,933	6,422,428
NET ASSETS - END OF YEAR	\$ 6,756,760	\$ 39,813	\$ 6,796,573

See accompanying Notes to Financial Statements.

**WESTLAKE CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 374,145
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Operating Assets:	
Accounts Receivable - Federal and State	(275,257)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	<u>346,014</u>
Net Cash Provided by Operating Activities	<u>444,902</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	444,902
Cash and Cash Equivalents - Beginning of Year	<u>6,221,338</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,666,240</u></u>

See accompanying Notes to Financial Statements.

**WESTLAKE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 4,313,439	\$ 745,800	\$ 5,059,239
Pension Expense	760,794	131,542	892,336
Other Employee Benefits	607,721	105,076	712,797
Payroll Taxes	155,158	26,827	181,985
Legal Expenses	-	24,247	24,247
Accounting Expenses	-	15,095	15,095
Instructional Materials	855,922	-	855,922
Other Fees for Services	499,122	-	499,122
Advertising and Promotion Expenses	2,081	-	2,081
Office Expenses	-	41,596	41,596
Occupancy Expenses	413,005	-	413,005
Travel Expenses	43,731	-	43,731
Other Expenses	279,017	-	279,017
	<u>\$ 7,929,990</u>	<u>\$ 1,090,183</u>	<u>\$ 9,020,173</u>
Total			

See accompanying Notes to Financial Statements.

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Westlake Charter School (the Organization) is a California nonprofit public benefit corporation created by parents and educators in the Natomas area. The Organization serves children from kindergarten through eighth grade. The Organization was comprised of two charter schools: Westlake Charter School (the Elementary) and Westlake Charter Middle School (the Middle School). The Elementary school was approved in 2005 by the Natomas Unified School District (the District) and the Middle School was approved in 2011. The District has granted the Elementary through June 30, 2020 and the Middle School charter through June 30, 2016, subject to amendment and renewal. As of June 30, 2016, the Middle School ceased operations and all grade levels are to now served under the Westlake Charter School's charter. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management or violation of any provisions of the law.

The Organization has a Memorandum of Understanding (MOU) with the District whereby they pay the District 3% of the school's per pupil revenues to provide administrative oversight and facilities.

The Organization is funded principally through state of California public education monies received through the California Department of Education and the District.

Cash and Cash Equivalents

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

Use of Estimates

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

Basis of Accounting

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

Functional Allocation of Expenses

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

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Net Asset Classes

The Organization 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 Organization are defined as:

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 Organization's temporarily restricted net assets as of June 30, 2018 consist of California Clean Energy Jobs Act funding and there was no activity in temporarily restricted net assets for the year ended June 30, 2018.

Permanently Restricted

These net assets are permanently restricted by donors and cannot be used by the Organization. The Organization does not currently have any permanently restricted net assets.

Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2018. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property Taxes

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

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Organization does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2018.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by the Organization based on the average daily attendance (ADA) of students. 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.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Income Taxes

The Organization is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Subsequent Events

The Organization has evaluated subsequent events through November 26, 2018, the date these financial statements were available to be issued.

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains substantially all of its cash in the County of Sacramento 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 costs 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. The fair value of the Organization's deposits in this pool as of June 30, 2018, as provided by the pool sponsor was approximately \$6,661,000.

NOTE 3 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

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

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

State Teachers' Retirement System (STRS)

Plan Description

The Organization contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year June 30, 2017, total plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 62.6% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

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

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 EMPLOYEE RETIREMENT (CONTINUED)

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2016	\$ 248,730	100%
2017	\$ 561,762	100%
2018	\$ 700,177	100%

Public Employees' Retirement System (PERS)

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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 Comprehensive Annual Financial Report for the year ended June 30, 2017, the School Employer Pool total plan assets are \$63.6 billion, the total pension liability is \$84.9 billion, contributions from all employers totaled \$1.8 billion, and the plan is 71.9% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.0% of their salary. The Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2018 was 15.531%.

The contribution requirements of the plan members are established and may be amended by state statute.

**WESTLAKE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 EMPLOYEE RETIREMENT (CONTINUED)

The Organization's contributions to PERS for each of the last three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2016	\$ 80,022	100%
2017	\$ 137,345	100%
2018	\$ 192,159	100%

NOTE 4 OPERATING LEASES

In March 2013, the Organization entered into a facility use agreement with Natomas Unified School District. Facility fees will be charged at a rate of 2% of total general purpose entitlement for that given year. The agreement commences on July 1, 2013 and expires June 30, 2020. Facilities expense for the year ended June 30, 2018 under the agreement was \$140,971.

Estimated future minimum lease payments under the agreement are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 140,971
2020	140,971
Total	<u>\$ 281,942</u>

NOTE 5 RELATED PARTY TRANSACTIONS

Westlake Association of Volunteer Explorers (W.A.V.E) is a nonprofit public benefit corporation organized for the specific purpose to support the mission, goals, and objectives of the Organization and its related activities. For the year ended June 30, 2018, W.A.V.E. made contributions to the Organization totaling \$83,285. As of June 30, 2018, the Organization had no amounts due to or due from W.A.V.E.

NOTE 6 CONTINGENCIES

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

SUPPLEMENTARY INFORMATION

**WESTLAKE CHARTER SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

Westlake Charter School (the Organization) is a California nonprofit public benefit corporation that was created by parents and educators in the Natomas area. The Organization is sponsored by the Natomas Unified School District in Sacramento County and serves children from kindergarten to eighth grade.

Westlake Charter School (charter number 0711) – established in 2005.

The Board of Directors and the Administrators as of the year ended June 30, 2018 were as follows:

BOARD OF DIRECTORS

Member	Office	Term	Term Expires
Hope Gawlick	President	3 years	2020
Sian Burman	Treasurer	3 years	2019
Joe Clark	Secretary	2 years	2018
Jed Wallace	Community Member	3 years	2019
Allison Chavez	Staff Representative	3 years	2019
Kim Hewitt	Staff Representative	2 years	2018
Nancy Kong-Vasquez	Community Member	3 years	2021
Shannon Simmonds	Community Member	3 years	2020

ADMINISTRATORS

John Eick	Executive Director
Steve Korvink	Chief Business Official

**WESTLAKE CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Kindergarten	36,000	60,180	180	In compliance
Grade 1	50,400	57,060	180	In compliance
Grade 2	50,400	57,060	180	In compliance
Grade 3	50,400	57,060	180	In compliance
Grade 4	54,000	57,060	180	In compliance
Grade 5	54,000	57,060	180	In compliance
Grade 6	54,000	64,470	180	In compliance
Grade 7	54,000	64,470	180	In compliance
Grade 8	54,000	64,470	180	In compliance

**WESTLAKE CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3	424.88	424.88	424.67	424.67
Grades 4-6	300.17	300.17	299.74	299.74
Grades 7-8	164.30	164.30	164.79	164.79
ADA Totals	889.35	889.35	889.20	889.20

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**WESTLAKE CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 6,825,613
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Accounts Receivable - Federal and State	(29,040)
Net Adjustments and Reclassifications	<u>(29,040)</u>
June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 6,796,573</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**WESTLAKE CHARTER SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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



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

Board of Directors
Westlake Charter School
Sacramento, 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 Westlake Charter School (the Organization), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 26, 2018

INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE

Board of Directors
 Westlake Charter School
 Sacramento, California

We have audited Westlake Charter School’s (the Organization) compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2018. The Organization’s state compliance requirements are identified in the table below.

Management’s Responsibility

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Organization’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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the Organization’s compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based Charter Schools:	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the Organization complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 26, 2018

**WESTLAKE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

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

There were no findings and questioned costs related to the basic financial statements or state awards for the year ended June 30, 2018.

**WESTLAKE CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

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