

GLENDALE CHARTER SCHOOL
GLENDALE, OREGON

Audit Report

June 30, 2018

GLENDALE CHARTER SCHOOL

GLENDALE, OREGON

June 30, 2018

BOARD OF DIRECTORS & OFFICERS

Lisa Rowe Director
Ransford Rogers Director
John Scott Director
Doug Thackery Director
Clay Dickerson Director



INDEPENDENT AUDITORS' REPORT

Board of Directors
Glendale Charter School
Glendale, OR 97442

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Glendale Charter School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Glendale Charter School's basic 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 opinions 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 from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Glendale Charter School, as of June 30, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters


The Glendale Charter School has not presented the required Management Discussion and Analysis that GASB Statement No. 34 has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by Oregon Revised Statutes

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 24, 2018 on our consideration of the District's compliance with certain provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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

Neuner Davidson & Co
Certified Public Accountants

By



Jeffrey R. Cooley, C.P.A.
October 24, 2018

Financial Statements

Glendale School DistrictStatement of Net Position
High School Charter Fund

For the Fiscal Year Ended June 30, 2018

	<u>Charter School</u>
ASSETS	
Current Assets:	
Cash in Checking and Savings	\$ 12,793
Accounts Receivable-Federal Grants	795
Total Assets	<u>13,588</u>
 LIABILITIES	
Current Liability:	
Accounts Payable	<u>13,588</u>
Total Liabilities	<u>13,588</u>
 FUND BALANCE	
Unrestricted	-
Total Net Position	<u>\$ 13,588</u>

Glendale School District

Statement of Activities

High School Charter Fund

For the Fiscal Year Ended June 30, 2018

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	<u>Operating Grants & Contributions</u>	<u>Net (Disbursement) and Change in Net Assets</u>
Instructional Services	\$ (647,975)	\$ -	\$ (647,975)
Support Services	(505,862)		(505,862)
Totals	<u>(1,153,837)</u>	<u>\$ -</u>	<u>(1,153,837)</u>
General Revenues			
Other Intermediate Sources			1,065,319
Services Provided Other Local Agencies			7,980
Miscellaneous			9,302
Total General Revenues			<u>1,082,601</u>
Change in Net Assets			(71,236)
Fund Balance July 1, 2017			<u>71,236</u>
Fund Balance June 30, 2018			<u><u>\$ -</u></u>

Glendale School District

Statement of Revenues and Expenditures and Changes in Net Assets
Actual and Budget
High School Charter Fund

For the Fiscal Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
REVENUES:			
Local Sources:			
Admissions	\$ 7,980	\$ 5,000	\$ 2,980
Miscellaneous Revenue	9,302	5,000	4,302
Total Local Sources	<u>17,282</u>	<u>10,000</u>	<u>7,282</u>
Revenue from Intermediate Sources			-
Other Intermediate Sources	<u>1,065,319</u>	<u>1,160,582</u>	<u>(95,263)</u>
Total Intermediate Sources	<u>1,065,319</u>	<u>1,160,582</u>	<u>(95,263)</u>
Total Revenues	1,082,601	1,170,582	(87,981)
EXPENDITURES: Schedule B-2	<u>1,153,837</u>	<u>1,440,323</u>	<u>(286,486)</u>
Excess of Revenues Over (Under) Expenditures	(71,236)	(269,741)	198,505
Fund Balance, July 1, 2017	<u>71,236</u>	<u>269,741</u>	<u>(198,505)</u>
Fund Balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Glendale School District

Budgetary Comparison Schedule of High School Charter Fund Expenditures

For the Fiscal Year Ended June 30, 2018

	<u>Salaries</u>	<u>Employees Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
INSTRUCTION:				
Regular Programs:				
High School Programs	\$ 286,503	\$ 159,129	\$ 31,370	\$ 32,505
Extracurricular	49,205	10,082	25,046	22,383
Special Programs:				
Talented and Gifted	-	-	-	-
Restrictive Programs for Students with Disabilities	-	-	-	-
Resource Rooms	-	-	-	-
Early Intervention Programs	-	-	-	-
Alternative Education Programs	-	-	7,872	15,800
Designated Programs	-	-	-	-
Total Instruction	<u>335,708</u>	<u>169,211</u>	<u>64,288</u>	<u>70,688</u>
SUPPORTING SERVICES:				
Students:				
Guidance & Counseling Services	-	-	-	-
Instructional Staff:				
Educational Media Services	-	-	-	1,515
Assessment & Testing	-	-	-	-
Instructional Staff Development	4,948	1,791	3,154	-
Office of Principal	117,828	75,127	522	3,218
School Administration	-	-	-	-
Business:				
Operation & Maintenance of Plant	75,708	59,126	122,463	33,526
Total Supporting Services	<u>198,483</u>	<u>136,044</u>	<u>126,140</u>	<u>38,260</u>
ENTERPRISE AND COMMUNITY SERVICES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FACILITIES ACQUISITION AND CONSTRUCTION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CONTINGENCIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 534,191</u>	<u>\$ 305,255</u>	<u>\$ 190,427</u>	<u>\$ 108,947</u>

(1) Level of Budget Appropriation

<u>Other</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
\$ 4,453	\$ 513,960		\$ 535,429	
3,628	110,344		111,841	
-	-			
-	-			
-	-			
-	23,672		13,000	
-	-			
<u>8,081</u>	<u>647,975</u>	<u>519,483</u>	<u>660,270</u>	<u>(12,295)</u>
-	-		7,500	
-	-			
-	1,515			
-	-			
-	9,894			
1,663	198,358		186,596	
5,272	5,272		350,000	
-	-			
-	290,823		235,957	
<u>6,935</u>	<u>505,862</u>	<u>781,053</u>	<u>780,053</u>	<u>(274,191)</u>
-	-		-	-
-	-		-	-
-	-	140,787	-	-
<u>\$ 15,016</u>	<u>\$ 1,153,837</u>	<u>\$ 1,441,323</u>	<u>\$ 1,440,323</u>	<u>\$ (286,486)</u>

Notes to Financial Statements

GLENDALE CHARTER SCHOOL

Notes to the
Financial Statements

at

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Glendale Charter School (GCS) is a public benefit corporation formed for the purpose of operating a charter school. GCS entered into an agreement with Douglas County School District No. 77 (District), an Oregon common school district. The District has agreed to sponsor GCS as a charter school under the charter school laws of the State of Oregon, as provided in the 2004 charter for REC. Per the charter between the parties, the District actually serves as the employer for the employees assigned or on leave to perform services for GCS. GCS will reimburse the District for its payroll costs and related expenses. The GCS is governed by six community members, of which one member is the superintendent of the District. The entity is exempt from federal income tax under Code Section 501(c)(3). GCS is a component unit of Douglas County School District No. 77.

Basis of Accounting

The financial statements of GCS have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recognized when incurred.

Interfund Transactions

Expenses paid and revenues received by the District on behalf of the GCS are accounted for in the appropriate interfund receivable and payable accounts.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures for the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Glendale Charter School budgets and accounts for transaction in the following fund:

General Fund - The financial affairs of REC are funded through the General Fund, which receives its monies primarily from federal grants and state of Oregon basic school support. Expenditures from the General Fund are used for salaries employee benefits, purchased services, supplies and materials, capital outlay, and all other requirements.

Budgeting

The GCS budgets all funds as required by state law. The GCS appropriates the expenditures at the instruction, supporting services, and contingency levels. The District has incorporated the GCS budget in its budget process and complies with the Oregon Local Budget Law. The detailed budget document can be obtained through the Districts administration office.

GLENDALE CHARTER SCHOOL

Notes to the
Financial Statements

at

June 30, 2018

3. ACCOUNTS PAYABLE

Expenses paid by the District on behalf of the GCS during the current fiscal year have been accrued and reflected as a liability in the balance sheet.

4. BUDGET APPROPRIATIONS

There following budget appropriations made for the 17-18 year:

	Original Budget	Change	Final Budget
Charter Fund #702			
1000 Instructional Services	\$ 519,483	\$ 140,787	\$ 660,270
6000 Operating Contingency	140,787	(140,787)	-



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Glendale Charter School
PO Box E
Glendale, OR 97442

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 basic financial statements of Glendale Charter School, as of and for the year ended June 30, 2018, and have issued our report thereon dated October 22, 2018.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment •Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation.

In connection with our testing, except for the following paragraph, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Independent Auditor's Report Required
By Oregon State Regulations

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of Glendale Charter School and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Neuner Davidson & Co
Certified Public Accountants

Jeffrey R. Cooley, CPA
Roseburg, Oregon
October 24, 2018



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
Glendale Charter School
Glendale, OR 97422

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glendale Charter School, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise of Glendale Charter School's basic financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control over Financial Reporting

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


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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Neuner Davidson & Co." is written over a horizontal line.

Neuner Davidson & Co
Roseburg, Oregon
October 24, 2018