



**(Mare Island Technology Academy – Middle School)
(MIT Academy – High School)**

**Audited Financial Statements and
Independent Auditor's Report
For the Year Ended
June 30, 2015**

MARE ISLAND TECHNOLOGY ACADEMY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mare Island Technology Academy
Vallejo, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Mare Island Technology Academy (the Academy), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2015, 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.

Auditor's Responsibility

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

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

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

Board of Directors
Mare Island Technology Academy
Vallejo, CA

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the Academy as of June 30, 2015, 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 Academy's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 16, 2015 on our consideration of the Academy'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
November 16, 2015

MARE ISLAND TECHNOLOGY ACADEMY

STATEMENT OF FINANCIAL POSITION
June 30, 2015

	Middle School	High School	Eliminations	Total
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,963,816	\$ 1,897,218	\$ -	\$ 3,861,034
Accounts receivable - state and local governments	354,285	255,270	-	609,555
Due from other funds	-	487,821	(487,821)	-
Total current assets	2,318,101	2,640,309	(487,821)	4,470,589
LONG-TERM ASSETS:				
Property, plant and equipment, net	1,191,122	1,176,685	-	2,367,807
Total long-term assets	1,191,122	1,176,685	-	2,367,807
Total assets	\$ 3,509,223	\$ 3,816,994	\$ (487,821)	\$ 6,838,396
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 87,986	\$ 78,974	\$ -	\$ 166,960
Amounts held for others	-	53,187	-	53,187
Due to other funds	487,821	-	(487,821)	-
Total current liabilities	575,807	132,161	(487,821)	220,147
NET ASSETS:				
Unrestricted	2,879,167	3,631,865	-	6,511,032
Temporarily restricted	54,249	52,968	-	107,217
Total net assets	2,933,416	3,684,833	-	6,618,249
Total liabilities and net assets	\$ 3,509,223	\$ 3,816,994	\$ (487,821)	\$ 6,838,396

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

MARE ISLAND TECHNOLOGY ACADEMY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

	Middle School	High School	Total
UNRESTRICTED REVENUES:			
State revenue:			
State aid	\$ 2,310,698	\$ 2,355,889	\$ 4,666,587
Other state revenue	488,331	332,161	820,492
Federal revenue:			
Grants and entitlements	574,610	478,427	1,053,037
Local revenue:			
In-lieu property tax revenue	613,854	538,308	1,152,162
Interest income	7,272	7,982	15,254
Other revenue	32,711	41,941	74,652
Total revenues	4,027,476	3,754,708	7,782,184
EXPENSES:			
Program services	2,808,911	2,472,044	5,280,955
Management and general	1,108,640	863,346	1,971,986
Total expenses	3,917,551	3,335,390	7,252,941
Change in unrestricted net assets	109,925	419,318	529,243
Beginning unrestricted restricted net assets	2,769,242	3,212,547	5,981,789
Ending unrestricted restricted net assets	2,879,167	3,631,865	6,511,032
TEMPORARILY RESTRICTED NET ASSETS:			
Change in temporarily restricted net assets	-	-	-
Beginning temporarily restricted net assets	54,249	52,968	107,217
Ending temporarily restricted net assets	54,249	52,968	107,217
Change in total net assets	109,925	419,318	529,243
Beginning total net assets	2,823,491	3,265,515	6,089,006
Ending total net assets	\$ 2,933,416	\$ 3,684,833	\$ 6,618,249

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

MARE ISLAND TECHNOLOGY ACADEMY

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015**

	<u>Middle School</u>	<u>High School</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS from OPERATING ACTIVITIES:				
Change in net assets	\$ 109,925	\$ 419,318	\$ -	\$ 529,243
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation	70,152	70,098	-	140,250
Change in operating assets:				
Accounts receivable - state and local governments	142,654	168,634	-	311,288
Due from other funds	-	(12,817)	12,817	-
Change in operating liabilities:				
Accounts payable and accrued liabilities	(13,898)	(4,807)	-	(18,705)
Due to other funds	12,817	-	(12,817)	-
Amount held for others	-	(4,323)	-	(4,323)
Net cash flows from operating activities	321,650	636,103	-	957,753
Net change in cash and cash equivalents	321,650	636,103	-	957,753
Cash and cash equivalents at the beginning of the year	1,642,166	1,261,115	-	2,903,281
Cash and cash equivalents at the end of the year	\$ 1,963,816	\$ 1,897,218	\$ -	\$ 3,861,034

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

MARE ISLAND TECHNOLOGY ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program	Management	Total
	Services	and General	Expenses
Salaries and wages	\$ 3,030,584	\$ 1,298,822	\$ 4,329,406
Pension expense	245,875	105,375	351,250
Other employee benefits	380,573	163,103	543,676
Payroll taxes	185,222	-	185,222
Legal expenses	-	24,780	24,780
Other fees for services	290,994	-	290,994
Office expenses	-	315,601	315,601
Printing and postage expenses	54,350	-	54,350
Information technology expenses	69,813	-	69,813
Occupancy expenses	163,427	-	163,427
Travel expenses	46,952	-	46,952
Depreciation expense	140,250	-	140,250
Insurance expense	-	64,305	64,305
Instructional materials	221,978	-	221,978
Other expenses	450,937	-	450,937
	<u>\$ 5,280,955</u>	<u>\$ 1,971,986</u>	<u>\$ 7,252,941</u>

MARE ISLAND TECHNOLOGY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Mare Island Technology Academy (the Academy) is a California nonprofit public benefit corporation. The Academy is comprised of two charters and is designed to meet the educational needs of Vallejo City. The Academy is funded principally through State of California public education monies received through the California Department of Education and the Vallejo City Unified School District.

Cash and Cash Equivalents – The Academy 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 other liabilities.

Functional Allocation of Expenses – Costs of providing the Academy'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.

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 Academy 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 Academy are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the Academy.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. As of June 30, 2015, the Academy had \$107,217 of temporarily restricted net assets.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the Academy. The Academy 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, 2015. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

MARE ISLAND TECHNOLOGY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Compensated Absences – The Academy does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2015.

Revenue Recognition – Amounts received from the California Department of Education are recognized as revenue by the Academy 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 promises to give. 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 Academy is a non-profit 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 Academy 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.

Allocations Between Charter Schools – For the year ended June 30, 2015, the Academy has chosen to identify each charter school separately within the basic financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

Evaluation of Subsequent Events – The Academy has evaluated subsequent events through November 16, 2015, the date these financial statements were available to be issued.

MARE ISLAND TECHNOLOGY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015

NOTE 2: CONCENTRATION OF CREDIT RISK

The Academy maintains its cash in bank deposit accounts at one institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015, there were no deposits in excess of the FDIC limit amount.

The Academy maintains cash in the Solano County Treasury (The County). The County pools these funds with those of other educational organizations in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The fair market value of the Academy's deposits in this pool as of June 30, 2015, as provided by the pool sponsor, was approximately \$3,400,000. 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.

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

State Teachers' Retirement System (STRS)

Plan Description

The Academy contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2014, total plan net assets are \$191 billion, the total actuarial present value of accumulated plan benefits is \$287 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5% funded. The Academy did not contribute more than 5% of the total contributions to the plan.

MARE ISLAND TECHNOLOGY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: EMPLOYEE RETIREMENT

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

Funding Policy

Active plan members are required to contribute 8.15% of their salary and the Academy 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 year ended June 30, 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2013	\$ 203,699	100%
2014	\$ 232,147	100%
2015	\$ 263,223	100%

Public Employees' Retirement System (PERS)

Plan Description

The Academy 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. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2014, the Schools Pool total plan assets are \$56.8 billion, the total actuarial present value of accumulated plan benefits is \$76.9 billion, contributions from all employers totaled \$1.2 billion, and the plan is 86.6% funded. The Academy 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.

MARE ISLAND TECHNOLOGY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: EMPLOYEE RETIREMENT

Funding Policy

Active plan members 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 Academy 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, 2015 was 11.771%. The contribution requirements of the plan members are established and may be amended by State statute.

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

Year Ended June 30,	Required Contribution	Percent Contributed
2013	\$ 72,869	100%
2014	\$ 69,118	100%
2015	\$ 88,028	100%

NOTE 4: PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The Academy capitalizes all expenditures in excess of \$1,000. Depreciation expense was \$140,250 as of June 30, 2015.

The components of property, plant, and equipment as of June 30, 2015 are as follows:

	<u>Middle School</u>	<u>High School</u>	<u>Total</u>
Buildings	\$ 1,837,899	\$ 1,836,955	\$ 3,674,854
Building improvements	153,353	146,507	299,860
Computers and equipment	32,762	31,874	64,636
Subtotal	2,024,014	2,015,336	4,039,350
Less: accumulated depreciation	(832,892)	(838,651)	(1,671,543)
Total	<u>\$ 1,191,122</u>	<u>\$ 1,176,685</u>	<u>\$ 2,367,807</u>

MARE ISLAND TECHNOLOGY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 5: TRANSACTIONS WITH THE BOARD OF EDUCATION

The Academy has a ground lease agreement with the Board of Education for forty years. The lease renews every five years coterminous with the middle school charter. Under the lease the Academy was granted the use of the land at one (\$1) dollar per annum. The actual rental value of the land has not been determined or recorded in the financial statements. The lease is subject to renewal by July 31, 2042.

NOTE 6: RELATED PARTY TRANSACTIONS

The Academy has a related party not-for-profit organization named Friends of Mare Island Technology Academy that shares several board members with the Academy. The financial activity of this organization has not been consolidated into these financial statements on the basis of materiality to the Academy.

NOTE 7: CONTINGENCIES

The Academy 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

MARE ISLAND TECHNOLOGY ACADEMY

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
For the Year Ended June 30, 2015**

The Academy operates two schools: Mare Island Technology Academy High School, for grades 9 through 12, and Mare Island Technology Middle School, for grades 6 through 8. Both schools are included as the Mare Island Technology Academy reporting entity.

Both charters were approved in 1999 by the Board of Education of the Vallejo City Unified School District (the District), pursuant to the terms of Charter Schools Act of 1992 as amended.

The District has granted the Middle School charter through June 30, 2017 and the High School charter through June 30, 2016. The charters may be revoked by the District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Middle School charter number is 0181. High School charter number is 0372.

The Board of Directors and the Administrators as of the year ended June 30, 2015 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Bonnie Katz	President	November 2016
Lynne Vaughan	Chairperson	November 2017
Jaime Guzman	Treasurer	November 2015
Gary Williams	Secretary	November 2017
Debbie Lamb	Member	November 2017
James Shorter	Member	November 2015
Andrea Wynn-Walker	Member	November 2016
Cheri Summers	VCUSD Member	June 2015

ADMINISTRATORS

Matt Smith	Superintendent/Director
Alex Insaurralde	Chief Academic Officer
Anne Clark	Director of Operations

MARE ISLAND TECHNOLOGY ACADEMY

**SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2015**

	Instructional Minutes			Instructional Days	Status
	Requirement	Reduced	Actual		
Middle School:					
Grade 6	54,000	52,457	70,029	178	In compliance
Grade 7	54,000	52,457	70,029	178	In compliance
Grade 8	54,000	52,457	70,029	178	In compliance
High School:					
Grade 9	64,800	62,949	70,029	178	In compliance
Grade 10	64,800	62,949	70,029	178	In compliance
Grade 11	64,800	62,949	70,029	178	In compliance
Grade 12	64,800	62,949	70,029	178	In compliance

See auditor's report and the notes to the supplementary information.

MARE ISLAND TECHNOLOGY ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2015

	Second Period Report		Annual Report	
	Classroom		Classroom	
	Based	Total	Based	Total
Middle School:				
Grade 6	120.86	121.13	120.54	120.88
Grades 7-8	<u>292.65</u>	<u>295.63</u>	<u>290.89</u>	<u>293.82</u>
Subtotal	<u>413.51</u>	<u>416.76</u>	<u>411.43</u>	<u>414.70</u>
High School:				
Grades 9-12	<u>357.27</u>	<u>365.47</u>	<u>340.35</u>	<u>347.53</u>
Subtotal	<u>357.27</u>	<u>365.47</u>	<u>340.35</u>	<u>347.53</u>
ADA Totals	<u><u>770.78</u></u>	<u><u>782.23</u></u>	<u><u>751.78</u></u>	<u><u>762.23</u></u>

See auditor's report and the notes to the supplementary information.

MARE ISLAND TECHNOLOGY ACADEMY

**RECONCILIATION OF ANNUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

	<u>Middle School</u>	<u>High School</u>	<u>Total</u>
June 30, 2015 Annual Financial Report Fund Balances (Net Assets)	\$ 2,939,645	\$ 3,684,491	\$ 6,624,136
Adjustments and Reclassifications:			
Increasing (Decreasing) the Fund Balance (Net Assets):			
Property, plant and equipment, net	<u>(6,229)</u>	<u>342</u>	<u>(5,887)</u>
Net Adjustments and Reclassifications	<u>(6,229)</u>	<u>342</u>	<u>(5,887)</u>
June 30, 2015 Audited Financial Statement Fund Balances (Net Assets)	<u>\$2,933,416</u>	<u>\$3,684,833</u>	<u>\$6,618,249</u>

See auditor's report and the notes to the supplementary information.

MARE ISLAND TECHNOLOGY ACADEMY

**RECONCILIATION OF NET ASSETS TO
GENERAL FUND BALANCE
For the Year Ended June 30, 2015**

	<u>Middle School</u>	<u>High School</u>	<u>Total</u>
June 30, 2015 Audited Financial Statement Fund Balances (Net Assets)	\$2,933,416	\$3,684,833	\$6,618,249
Increasing (Decreasing) the Fund Balances (Net Assets):			
Capital Assets, net	<u>(1,191,122)</u>	<u>(1,176,685)</u>	<u>(2,367,807)</u>
Net Adjustments	<u>(1,191,122)</u>	<u>(1,176,685)</u>	<u>(2,367,807)</u>
June 30, 2015 General Fund Balances (Net Assets)	<u><u>\$1,742,294</u></u>	<u><u>\$2,508,148</u></u>	<u><u>\$4,250,442</u></u>

See auditor's report and the notes to the supplementary information.

MARE ISLAND TECHNOLOGY ACADEMY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Middle School	High School	Total Federal Expenditures
<i>U.S. Department of Education:</i>					
Pass Through Program From					
California Department of Education:					
No Child Left Behind Act					
Title I, Part A, Basic Grants					
Low-Income and Neglected	84.010	14329	\$ 111,054	\$ 80,274	\$ 191,328
Title I, Part G, Baccalaureate Test	84.330	14831		\$ 481	\$ 481
Title II, Part A, Teacher Quality	84.367	14341	2,009	1,526	3,535
Title III, Limited English Proficiency	84.365	14346	2,700	966	3,666
Title III, Immigrant Education Program	84.365A	15146	279	-	279
Los Angeles Health and Fitness Project	84125F	N/A	23,327	-	23,327
21st Century Community Learning Centers Program	84.287	14349	258,030	-	258,030
21st Century Community Learning Centers - High School ASSETs	84.287	14535	-	250,000	250,000
Special Education: IDEA Basic Local Assistance					
Entitlement, Part B, Section 611	84.027	13379	53,980	44,354	98,334
<i>Total U.S Department of Education</i>			<u>451,379</u>	<u>377,601</u>	<u>828,980</u>
<i>U.S. Department of Agriculture:</i>					
Pass Through Program From California Department of Education:					
Child and Adult Care Food Program	10.558	N/A	24,896	20,370	45,266
Child Nutrition Programs	10.555	N/A	98,335	80,456	178,791
<i>Total U.S Department of Agriculture</i>			<u>123,231</u>	<u>100,826</u>	<u>224,057</u>
Total Federal Expenditures			<u>\$ 574,610</u>	<u>\$ 478,427</u>	<u>\$ 1,053,037</u>

See auditor's report and the notes to the supplementary information.

MARE ISLAND TECHNOLOGY ACADEMY
NOTES TO THE SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time

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

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of Academy. 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.

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 financial statements.

Reconciliation of Net Assets to General Fund Balance

This schedule provides management with information necessary to determine the general fund balance under the modified accrual method of financial reporting.

Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs and is presented on the accrual basis of accounting.



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

Board of Directors
Mare Island Technology Academy
Vallejo, CA

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 Mare Island Technology Academy (the Academy), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2015, 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 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
November 16, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Board of Directors
Mare Island Technology Academy
Vallejo, CA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Mare Island Technology Academy (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy'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 for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Report on Internal Control Over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
November 16, 2015

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors
 Mare Island Technology Academy
 Vallejo, CA

We have audited Mare Island Technology Academy’s (the Academy) compliance with the types of compliance requirements described in the *2014-2015 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, 2015. The Academy’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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Academy’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 *2014-2015 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 Academy’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 Academy’s compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Academy’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:	
California Clean Energy Jobs Act	No ¹
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No ²
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

¹The Academy had no expenditures of California Clean Energy Jobs Act funding during the year ended June 30, 2015.

²We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Opinion on State Compliance

In our opinion, the Academy complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2015.

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 *2014-2015 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.



VICENTI, LLOYD & STUTZMAN LLP
 Glendora, CA
 November 16, 2015

MARE ISLAND TECHNOLOGY ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:
Material weakness(es) identified? *No*
Significant deficiencies identified that are
not considered to be material weakness(es)? *None Reported*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major programs:
Material weakness(es) identified? *No*
Significant deficiencies identified that are
not considered to be material weakness(es)? *None Reported*

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of (Circular A-133)? *No*

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287	Century 21 Asset Grant
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? *No*

MARE ISLAND TECHNOLOGY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

All audit findings must be identified as one or more of the following twelve 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, federal awards or state awards for June 30, 2015.

MARE ISLAND TECHNOLOGY ACADEMY

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

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