

REPORT ON STATE COMPLIANCE

Independent Auditor's Report

To the Board of Directors of
New Opportunities Charter School
Los Angeles, California

Report on State Compliance

We have audited New Opportunities Charter School's (the "Charter's") compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of the Charter's state programs for the fiscal year ended June 30, 2016, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the Charter'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 compliance with the requirements referred to above. However, our audit does not provide a legal determination of the Charter's compliance with those requirements.

Opinion on State Compliance

In our opinion, New Opportunities Charter School complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2016.

Procedures Performed

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

Description	Procedures Performed
California Clean Energy Jobs Act	No, see below
After School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Immunizations	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No, see below

The Charter did not receive or spend any California Clean Energy Jobs Act funds during the current year, therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

The Charter did participate in the After School Education and Safety (ASES) Program during the current year, therefore, we did not perform any procedures related to the ASES Program.

The Charter did not receive or spend any California School Facility Grant Program funds during the current year, therefore, we did not perform any procedures related to the California School Facility Grant Program.

WDL, Certified Public Accountant

San Diego, California
December 2, 2016

Schedule of Findings and Questioned Costs

NEW OPPORTUNITIES CHARTER SCHOOL

Summary of Auditors' Results

June 30, 2016

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

*Not applicable because the Charter did not expend \$500,000
in federal expenditures in fiscal year 2015-16.*

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

NEW OPPORTUNITIES CHARTER SCHOOL
Financial Statement Findings
June 30, 2016

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings noted in the 2015-16 fiscal year.

**NEW OPPORTUNITIES CHARTER SCHOOL
State Award Findings and Questioned Costs
For the Year Ended June 30, 2016**

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
70000	Internal Control

There were no state award findings noted in the 2015-16 fiscal year.

NEW OPPORTUNITIES CHARTER SCHOOL
Summary Schedule of Prior Audit Findings and Questioned Costs
June 30, 2016

FINDING 2015-1 - ATTENDANCE (10000)

Criteria: Regular class attendance submitted to the California Department of Education should reconcile to the supporting documents that support the local education agency's Average Daily Attendance in accordance with California Education Code Section 46000 et seq.

Condition: Through our testing of attendance, we sampled 350 student attendance days and found 39 instances (39 days of overstatement) in which records were not on file to support pupils' attendance as claimed or, alternatively, supported attendance that was not claimed. The 39 days of overstatement resulted from discrepancies between the attendance claimed at P-2 and the signed teacher rosters on file to support daily attendance.

Cause: Source documents of attendance were not properly organized and maintained for the 2014-15 fiscal year.

Effect: 39 attendance days were overstated as tested. Given 149 days in the 2014-15 P-2 attendance period and a 2014-15 adjusted base revenue limit per ADA of \$8,712, the fiscal impact of the ADA overstatement is .26 ADA or \$2,265.12.

Questioned Costs: The .26 ADA in question resulted in an overstatement of apportionment funding in the amount of \$2,265.12. The Charter performed a thorough analysis of the overstatement and determined to reduce P2 ADA by 1.56 in order to correct for the attendance discrepancies noted in this finding, as well as additional net overstatement determined through the analysis.

Recommendation: We recommend that the Charter revise the P2 and Annual attendance reports to accurately account for the reduced apportionment. Attendance personnel should implement a system to verify that all claimed attendance is properly supported by source documentation.

Current Year Status: Implemented.