

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

**Audited Financial Statements
June 30, 2011**

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

**TABLE OF CONTENTS
June 30, 2011**

	Page
INDEPENDENT AUDITOR'S REPORT	
Statement of Financial Position	1
Statement of Activities.....	2
Statement of Cash Flows	3
Notes to Financial Statements.....	4-11
SUPPLEMENTARY INFORMATION	
History and Organization.....	12
Schedule of Instructional Minutes	13
Schedule of Average Daily Attendance (ADA)	14
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	15
Notes to Supplementary Information.....	16
OTHER INDEPENDENT AUDITOR'S REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on State Compliance	19-20
FINDINGS AND RESPONSES	
Schedule of Findings and Responses.....	21
Status of Prior Year Findings and Responses	22



INDEPENDENT AUDITOR'S REPORT

Board of Directors

Architecture, Construction, and Engineering Charter High School

570 Airport Way

Camarillo, CA 93010

We have audited the statement of financial position of Architecture, Construction, and Engineering Charter High School, a California public charter school, as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Architecture, Construction, and Engineering Charter High School's management. 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 *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements described above present fairly, in all material respects, the financial position of Architecture, Construction, and Engineering Charter High School as of June 30, 2011, and the changes in its net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2011 on our consideration of Architecture, Construction, and Engineering Charter High 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Architecture, Construction, and Engineering Charter High School financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary section 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.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

October 28, 2011

FINANCIAL SECTION

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

**STATEMENT OF FINANCIAL POSITION
June 30, 2011**

ASSETS

Current Assets:

Cash in county treasury	\$ 273,170
Accounts receivable:	
Federal and State governments	174,355
Miscellaneous	<u>547</u>
Total current assets	<u>448,072</u>

Total assets	<u>\$ 448,072</u>
---------------------	--------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 58,930
Deferred revenue	5,260
Revolving loan, current portion	<u>83,333</u>
Total current liabilities	<u>147,523</u>

Long-Term Liabilities:

Revolving loan, net of current portion	<u>166,667</u>
Total long-term liabilities	<u>166,667</u>
Total liabilities	<u>314,190</u>

Net Assets:

Unrestricted	<u>133,882</u>
Total net assets	<u>133,882</u>

Total liabilities and net assets	<u>\$ 448,072</u>
---	--------------------------

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

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

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

Operating Revenues:

Apportionment revenue	\$ 797,642
Federal revenue	310,317
Other State revenue	115,112
Other local revenue	<u>13,651</u>
Total Operating Revenues	<u><u>1,236,722</u></u>

Operating Expenses:

Instructional services	627,477
Instruction - related services	240,230
Pupil services	78,724
General administration	105,668
Plant services	52,018
Other outgo	<u>155</u>
Total Operating Expenses	<u><u>1,104,272</u></u>

Operating income	<u><u>132,450</u></u>
------------------	-----------------------

Non-Operating Revenues:

Interest income	<u>1,432</u>
Total Non-Operating Revenues	<u><u>1,432</u></u>

Change in Unrestricted Net Assets	133,882
--	---------

Net Assets - Beginning of Year	<u>-</u>
---------------------------------------	----------

Net Assets - End of Year	<u><u>\$ 133,882</u></u>
---------------------------------	--------------------------

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

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

**STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011**

Cash Flows from Operating Activities:

Cash received for State apportionment	\$ 640,540
Cash received for grants and local sources	427,017
Cash received for interest income	955
Cash paid to employees for services	(517,380)
Cash paid for employee benefits	(138,039)
Cash paid for books and supplies	(152,614)
Cash paid for other operating expenses	<u>(237,309)</u>
Net cash provided by operating activities	<u>23,170</u>

Cash Flows from Financing Activities:

Cash received from revolving loan	<u>250,000</u>
Net cash provided by financing activities	<u>250,000</u>

Net increase in cash	273,170
----------------------	---------

Cash at the beginning of the year	<u>-</u>
-----------------------------------	----------

Cash at the end of the year	<u><u>\$ 273,170</u></u>
-----------------------------	--------------------------

**Reconciliation of change in unrestricted net assets to
net cash provided by operating activities**

Change in unrestricted net assets	\$ 133,882
Adjustments to reconcile changes in assets and liabilities provided by operating activities:	
(Increase) in accounts receivable	(174,425)
(Increase) in interest receivable	(477)
Increase in accounts payable	58,930
Increase in deferred revenue	<u>5,260</u>
Net cash provided by operating activities	<u><u>\$ 23,170</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, 2011

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities– Architecture, Construction, and Engineering Charter High 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 are elected independent of any District Board of Education’s appointments. The Architecture, Construction, and Engineering Charter High School Board is responsible for approving their own budgets and accounting related activities.

Architecture, Construction, and Engineering Charter High School is funded principally through State of California public education monies received through the California Department of Education.

Basis of Presentation – Architecture, Construction, and Engineering Charter High School presents its financial statements as a California Non-profit Public Benefit Corporation in accordance with Financial Accounting Standards which govern generally accepted accounting principles for non-profit organizations.

Net Asset Classes – Architecture, Construction, and Engineering Charter High 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 Architecture, Construction, and Engineering Charter High 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. Architecture, Construction, and Engineering Charter High 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 Architecture, Construction, and Engineering Charter High School. Architecture, Construction, and Engineering Charter High School does not currently have any permanently restricted net assets.

Revenue Recognition – Amounts received from the California Department of Education are recognized as revenue by Architecture, Construction, and Engineering Charter High 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, 2011

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

Cash and Cash Equivalents – Architecture, Construction, and Engineering Charter High School's cash and cash equivalents are considered 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 with accounting principles generally accepted in the United States of America 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. Architecture, Construction, and Engineering Charter High School has no capitalization policy so the State standard of \$5,000 was used. As of June 30, 2011, Architecture, Construction, and Engineering Charter High School did not have any property, plant and equipment in excess of \$5,000 so there is no fixed assets or depreciation expense recognized in these financial statements.

Income Taxes – Architecture, Construction, and Engineering Charter High School is exempt from federal and state income taxes under Section 401(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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Architecture, Construction, and Engineering Charter High 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 Architecture, Construction, and Engineering Charter High School continued qualifications as a tax-exempt organization and whether there is 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.

Architecture, Construction, and Engineering Charter High School files informational tax returns in the U.S. federal jurisdictions and the state of California.

Subsequent Events – Architecture, Construction, and Engineering Charter High School has evaluated subsequent events through October 28, 2011, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 2 – CUSTODIAL CREDIT RISK – DEPOSITS:

Custodial credit risk is the risk that in the event of a bank failure, Architecture, Construction, and Engineering Charter High School deposits may not be returned to it. As of June 30, 2011, Architecture, Construction, and Engineering Charter High School was not exposed to any such credit risk.

Architecture, Construction, and Engineering Charter High School also maintains cash in the Ventura County Treasury. 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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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, Architecture, Construction, and Engineering Charter High School secured a revolving loan from the California Department of Education 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. The State Controller's Office will automatically deduct the loan payments from the Charter School's State apportionment as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 83,333	\$ 571	\$ 83,904
2013	83,333	599	83,932
2014	83,334	263	83,597
	<u>\$ 250,000</u>	<u>\$ 1,433</u>	<u>\$ 251,433</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

Architecture, Construction, and Engineering Charter High School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and Architecture, Construction, and Engineering Charter High 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 2010-11 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

Architecture, Construction, and Engineering Charter High 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, within the Public Employees' Retirement Law. CalPERS issues a separate and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District 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 2010-11 was 10.707% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

Architecture, Construction, and Engineering Charter High School contributions to STRS and PERS for the current fiscal year is as follows:

Year Ended <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2011	\$38,243	100%	\$ 5,304	100%

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 – ACCOUNTING SERVICES:

The Ventura County Schools Business Services Authority charges Architecture, Construction, and Engineering Charter High School an administration fee for accounting services. The administrative fee for 2010-11 was \$82,634.

NOTE 7– JOINT POWERS AGREEMENTS:

Architecture, Construction, and Engineering Charter High School participates in four joint power agreement (JPA) entities, the Ventura County Schools Self-Funding Authority (VCSSFA), the Ventura County Fast Action School Transit Authority (VCFast), the Ventura County Schools Business Services Authority (VCSBSA) and the Self-Insured Schools of California (SISC). The VCSSFA provides workers compensation, property and liability coverage for its members through a varying combination of self-insurance and excess coverage. Architecture, Construction, and Engineering Charter High School pays a contribution commensurate with the level of coverage requested. The VCFast was established July 1, 1995 for the purpose of providing a county wide distribution system for carrying documents and materials to and from the Ventura County Office of Education and participating public agencies. The VCSBSA was established April 1, 1988 for the purpose of providing school business services for participating public agencies. The SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Members pay a monthly premium per eligible participant.

The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by Architecture, Construction, and Engineering Charter High School beyond the School's representation on the governing board.

The JPAs are independently accountable for their fiscal matters. The VCSSFA, VCFast, VCSBSA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the JPAs governing board. Members share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 7 – JOINT POWERS AGREEMENTS: (continued)

The relationship between Architecture, Construction, and Engineering Charter High School and the JPA is such that the JPA is not a component unit of Architecture, Construction, and Engineering Charter High School for financial reporting purposes.

	VCSSFA (Audited) 6/30/2011	VCFast (Unaudited) 6/30/2011	VCSBSA (Audited) 6/30/2011	SISC (Audited) 9/30/2010
Total Assets	<u>\$ 91,479,913</u>	<u>\$ 36,387</u>	<u>\$ 799,785</u>	<u>\$ 251,295,365</u>
Total Liabilities	<u>\$ 52,682,583</u>	<u>\$ 27,979</u>	<u>\$ 88,468</u>	<u>\$ 98,032,970</u>
Total Fund Balance	<u>\$ 38,797,330</u>	<u>\$ 8,408</u>	<u>\$ 711,317</u>	<u>\$ 153,262,395</u>
Total Revenues	<u>\$ 21,797,910</u>	<u>\$ 97,532</u>	<u>\$ 1,182,378</u>	<u>\$ 1,007,164,422</u>
Total Expenditures	<u>\$ 27,927,338</u>	<u>\$ 98,475</u>	<u>\$ 1,159,552</u>	<u>\$ 1,044,275,890</u>

SUPPLEMENTARY INFORMATION

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

HISTORY AND ORGANIZATION

June 30, 2011

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 2011 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Tony Skinner	President	December 2011
Phyllis Throckmorton	Vice President	December 2011
Dr. Roger Rice	Secretary	December 2011
Peggy Velarde	CFO	December 2011
Gary Cushing	Member	December 2011
Gary Brewer	Member	December 2011
Dr. James Meznek	Member	December 2011
David Carlson	Member	December 2011
Judy Perkins	Member	December 2011

ADMINISTRATORS

Ron Fisher	Principal
Cynthia Hansen	Chief Business Official

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

**SCHEDULE OF INSTRUCTIONAL MINUTES
For the Fiscal Year Ended June 30, 2011**

Grade Level	2010-11 Minutes			Status
	Requirement	Reduced	Actual	
Grade 9	64,800	62,949	68,856	In compliance
Grade 10	64,800	62,949	68,856	In compliance
Grade 11	64,800	62,949	68,856	In compliance
Grade 12	64,800	62,949	68,856	In compliance

See the accompanying notes to the supplementary information.

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

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2011**

	Revised Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 9 through 12	<u>129.74</u>	<u>129.74</u>	<u>128.44</u>	<u>128.44</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, 2011**

There were no differences between the net assets reported on the June 30, 2011 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, 2011**

NOTE 1 – PURPOSE OF SCHEDULES:

A. Schedule of Instructional Minutes

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

**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 the financial statements of Architecture, Construction, and Engineering Charter High School as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Architecture, Construction, and Engineering Charter High School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Architecture, Construction, and Engineering Charter High School internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Architecture, Construction, and Engineering Charter High School internal control over financial reporting.

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.

**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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Architecture, Construction, and Engineering Charter High 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*.

This report is intended solely for the information and use of management, the Board of Directors, the Ventura County Office of Education, the California Department of Education, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

October 28, 2011

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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 (the Charter School) with the types of compliance requirements described in the *2010-11 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, 2011. The Charter School's State compliance requirements are identified in the table below. Compliance with the State laws and regulations as identified below is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

We conducted our audit 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 *2010-11 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 Charter 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 Charter School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Charter School'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	8	Not applicable
Kindergarten continuance	3	Not applicable
Continuation education	10	Not applicable
Independent study	23	Not applicable
Instructional time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
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
Public hearing requirement – receipt of funds	1	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	4	Not applicable
Before school	5	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	Yes
Nonclassroom-based instruction/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	3	Yes

In our opinion, we found that, for the items tested, the Charter School complied with the laws and regulations of the state programs referred to above in all material respects. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Charter School had not complied with the laws and regulations of state programs and requirements.

This report is intended solely for the information and use of management, the Board of Directors, the Ventura County Office of Education, California Department of Education, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

October 28, 2011

FINDINGS AND RESPONSES

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

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 for the year ended June 30, 2011.

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

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2011**

There were no prior year findings and responses for the fiscal year ended June 30, 2010. The fiscal year ended June 30, 2011 was Architecture, Construction, and Engineering Charter High School's first year of operation.