

Academy Charter High School  
of Monmouth County

Academy Charter High School  
Lake Como, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Academy Charter High School  
of Monmouth County

Lake Como, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

David P. Block  
School Business Administrator

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

# Academy Charter High School

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1725 Main Street

Lake Como, New Jersey 07719

Phone (732) 681-8377

December 3, 2014

Board of Trustees  
Academy Charter High School  
County of Monmouth, New Jersey

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Academy Charter High School (the "Charter School") for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2014 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials and independent auditors and advisors. The Financial Section includes the basic financial statements and schedules and related footnotes, as well as the auditors' report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the New Jersey OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditors' report on the internal control over compliance and on compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

## **REPORTING ENTITY AND ITS SERVICES**

The Academy Charter High School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report. The Charter School constitutes the reporting entity. The Charter School provides a full range of educational services appropriate to grade levels 9 through 12. These include regular and Special Education. Enrollment dipped slightly from 2012-2013 with an average daily enrollment of 192.4 for 2013-2014.

## **MAJOR INITIATIVES**

- Academy Charter joined the TIF 4 grant through PICCS. TIF has the primary focus of implementing performance based pay. Through the grant, ACHS received services such as ELA consulting, math consulting, timetrack for administrators, PLC coaching, data services and Danielson training. All activities are focused on improving instruction and achievement.
- ACHS met the growth targets for ELA and math as established by the EASA waiver.
- ACHS met the graduation rate indicator as established by the EASA waiver.
- The relationship with Brookdale Community College was expanded to include the College Readiness Now program.
- All teachers completed SGOs. Their composite scores were calculated as follows: 60% Danielson rating 40% student growth
- The Board of Trustees approved a performance based pay salary structure which had been developed by a committee of teachers and administrators. This PBSS is effective as of the 2014-2015 school year.
- ACHS benefited from the completion of a direct install program which replaced lighting fixtures in the main building and four HVAC units.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived: and (2) The valuation costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the Charter School also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

### **BUDGETARY CONTROLS**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The object of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is presented in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no amounts to be reappropriated at June 30, 2014.

### **ACCOUNTING SYSTEM AND REPORTS**

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

### **DEBT ADMINISTRATION**

At June 30, 2014 the Charter School had no outstanding debt.

### **CASH MANAGEMENT**

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The Charter School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

### RISK MANAGEMENT

The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

### INDEPENDENT AUDIT:

The state statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, L.L.P. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit are included in the Single Audit Section of this report.

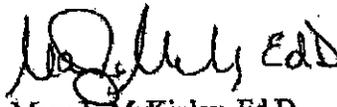
### ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board of Trustees of the Academy Charter High School for their concern in providing fiscal accountability to the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



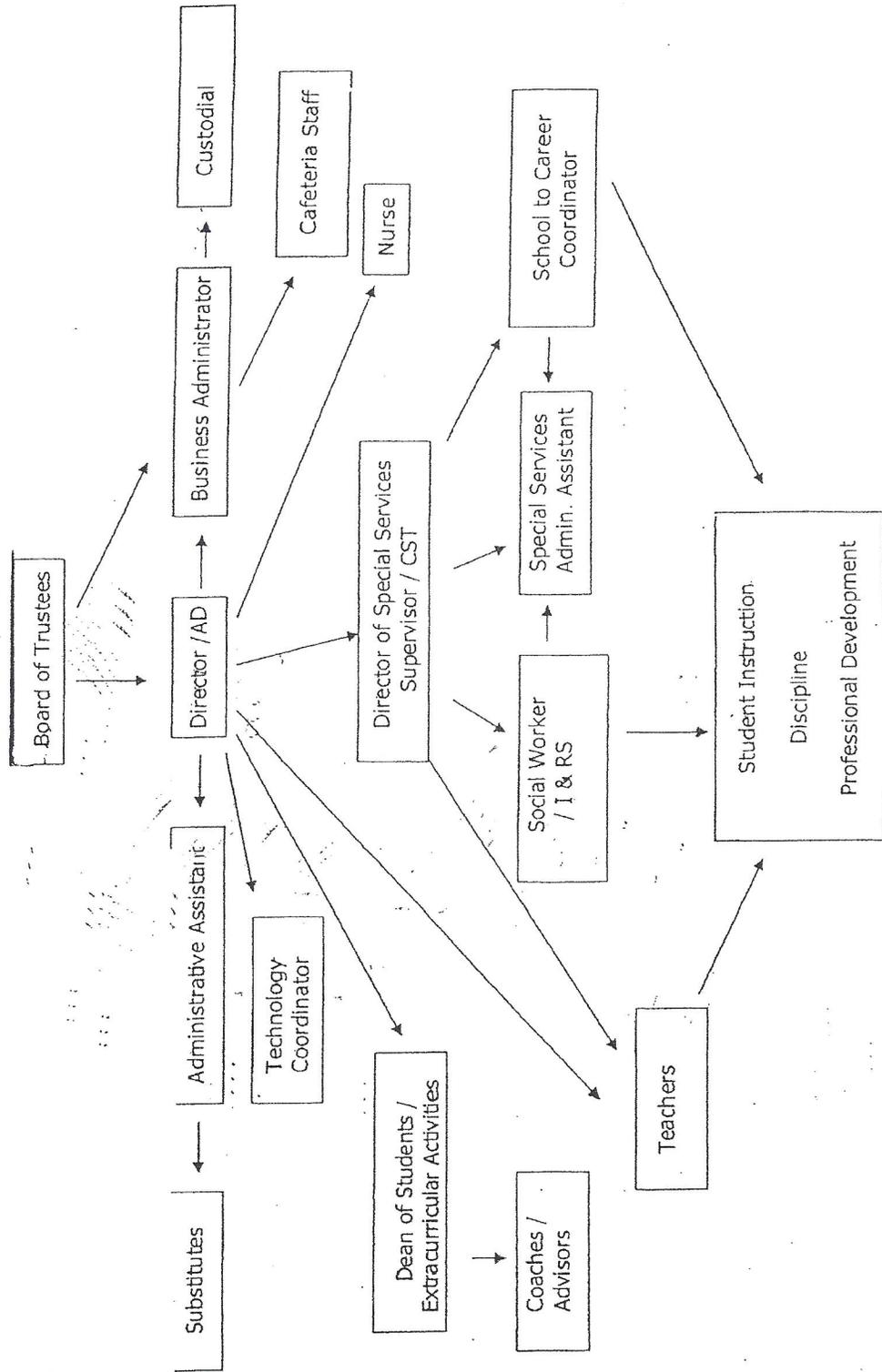
David P. Block  
School Business Administrator



Mary Jo McKinley, Ed.D.  
Charter School Director

# ACADEMY CHARTER HIGH SCHOOL

## ORGANIZATIONAL STRUCTURE



Integrity \*Respect\*Empathy\*Acceptance\*Community\*Honesty\*Focus\*Accountability\*Responsibility

Academy Charter High School  
Lake Como, New Jersey

Roster of Officials  
June 30, 2014

Members of the Board of Trustees

Richard Morales-Wright, President	Higher Education Representative
Kimberly Brock	Community Member
Frankie Winrow	Parent Representative
Mylo Wright	Parent Representative
Tasha Youngblood-Brown	Community Member

Other Officials

Mary Jo McKinley, Ed.D., Director  
David P. Block, School Business Administrator  
Sikemia Wright, Board Secretary/Business Manager  
Frederick Neimann, Esq., Board Attorney

Academy Charter High School  
Consultants and Advisors

Audit Firm

Kathryn Perry, CPA  
Jump, Perry and Company, L.L.P.  
12 Lexington Avenue  
Toms River, New Jersey 08753

Attorney

Hanlon & Neimann  
3499 Route 9 North  
Freehold, New Jersey 07728

Official Depositories

Wells Fargo Bank

FINANCIAL SECTION

# **JUMP, PERRY AND COMPANY, L.L.P.** CERTIFIED PUBLIC ACCOUNTANTS

12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

## INDEPENDENT AUDITORS' REPORT

Honorable President and  
Members of the Board of Trustees  
Academy Charter High School:  
County of Monmouth  
Lake Como, New Jersey

### **Report of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

### **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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School in the County of Monmouth, State of New Jersey as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-21 and 50-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy Charter High School's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state 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 and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2014 on our consideration of the Academy Charter High School in the County of Monmouth, State of New Jersey 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 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 Academy Charter High School in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

Jump, Perry and Company L.L.P.  
Toms River, NJ



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

December 1, 2014

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Academy Charter High School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

The discussion and analysis of Academy Charter High School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

In total, net position totaled \$1,082,923, which represents a 10.92 percent increase from 2013.

General revenues accounted for \$3,445,027 in revenue or 87.51 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$491,741 or 12.49 percent of total revenues of \$3,936,768.

Total assets increased by \$86,631 as cash and cash equivalents increased by \$223,262, receivables decreased by \$(111,121) and capital assets decreased by \$(25,510).

The Charter School had \$3,830,193 in expenses; only \$491,741 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants) of \$3,445,027 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,693,174 in revenues and \$3,561,089 in expenditures and transfers. The General Fund's balance increased \$132,085 over 2013. The General Fund's balance is \$442,292.

**Using this Comprehensive Annual Financial Report (CAFR)**

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy Charter High School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School, presenting both an aggregate view of the Charter School's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Academy Charter High School, the General Fund is by far the most significant.

## **Reporting the Charter School as a Whole**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the Charter School to provide programs and activities viewing the Charter School as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2014." The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it reports whether the Charter School's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

**Governmental Activities** - All of the Charter School's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities and extracurricular activities.

**Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

### **Reporting the Charter School's Most Significant Funds**

#### **Fund Financial Statement**

The Analysis of the Charter School's major funds begins on page 25. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

#### **Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

#### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities. The reporting of this fund did not make a change with the conversion to GASB 34.

## The Charter School as a Whole

The Statement of Net Position provides the financial perspective of the Charter School as a whole.

Table 1 provides a summary comparison of the Charter School's net position for 2013 and 2014.

Table 1

Net Position as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 554,746	\$ 331,484
Receivables, Net	105,428	216,549
Capital Assets, Net	<u>640,631</u>	<u>666,141</u>
<b>Total Assets</b>	<u>1,300,805</u>	<u>1,214,174</u>
<b>Liabilities:</b>		
Due to Other Governments	216,180	237,826
Unearned Revenue	<u>1,702</u>	<u>-</u>
<b>Total Liabilities</b>	<u>217,882</u>	<u>237,826</u>
<b>Net Position:</b>		
Invested in Capital Assets, Net of Related Debt	640,631	666,141
Restricted for:		
Other Purposes	217,823	171,687
Unrestricted	<u>224,469</u>	<u>138,520</u>
<b>Total Net Position</b>	<u>\$ 1,082,923</u>	<u>\$ 976,348</u>

The Charter School's combined net position was \$1,082,923 on June 30, 2014. This is a change of 10.92% from the previous year.

Table 2 provides a comparison analysis of Charter School-wide changes in net position from fiscal years 2013 and 2014.

Table 2

Changes in Net Position

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 994	\$ 1,068
Operating Grants and Contributions	490,747	238,441
Capital Grants and Contributions	-	-
General Revenues:		
Tuition charges	719,454	826,275
Grants and Entitlements	2,530,762	2,755,354
Other	<u>194,811</u>	<u>63,286</u>
 Total Revenues	 <u>3,936,768</u>	 <u>3,884,424</u>
<u>Program Expenses</u>		
Instruction	1,343,028	1,673,809
Support Services:		
School support services	710,993	624,030
General Administration, Business Operations and Maintenance of Facilities	1,635,938	1,252,605
Pupil Transportation	27,121	-
Food Service	<u>113,113</u>	<u>111,062</u>
 Total Expenses	 <u>3,830,193</u>	 <u>3,661,506</u>
 Increase in Net Position	 <u>\$ 106,575</u>	 <u>\$ 222,918</u>

**Government Activities**

The tuition portion paid by the sending district's made up 18.31% of revenues for governmental activities for the fiscal year 2014. The Charter School's total revenues were \$3,930,236 for the year ended June 30, 2014. Federal, state and local grants accounted for another 81.69%.

The total cost of all programs and services was \$3,717,080. Instruction and instruction direct support comprises 55.26% of the Charter School's expenses.

## Expenses for Fiscal Year 2014

### Business-Type Activities

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services.

Food service expenses exceeded revenues by \$106,581.

Charges for services represent \$994 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$5,538.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the Charter School's sending districts and state government by each of these functions.

Table 3

#### Governmental Activities

	<u>2014</u>		<u>2013</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 1,343,028	\$ 1,212,739	\$ 1,673,809	\$ 1,609,975
Support Services:				
School support services	710,993	604,220	624,030	624,030
General Administration, Business Operation and Maintenance of Facilities	1,387,791	1,387,791	1,252,605	1,153,971
Non-budgeted expenditures	248,147	-	-	-
Pupil Transportation	<u>27,121</u>	<u>27,121</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 3,717,080</u>	<u>\$ 3,231,871</u>	<u>\$ 3,550,444</u>	<u>\$ 3,387,976</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the Charter School which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the Charter School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**The Charter School's Funds**

Information about the Charter School's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,930,236 and expenditures of \$3,691,570. The net positive change in fund balance for the year was most significant in the General Fund, a increase of \$132,085.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2014, and the amount and percentage of increase and increases in relation to prior-year revenues.

<u>Revenue</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 914,265	23.26 %	\$ 24,703	20.11 %
State Sources	2,778,909	70.71	23,555	19.17
Federal Sources	<u>237,062</u>	<u>6.03</u>	<u>74,594</u>	<u>60.72</u>
Total	\$ <u>3,930,236</u>	<u>100.00 %</u>	\$ <u>122,852</u>	<u>100.00 %</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2014.

<u>Expenditures</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 1,343,028	36.38 %	\$ 56,071	42.96 %
Undistributed Expenditures	2,248,924	60.92	4,053	3.11
Capital Outlay	<u>99,618</u>	<u>2.70</u>	<u>70,386</u>	<u>53.93</u>
Total	\$ <u>3,691,570</u>	<u>100.00 %</u>	\$ <u>130,510</u>	<u>100.00 %</u>

### General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2014, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

- Changes to enrollment
- Staffing changes based on student needs.
- Changes in appropriations to prevent budget overruns.

While the Charter School final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$132,085 surplus.

Actual revenues were \$3,693,174.  
Actual expenditures and transfers were \$3,561,089.

### Capital Assets

At the end of the fiscal year 2014, the School Charter School had \$640,631 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Building deposit	\$ 367,000	\$ 367,000
Site Improvements	132,691	139,284
Machinery and Equipment	<u>140,940</u>	<u>159,857</u>
Total	<u>\$ 640,631</u>	<u>\$ 666,141</u>

Overall capital assets decreased \$(25,510) from fiscal year 2013 to 2014.

**For the Future**

The Academy Charter High School is in excellent financial position.

The Charter School has been diligent in its efforts to maintain enrollment.

The Charter School Board of Trustees practices long-term financial planning. The Charter School is proud of its system for financial planning, budgeting, and internal financial controls.

**Contacting the School Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator at Academy Charter High School, 1725 Main Street, Lake Como, NJ 07719.

BASIC FINANCIAL STATEMENTS

Exhibit A-1

ACADEMY CHARTER HIGH SCHOOL  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 554,746	\$ -	\$ 554,746
Receivables - state	10,048	-	10,048
Receivables - federal	95,380	-	95,380
Capital assets, net:	640,631	-	640,631
Total assets	1,300,805	-	1,300,805
<b>LIABILITIES</b>			
Payable to state government	114,693	-	114,693
Payable to other governments	101,487	-	101,487
Unearned revenue	1,702	-	1,702
Total liabilities	217,882	-	217,882
<b>NET POSITION</b>			
Net investments in capital assets	640,631	-	640,631
Restricted for:			
Other purposes	217,823	-	217,823
Unrestricted	224,469	-	224,469
Total net position	\$ 1,082,923	\$ -	\$ 1,082,923

See accompanying notes to financial statements.

ADADEMY CHARTER HIGH SCHOOL  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 1,343,028	\$ -	\$ 130,289	\$ -	\$ (1,212,739)	\$ -	\$ (1,212,739)
Support services and undistributed costs:							
Support services	710,993	-	106,773	-	(604,220)	-	(604,220)
Pupil transportation	27,121	-	-	-	(27,121)	-	(27,121)
Administrative	1,387,791	-	-	-	(1,387,791)	-	(1,387,791)
Non-budgeted expenditures	248,147	-	248,147	-	-	-	-
Total governmental activities	<u>3,717,080</u>	<u>-</u>	<u>485,209</u>	<u>-</u>	<u>(3,231,871)</u>	<u>-</u>	<u>(3,231,871)</u>
Business-type activities:							
Food Service	113,113	994	5,538	-	-	(106,581)	(106,581)
Total business-type activities	<u>113,113</u>	<u>994</u>	<u>5,538</u>	<u>-</u>	<u>-</u>	<u>(106,581)</u>	<u>(106,581)</u>
Total primary government	<u>\$ 3,830,193</u>	<u>\$ 994</u>	<u>\$ 490,747</u>	<u>\$ -</u>	<u>(3,231,871)</u>	<u>(106,581)</u>	<u>(3,338,452)</u>
<b>General revenues:</b>							
					719,454	-	719,454
					2,530,762	-	2,530,762
					194,811	-	194,811
Total general revenues, special items, extraordinary items and transfers					<u>3,445,027</u>	<u>-</u>	<u>3,445,027</u>
<b>Change in net position before transfers</b>					213,156	(106,581)	106,575
<b>Transfers</b>					<u>(106,581)</u>	<u>106,581</u>	<u>-</u>
<b>Change in net position after transfers</b>					106,575	-	106,575
<b>Net position-beginning</b>					976,348	-	976,348
<b>Net position-ending</b>					<u>\$ 1,082,923</u>	<u>\$ -</u>	<u>\$ 1,082,923</u>

ACADEMY CHARTER HIGH SCHOOL  
Balance Sheet  
Governmental Funds  
June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 648,424	\$ -	\$ 648,424
Receivables from state	10,048	-	10,048
Receivables from federal	-	95,380	95,380
Total assets	<u>658,472</u>	<u>95,380</u>	<u>753,852</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Cash overdraft	-	93,678	93,678
Payable to state government	114,693	-	114,693
Payable to other governments	101,487	-	101,487
Deferred revenue	-	1,702	1,702
Total liabilities	<u>216,180</u>	<u>95,380</u>	<u>311,560</u>
Fund Balances:			
Assigned to:			
Designated by the BOE for subsequent year's expenditure	217,823	-	217,823
Unassigned to:			
General fund	224,469	-	224,469
Special revenue fund	-	-	-
Total fund balances	<u>442,292</u>	<u>-</u>	<u>442,292</u>
Total liabilities and fund balances	<u>\$ 658,472</u>	<u>\$ 95,380</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,074,989 and the accumulated depreciation is \$434,358.			
			<u>640,631</u>
Net position of governmental activities			<u>\$ 1,082,923</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Tuition charges	\$ 719,454	\$ -	\$ 719,454
Prior year refunds	127,513	-	127,513
Miscellaneous	67,298	-	67,298
Total - Local sources	<u>914,265</u>	<u>-</u>	<u>914,265</u>
State sources	2,778,909	-	2,778,909
Federal sources	-	237,062	237,062
Total revenues	<u>3,693,174</u>	<u>237,062</u>	<u>3,930,236</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,212,739	130,289	1,343,028
Support services and undistributed costs:			
Support services	479,092	106,773	585,865
Pupil transportation	27,121	-	27,121
Administrative	1,387,791	-	1,387,791
Non-budgeted expenditures	248,147	-	248,147
Capital outlay	99,618	-	99,618
Total expenditures	<u>3,454,508</u>	<u>237,062</u>	<u>3,691,570</u>
Excess (Deficiency) of revenues over expenditures	<u>238,666</u>	<u>-</u>	<u>238,666</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(106,581)	-	(106,581)
Total other financing sources and uses	<u>(106,581)</u>	<u>-</u>	<u>(106,581)</u>
Net change in fund balances	132,085	-	132,085
Fund balance—July 1	310,207	-	310,207
Fund balance—June 30	<u>\$ 442,292</u>	<u>\$ -</u>	<u>\$ 442,292</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2014

<b>Total net change in fund balances - governmental funds (from B-2)</b>	<b>\$ 132,085</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (25,510)
Capital outlays	<u>          -</u>
	<u>          (25,510)</u>
<b>Change in net positions of governmental activities</b>	<b><u>          \$ 106,575</u></b>

See accompanying notes to financial statements.

**ACADEMY CHARTER HIGH SCHOOL**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-type Activities -</b>	
	<b>Enterprise Funds</b>	
	<b>Food</b>	<b>Totals</b>
	<b>Service</b>	<b>Totals</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Investments	-	-
Receivables from state	-	-
Receivables from federal	-	-
Receivables from other government	-	-
Other receivables	-	-
Inventories	-	-
Total current assets	-	-
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Furniture, machinery & equipment	-	-
Less accumulated depreciation	-	-
Total noncurrent assets	-	-
Total assets	\$ -	\$ -
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ -	\$ -
Interfund payable	-	-
Accrued salaries and benefits	-	-
Total current liabilities	-	-
Noncurrent Liabilities:		
Compensated absences	-	-
Total noncurrent liabilities	-	-
Total liabilities	-	-
<b>NET POSITION</b>		
Invested in capital assets net of related debt	-	-
Restricted for:		
Other	-	-
Unrestricted	-	-
Total net position	-	-
Total liabilities and net position	\$ -	\$ -

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
School lunch	994	994
Total daily sales reimbursable programs	<u>994</u>	<u>994</u>
Daily sales non-reimbursable programs	-	-
Special functions	-	-
Miscellaneous	-	-
Total operating revenues	<u>994</u>	<u>994</u>
Operating expenses:		
Salaries	12,000	12,000
Supplies and materials	6,524	6,524
Cost of sales	94,589	94,589
Total operating expenses	<u>113,113</u>	<u>113,113</u>
Operating income (loss)	<u>(112,119)</u>	<u>(112,119)</u>
Nonoperating revenues (expenses):		
State sources:		
Vending machine grant		-
State school lunch program	68	68
Federal sources:		
School breakfast program	1,761	1,761
National school lunch program	3,709	3,709
Food distribution program	-	-
Total nonoperating revenues (expenses)	<u>5,538</u>	<u>5,538</u>
Income (loss) before contributions & transfers	<u>(106,581)</u>	<u>(106,581)</u>
Transfers in (out)	106,581	106,581
Change in net position	-	-
Total net position—beginning	-	-
Total net position—ending	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
 Food Services Enterprise Fund  
 Combining Statement of Cash Flows  
 for the Fiscal Year ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 994	\$ 994
Payments to employees & benefits	(12,000)	(12,000)
Payments to suppliers	(101,113)	(101,113)
Net cash used in operating activities	<u>(112,119)</u>	<u>(112,119)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	68	68
Federal sources	5,470	5,470
Board interfund loans	106,581	106,581
Net cash provided by non-capital financing activities	<u>112,119</u>	<u>112,119</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in capital contributions	-	-
Purchases of capital assets	-	-
Gain/Loss on sale of fixed assets (proceeds)	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	-	-
Proceeds from sale/maturities of investments	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-
Balances—beginning of year	-	-
Balances—end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating loss	\$ (112,119)	\$ (112,119)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	-	-
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (112,119)</u>	<u>\$ (112,119)</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
Statement of Fiduciary Net Position  
June 30, 2014

	Scholarship Funds	Student Activity	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,383	\$ 4,975	\$ 115,521
Total assets	<u>1,383</u>	<u>4,975</u>	<u>115,521</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	-	-	115,521
Payable to student groups	-	4,975	-
Total liabilities	<u>-</u>	<u>4,975</u>	<u>115,521</u>
<b>NET POSITION</b>			
Reserved for scholarships	1,383	-	-
Total net position	<u>1,383</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 1,383</u>	<u>\$ 4,975</u>	<u>\$ 115,521</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2014

	Scholarship Funds
<b>ADDITIONS</b>	
Contributions:	
Board	\$ -
Other	159
Total Contributions	159
<b>DEDUCTIONS</b>	
Scholarships awarded	250
Administrative expenses	674
Total deductions	924
Change in net position	(765)
Net position—beginning of the year	2,148
Net position—end of the year	\$ 1,383

See accompanying notes to financial statements.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

**1. Description of the School District and Reporting Entity**

Academy Charter High School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. An Educational Director is appointed by the Board and is responsible for the administrative control of the Charter School.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the board exercises operating control. The operation of the Charter School is a middle school located in Red Bank. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**2. Summary of Significant Accounting Policies**

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with out contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

**A. Basis of Presentation**

The Charter School's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**1. District-Wide Statements**

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**A. Basis of Presentation (Cont'd)**

**1. District-Wide Statements (Cont'd)**

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

**2. Fund Financial Statements**

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**1. Governmental Funds**

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**B. Fund Accounting (Cont'd)**

**1. Governmental Funds (Cont'd)**

**General Fund** - The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as they resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**2. Proprietary Funds**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Charter School:

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

2. **Summary of Significant Accounting Policies (Cont'd)**

B. **Fund Accounting (Cont'd)**

2. **Proprietary Fund Type (Cont'd)**

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Charter School's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciated of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. There are no fixed assets within the proprietary funds.

3. **Fiduciary Funds**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Agency Funds** - Agency Funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**C. Measurement Focus**

**1. Charter School-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement on Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used to revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**D. Basis of Accounting (Cont'd)**

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive moneys under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2014, the Charter School had accounts payable of \$216,180 that represented amounts that had not been repaid based upon the current year final enrollment count.

In its accounting and final reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**E. Budgets/Budgetary Control (Cont'd)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

**F. Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$1,702 of encumbrances at June 30, 2014.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**G. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

**I. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

2. Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-40 years
Furniture and Equipment	5-10 years

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had no compensated absence liability at year end.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**2. Summary of Significant Accounting Policies (Cont'd)**

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

**M. Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**N. Unearned Revenue**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**O. Fund Equity**

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

**3. Deposits and Investments**

**Deposits**

The Charter School's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2014, the book value of the Board's deposits was \$676,625 and bank balances of the Charter School's cash and deposits amounted to \$835,550. Of the bank balances \$250,000 was covered by the FDIC. The Charter School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b>Bank Balance</b>
Insured	\$ 250,000
Uninsured and Collateralized	<u>585,550</u>
	<u>\$ 835,550</u>

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2014, \$250,000 of the Board's bank balances were not exposed to custodial credit risk. The remaining bank balances of \$585,550 were.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of American, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2014, the Charter School had no investments.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2014</u>
Not being depreciated			
Building Deposit	\$ 367,000	\$ -	\$ 367,000
Being Depreciated:			
Site Improvements	329,648	-	329,648
Machinery and Equipment	<u>378,341</u>	<u>-</u>	<u>378,341</u>
	1,074,989	-	1,074,989
Less: Accumulated Depreciation	<u>(408,848)</u>	<u>(25,510)</u>	<u>(434,358)</u>
Net Assets	<u>\$ 666,141</u>	<u>\$ (25,510)</u>	<u>\$ 640,631</u>

The proprietary fund type has no capital assets at June 30, 2014. Depreciation expense for governmental activities held assets was \$25,510 for 2014.

**5. Leasing Arrangements**

The School leases its facility under a non-cancelable operating lease. The lease in the monthly amount of \$30,556 with an annual basic rent of \$366,672 is for the term of four years with three five year renewals subject to school's charter renewal and terms of financing. The basic rent shall be increased each year of the initial term and each year of any applicable renewal year at a rate which will be the lesser of 3% or the change in the U.S. Department of Labor CPI. Total rental expense for the year ended June 30, 2014 was \$366,672.

**6. Pension Plans**

**Description of Plans:** Substantially all of the employees of the Charter School participate in either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund, defined benefit pension plans that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administration Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295 Trenton, New Jersey, 08625-0295.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

6. Pension Plans (Cont'd)

**Teachers' Pension and Annuity Fund (TPAF):** The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS):** The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions:** The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

6. Pension Plans (Cont'd)

**Significant Legislation:** Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2010, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2010, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2010, not more than 80 percent.

**Contribution Requirements:** The contribution policy is set by N.J.S.A 43:15A, Chapter 62, P.L. of 1994, Chapter 115 P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.64% of employees' annual covered salary. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2014	\$ 24,747	100 %
June 30, 2013	31,926	100 %
June 30, 2012	32,448	100 %

**Three-Year Trend Information for TPAF  
(Paid on-behalf of the Charter School)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2014	\$ 156,216	100 %
June 30, 2013	180,662	100 %
June 30, 2012	38,876	100 %

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2014

**6. Pension Plans (Cont'd)**

**Contribution Requirements (Cont'd)**

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Charter School \$91,931 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculate on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**7. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in the fiscal year 1994.

**8. Economic Dependency**

The Charter School receives its support from federal, state and local governments. A significant reduction in the level of support, if this were to occur, would have an impact on the Charter School's programs and activities.

**9. Deferred Compensation**

The Charter School offers its employees a choice of a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are solely the property of the participants. Accordingly, the plan assets are not reported as part of these financial statements. The plan administrator is the Equitable.

**10. Risk Management**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2014

**11. Interfund/Internal Balances and Transfers**

There were no interfund balance at June 30, 2014.

**12. Fund Balance Appropriated**

**General Fund** - Of the \$442,292 General Fund balance at June 30, 2014, there is a \$- assigned for encumbrances, \$217,823 has been assigned and included as anticipated revenue for the year ending June 30, 2015; therefore, \$224,469 is unassigned.

**13. Contingent Liabilities**

The Charter School is a party defendant in some lawsuits, none of a kind unusual for a Charter School of its size and scope of operation. In the opinion of the Charter School's Attorney the potential claims against the Charter School not covered by insurance policies would not materially affect the financial condition of the Charter School.

**14. Recent Pronouncements**

Both the provisions of GASB Statement No. 65 and the AICPA's "Clarity Standards" have been implemented for this report.

GASB to be implemented in the 2015 Fiscal Year: In June, 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27("GASB No. 68). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. the district has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

**15. Subsequent Events**

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 1, 2014. No such disclosures were required.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ACADEMY CHARTER HIGH SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Tuition charges	\$ 741,666	\$ 2,495	\$ 744,161	\$ 719,454	\$ (24,707)
Prior year refunds	-	-	-	127,513	127,513
Miscellaneous	5,000	(5,000)	-	67,298	67,298
Total - local sources	<u>746,666</u>	<u>(2,505)</u>	<u>744,161</u>	<u>914,265</u>	<u>170,104</u>
State sources:					
Equalization aid (Local levies - state share)	2,333,015	(65,511)	2,267,504	2,177,361	(90,143)
Special Education Aid	172,797	(8,153)	164,644	151,153	(13,491)
Security aid	91,691	(8,010)	83,681	79,888	(3,793)
Non-public transportation	-	129,360	129,360	122,360	(7,000)
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	97,035	97,035
TPAF pension (on-behalf - Non-budgeted)	-	-	-	59,181	59,181
TPAF social security (reimbursed - Non-budgeted)	-	-	-	91,931	91,931
Total state sources	<u>2,597,503</u>	<u>47,686</u>	<u>2,645,189</u>	<u>2,778,909</u>	<u>133,720</u>
<b>Total revenues</b>	<u>3,344,169</u>	<u>45,181</u>	<u>3,389,350</u>	<u>3,693,174</u>	<u>303,824</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Instruction:</b>					
Salaries of teachers	1,148,298	(15,808)	1,132,490	1,094,859	37,631
Other salaries for instruction	13,500	125	13,625	13,625	-
Purchased professional/ technical services	96,053	(63,775)	32,278	21,727	10,551
Other purchased services	21,616	-	21,616	20,797	819
General supplies	78,300	(2,540)	75,760	29,545	46,215
Textbooks	32,200	-	32,200	12,555	19,645
Miscellaneous expense	29,000	-	29,000	19,631	9,369
<b>Total instruction</b>	<u>1,418,967</u>	<u>(81,998)</u>	<u>1,336,969</u>	<u>1,212,739</u>	<u>124,230</u>
<b>Undistributed expenditures:</b>					
<b>Support services:</b>					
Salaries	368,627	(10,816)	357,811	355,576	2,235
Salaries of health services	62,762	(1,614)	61,148	60,898	250
Purchased professional/technical services	70,936	(14,216)	56,720	16,463	40,257
Other purchased services	14,604	-	14,604	14,209	395
Supplies and materials	53,120	(21,970)	31,150	30,598	552
Miscellaneous expense	1,000	450	1,450	1,348	102
<b>Total support services</b>	<u>571,049</u>	<u>(48,166)</u>	<u>522,883</u>	<u>479,092</u>	<u>43,791</u>
<b>Pupil transportation</b>					
Transportation - other than to/from school	22,000	9,855	31,855	27,121	4,734
<b>Total Transportation</b>	<u>22,000</u>	<u>9,855</u>	<u>31,855</u>	<u>27,121</u>	<u>4,734</u>
<b>Administrative:</b>					
Salaries - administration	242,475	80,262	322,737	319,154	3,583
Salaries - custodian	-	20,577	20,577	20,431	146
Total benefit costs	547,701	41,345	589,046	537,212	51,834
Purchased professional/technical services	80,340	(15,000)	65,340	59,475	5,865
Other purchased services	3,000	-	3,000	823	2,177
Rental of land and buildings	366,672	-	366,672	366,672	-
Insurance for property, liability and fidelity	66,074	(11,875)	54,199	52,924	1,275
Communications/telephone	19,018	267	19,285	17,786	1,499
Supplies and Materials	8,400	(267)	8,133	6,771	1,362
Miscellaneous expense	2,000	5,000	7,000	6,543	457
<b>Total administrative</b>	<u>1,335,680</u>	<u>120,309</u>	<u>1,455,989</u>	<u>1,387,791</u>	<u>68,198</u>
<b>On-behalf contributions:</b>					
On-behalf TPAF post-retirement medical (non-budgeted)	-	-	-	97,035	(97,035)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	59,181	(59,181)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	91,931	(91,931)
<b>Total on-behalf contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,147</u>	<u>(248,147)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>1,906,729</u>	<u>72,143</u>	<u>1,978,872</u>	<u>2,115,030</u>	<u>(136,158)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>3,347,696</u>	<u>-</u>	<u>3,347,696</u>	<u>3,354,890</u>	<u>(7,194)</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Non-instructional equipment	\$ 3,960	\$ -	\$ 3,960	\$ 3,461	\$ 499
Building maintenance	195,000	-	195,000	96,119	98,881
Other objects	2,200	-	2,200	38	2,162
Total budgeted capital outlay	<u>201,160</u>	<u>-</u>	<u>201,160</u>	<u>99,618</u>	<u>101,542</u>
<b>Total general fund</b>	<u>3,548,856</u>	<u>-</u>	<u>3,548,856</u>	<u>3,454,508</u>	<u>94,348</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(204,687)	45,181	(159,506)	238,666	398,172
<b>Other Financing Sources / Uses:</b>					
Operating transfer out - deficit in food service	-	-	-	106,581	(106,581)
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,581</u>	<u>(106,581)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(204,687)	45,181	(159,506)	132,085	291,591
<b>Fund Balance, July 1</b>	310,207	-	310,207	310,207	-
<b>Fund Balance, June 30</b>	<u>\$ 105,520</u>	<u>\$ 45,181</u>	<u>\$ 150,701</u>	<u>\$ 442,292</u>	<u>\$ 291,591</u>
<b>Recapitulation:</b>					
Assigned Fund Balance:					
Designated for subsequent year's expenditures				217,823	
Unrestricted/undesignated				224,469	
				<u>\$ 442,292</u>	

ACADEMY CHARTER HIGH SCHOOL  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	181,000	253,834	434,834	238,764	(196,070)
<b>Total Revenues</b>	<u>181,000</u>	<u>253,834</u>	<u>434,834</u>	<u>238,764</u>	<u>(196,070)</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personal services-salaries	181,000	(72,545)	108,455	47,924	60,531
Purchased professional and technical services	-	-	-	-	-
General supplies	-	105,148	105,148	84,067	21,081
Tuition	-	-	-	-	-
Other objects	-	-	-	-	-
<b>Total instruction</b>	<u>181,000</u>	<u>32,603</u>	<u>213,603</u>	<u>131,991</u>	<u>81,612</u>
<b>Support services:</b>					
Personal services - salaries	-	85,280	85,280	62,030	23,250
Purchased professional and technical services	-	68,174	68,174	30,064	38,110
Other purchased services	-	-	-	-	-
Employee benefits	-	63,960	63,960	10,883	53,077
Travel	-	-	-	-	-
Supplies- materials	-	3,817	3,817	3,796	21
<b>Total support services</b>	<u>-</u>	<u>221,231</u>	<u>221,231</u>	<u>106,773</u>	<u>114,458</u>
<b>Total expenditures</b>	<u>181,000</u>	<u>253,834</u>	<u>434,834</u>	<u>238,764</u>	<u>196,070</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ACADEMY CHARTER HIGH SCHOOL  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2014

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,693,174	[C-2]	\$ 238,764
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(1,702)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,693,174	[B-2]	\$ 237,062
 <b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,454,508	[C-2]	\$ 238,764
Differences - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		(1,702)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 3,454,508	[B-2]	\$ 237,062

OTHER SUPPLEMENTARY INFORMATION

ACADEMY CHARTER HIGH SCHOOL  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	I.D.E.A Regular Program Part B 12/13	Title I 12/13	Title I 13/14	Title II -A 13/14	I.D.E.A Regular Program Part B 13/14	Total 2014
<b>Revenues:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	6,551	25,626	143,234	10,743	52,610	238,764
<b>Total revenues</b>	<u>6,551</u>	<u>25,626</u>	<u>143,234</u>	<u>10,743</u>	<u>52,610</u>	<u>238,764</u>
<b>Expenditures:</b>						
Instruction:						
Salaries	-	13,000	26,190	8,734	-	47,924
Purchased professional services	-	-	-	-	-	-
General supplies	6,551	11,876	65,640	-	-	84,067
Tuition	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
<b>Total instruction</b>	<u>6,551</u>	<u>24,876</u>	<u>91,830</u>	<u>8,734</u>	<u>-</u>	<u>131,991</u>
<b>Support services:</b>						
Other support services - students - special:						
Salaries	-	-	32,030	-	30,000	62,030
Purchased prof. and tech. services	-	750	17,170	-	12,144	30,064
Other purchased services	-	-	-	-	-	-
Employee benefits	-	-	2,204	2,009	6,670	10,883
Travel	-	-	-	-	-	-
Supplies and materials	-	-	-	-	3,796	3,796
<b>Total other support services - students - special</b>	<u>-</u>	<u>750</u>	<u>51,404</u>	<u>2,009</u>	<u>52,610</u>	<u>106,773</u>
<b>Total support services</b>	<u>-</u>	<u>750</u>	<u>51,404</u>	<u>2,009</u>	<u>52,610</u>	<u>106,773</u>
<b>Equipment:</b>						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 6,551</u>	<u>\$ 25,626</u>	<u>\$ 143,234</u>	<u>\$ 10,743</u>	<u>\$ 52,610</u>	<u>\$ 238,764</u>

ACADEMY CHARTER HIGH SCHOOL  
Enterprise Funds  
Combining Statement of Net Position  
June 30, 2014

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable:		
State	-	-
Federal	-	-
Other government	-	-
Interfund	-	-
Inventories	-	-
	-	-
<b>Total current assets</b>	-	-
<b>Fixed assets:</b>		
Equipment	-	-
Buildings and improvements	-	-
Accumulated depreciation	-	-
	-	-
<b>Total fixed assets</b>	-	-
<b>Total assets</b>	\$ -	\$ -
<b>Liabilities and Fund Equity:</b>		
Liabilities:		
Accounts payable	-	-
Accrued salaries and benefits	-	-
Compensated absences	-	-
Interfund payable	-	-
	-	-
<b>Total liabilities</b>	-	-
<b>Net position:</b>		
Invested in capital assets	-	-
Restricted for other purposes	-	-
Unrestricted net position	-	-
	-	-
<b>Total fund equity</b>	-	-
<b>Total liabilities and fund equity</b>	\$ -	\$ -

ACADEMY CHARTER HIGH SCHOOL  
Enterprise Funds  
Combined Statement of Revenues, Expenses and  
Changes in Net Position  
For the Fiscal Year ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>Operating revenues:</b>		
<b>Local sources:</b>		
Daily sales-reimbursable programs:		
School breakfast program	\$ -	\$ -
School lunch program	994	994
Total-daily sales-reimbursable programs	994	994
Daily sales non-reimbursable programs	-	-
Special functions	-	-
Miscellaneous	-	-
<b>Total operating revenues</b>	<u>994</u>	<u>994</u>
<b>Operating expenses:</b>		
Salaries	12,000	12,000
Supplies and materials	6,524	6,524
Cost of sales	94,589	94,589
<b>Total operating expenses</b>	<u>113,113</u>	<u>113,113</u>
<b>Operating income (loss)</b>	<u>(112,119)</u>	<u>(112,119)</u>
<b>Nonoperating revenues:</b>		
State sources:		
State school lunch program	68	68
Federal sources:		
National school lunch program	3,709	3,709
National school breakfast program	1,761	1,761
Food distribution program	-	-
<b>Total nonoperating revenues</b>	<u>5,538</u>	<u>5,538</u>
Change in net position before transfers	(106,581)	(106,581)
Transfers in (out)	<u>106,581</u>	<u>106,581</u>
Change in net position	-	-
Total unrestricted net position beginning	<u>-</u>	<u>-</u>
Total unrestricted net position ending	<u>\$ -</u>	<u>\$ -</u>

ACADEMY CHARTER HIGH SCHOOL  
 Food Services Enterprise Fund  
 Combining Statement of Cash Flows  
 for the Fiscal Year ended June 30, 2014

	<b>Business-type Activities -</b>	
	<b>Enterprise Funds</b>	
	<b>Food</b>	<b>Total</b>
	<b>Service</b>	<b>Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other funds	\$ 994	\$ 994
Payments to employees & benefits	(12,000)	(12,000)
Payments to suppliers	(101,113)	(101,113)
<b>Net cash used in operating activities</b>	<b>(112,119)</b>	<b>(112,119)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	68	68
Federal sources	5,470	5,470
Board interfund loans	106,581	106,581
<b>Net cash provided by non-capital financing activities</b>	<b>112,119</b>	<b>112,119</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Change in capital contributions	-	-
Purchases of capital assets	-	-
Gain/Loss on sale of fixed assets (proceeds)	-	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	-	-
Proceeds from sale/maturities of investments	-	-
Net cash provided by (used for) investing activities	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Balances—beginning of year	-	-
Balances—end of year	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:</b>		
Operating loss	\$ (112,119)	\$ (112,119)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	-	-
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	-	-
<b>Net cash used in operating activities</b>	<b>\$ (112,119)</b>	<b>\$ (112,119)</b>

**ACADEMY CHARTER HIGH SCHOOL**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2014**

	<u>Agency</u>		<u>Scholarship Fund</u>	<u>Total</u>
	<u>Student Activity</u>	<u>Payroll Agency</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,975	\$ 115,521	\$ 1,383	\$ 121,879
Investments	-	-	-	-
Intrafund receivable				-
Total assets	<u>4,975</u>	<u>115,521</u>	<u>\$ 1,383</u>	<u>121,879</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings	-	115,521	-	115,521
Payable to student groups	4,975	-	-	4,975
Interfund payable	-	-	-	-
Intrafund payable		-		-
Total liabilities	<u>4,975</u>	<u>115,521</u>	<u>-</u>	<u>120,496</u>
<b>Net Position</b>				
Reserved for scholarships	-	-	1,383	1,383
Total net position	<u>-</u>	<u>-</u>	<u>1,383</u>	<u>1,383</u>
Total liabilities and net position	<u>\$ 4,975</u>	<u>\$ 115,521</u>	<u>\$ 1,383</u>	<u>\$ 121,879</u>

ACADEMY CHARTER HIGH SCHOOL  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2014

	<u>Joseph F. Clark Scholarship Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Board	\$ -
Other	159
Total Contributions	<u>159</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	250
Administrative expenses	674
Total deductions	<u>924</u>
Change in net position	(765)
Net position—beginning of the year	<u>2,148</u>
Net position—end of the year	<u>\$ 1,383</u>

ACADEMY CHARTER HIGH SCHOOL  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
Student Activities Funds	\$ 3,652	\$ 1,457	\$ 134	\$ 4,975

ACADEMY CHARTER HIGH SCHOOL  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 40,176	\$ 1,938,063	\$ 1,862,718	\$ 115,521
<b>Total assets</b>	<u>40,176</u>	<u>1,938,063</u>	<u>1,862,718</u>	<u>115,521</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	<u>40,176</u>	<u>1,938,063</u>	<u>1,862,718</u>	<u>115,521</u>
<b>Total liabilities</b>	<u>\$ 40,176</u>	<u>\$ 1,938,063</u>	<u>\$ 1,862,718</u>	<u>\$ 115,521</u>

STATISTICAL SECTION

**ACADEMY CHARTER HIGH SCHOOL  
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p><b>Financial Trends</b>                      These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	<b>65-70</b>
<p><b>Revenue Capacity</b>                      These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	<b>N/A</b>
<p><b>Debt Capacity</b>                      These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	<b>N/A</b>
<p><b>Demographic and Economic Information</b>                      These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	<b>N/A</b>
<p><b>Operating Information</b>                      These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	<b>71-74</b>
<p><b>Performance Framework</b></p>	<b>75</b>

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

**ACADEMY CHARTER HIGH SCHOOL**  
**Net Assets/Position by Component**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities									
Invested in capital assets, net of related debt	\$ 102,490	\$ 104,244	\$ 123,059	\$ 506,264	\$ 606,483	\$ 634,117	\$ 655,526	\$ 666,141	\$ 640,631
Restricted	-	-	-	-	-	-	97,904	171,687	217,823
Unrestricted	-	-	-	-	-	-	-	138,520	224,469
Total governmental activities net assets/position	<u>102,490</u>	<u>104,244</u>	<u>123,059</u>	<u>506,264</u>	<u>606,483</u>	<u>634,117</u>	<u>753,430</u>	<u>976,348</u>	<u>1,082,923</u>
Business-type activities									
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-
Total business-type activities net assets/position	<u>-</u>								
District-wide									
Invested in capital assets, net of related debt	102,490	102,490	123,059	506,264	606,483	634,117	655,526	666,141	640,631
Restricted	-	-	-	-	-	-	97,904	138,520	217,823
Unrestricted	-	-	-	-	-	-	-	-	224,469
Total district net assets/position	<u>\$ 102,490</u>	<u>\$ 102,490</u>	<u>\$ 123,059</u>	<u>\$ 506,264</u>	<u>\$ 606,483</u>	<u>\$ 634,117</u>	<u>\$ 753,430</u>	<u>\$ 976,348</u>	<u>\$ 1,082,923</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Changes in Net Assets/Position**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>									
Governmental activities									
Instruction									
Regular	\$ 1,044,043	\$ 1,334,791	\$ 1,153,454	\$ 1,618,455	\$ 1,621,418	\$ 1,722,801	\$ 2,186,401	\$ 1,673,809	\$ 1,343,028
Support Services:									
School Support services	977,758	565,529	721,634	560,840	624,951	569,667	665,166	624,030	710,993
Pupil transportation	-	-	-	-	-	-	-	-	27,121
General administration	497,817	406,126	468,977	620,024	592,284	494,714	466,884	1,286,626	1,387,791
Non-budgeted expenditures	-	-	-	-	-	-	-	-	248,147
Total governmental activities expenses	<u>2,519,618</u>	<u>2,306,446</u>	<u>2,344,065</u>	<u>2,799,319</u>	<u>2,838,653</u>	<u>2,787,182</u>	<u>3,318,451</u>	<u>3,584,465</u>	<u>3,717,080</u>
Business-type activities:									
Food service	-	-	-	-	-	-	-	-	113,113
Total business-type activities expense	<u>-</u>	<u>113,113</u>							
Total district expenses	<u>2,519,618</u>	<u>2,306,446</u>	<u>2,344,065</u>	<u>2,799,319</u>	<u>2,838,653</u>	<u>2,787,182</u>	<u>3,318,451</u>	<u>3,584,465</u>	<u>3,830,193</u>
<b>Program Revenues</b>									
Governmental activities:									
Operating grants and contributions	390,870	181,125	173,642	211,554	137,955	102,242	399,411	162,468	485,209
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>390,870</u>	<u>181,125</u>	<u>173,642</u>	<u>211,554</u>	<u>137,955</u>	<u>102,242</u>	<u>399,411</u>	<u>162,468</u>	<u>485,209</u>
Business-type activities:									
Charges for services									
Food service	11,135	12,417	11,139	10,947	14,033	15,601	1,960	1,068	994
Child Care	31,029	28,254	24,766	24,246	29,238	30,022	69,710	109,994	-
Operating grants and contributions	-	-	-	-	-	-	-	-	5,538
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>42,164</u>	<u>40,671</u>	<u>35,905</u>	<u>35,193</u>	<u>43,271</u>	<u>45,623</u>	<u>71,670</u>	<u>111,062</u>	<u>6,532</u>
Total district program revenues	<u>433,034</u>	<u>221,796</u>	<u>209,547</u>	<u>246,747</u>	<u>181,226</u>	<u>147,865</u>	<u>471,081</u>	<u>273,530</u>	<u>491,741</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Changes in Net Assets/Position**  
**Last Nine Fiscal Years**  
*(accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense)/Revenue</b>									
Governmental activities	(2,128,748)	(2,125,321)	(2,170,423)	(2,587,765)	(2,700,698)	(2,684,940)	(2,919,040)	(3,421,997)	(3,717,080)
Business-type activities	42,164	40,671	35,905	35,193	43,271	45,623	(70,921)	-	(113,113)
Total district-wide net expense	<u>(2,086,584)</u>	<u>(2,084,650)</u>	<u>(2,134,518)</u>	<u>(2,552,572)</u>	<u>(2,657,427)</u>	<u>(2,639,317)</u>	<u>(2,989,961)</u>	<u>(3,421,997)</u>	<u>(3,830,193)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>									
Governmental activities:									
Tuition charges	1,201,246	1,195,607	1,199,555	1,288,310	1,355,756	1,442,956	3,013,087	826,275	719,454
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-
Federal and State Aid Restricted	1,546,435	952,217	1,021,005	1,266,685	1,479,585	1,096,175	399,411	2,755,353	2,530,762
Miscellaneous income	31,846	61,076	23,220	15,012	26,767	36,522	23,501	63,287	194,811
Transfers	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>2,779,527</u>	<u>2,208,900</u>	<u>2,243,780</u>	<u>2,570,007</u>	<u>2,862,108</u>	<u>2,575,653</u>	<u>3,435,999</u>	<u>3,644,915</u>	<u>3,445,027</u>
Business-type activities:									
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	3,622	-	-	-	-	-	-	-	-
Total business-type activities	<u>3,622</u>	<u>-</u>							
Total district-wide	<u>2,783,149</u>	<u>2,208,900</u>	<u>2,243,780</u>	<u>2,570,007</u>	<u>2,862,108</u>	<u>2,575,653</u>	<u>3,435,999</u>	<u>3,644,915</u>	<u>3,445,027</u>
<b>Change in Net Assets/Position</b>									
Governmental activities	650,779	83,579	73,357	(17,758)	161,410	(109,287)	516,959	222,918	213,156
Business-type activities	45,786	40,671	35,905	35,193	43,271	45,623	(70,921)	-	(106,581)
Total district	<u>\$ 696,565</u>	<u>\$ 124,250</u>	<u>\$ 109,262</u>	<u>\$ 17,435</u>	<u>\$ 204,681</u>	<u>\$ (63,664)</u>	<u>\$ 446,038</u>	<u>\$ 222,918</u>	<u>\$ 106,575</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund									
Unreserved	\$ 48,055	\$ 164,252	\$ 516,824	\$ 143,401	\$ 152,379	\$ 209,207	\$ 97,904	\$ 310,307	\$ 224,469
Assigned	-	-	-	-	-	-	-	-	217,823
Total general fund	<u>48,055</u>	<u>164,252</u>	<u>516,824</u>	<u>143,401</u>	<u>152,379</u>	<u>209,207</u>	<u>97,904</u>	<u>310,307</u>	<u>442,292</u>
All Other Governmental Funds									
Reserved	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue fund	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Tuition charges	\$ 1,195,607	\$ 1,199,555	\$ 1,288,310	\$ 1,355,756	\$ 1,442,956	\$ 1,419,080	\$ 1,400,343	\$ 1,396,289	\$ 826,275	\$ 719,454
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	56,587	23219	16,641	26,767	36,522	10,268	25,795	33,263	63,287	194,811
Local sources	47,110	8381	58,356	27,119	6,385	60,375	37,361	19,182	-	-
State sources	957,365	1037471	1,236,491	1,226,629	1,180,557	1,178,053	1,204,502	1,471,523	2,755,354	2,778,909
Federal sources	128,867	140261	128,198	102,577	95,857	67,736	111,840	85,338	162,468	237,062
<b>Total revenue</b>	<b>2,385,536</b>	<b>2,408,887</b>	<b>2,727,996</b>	<b>2,738,848</b>	<b>2,762,277</b>	<b>2,735,512</b>	<b>2,779,841</b>	<b>3,005,595</b>	<b>3,807,384</b>	<b>3,930,236</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,104,918	962,396	1,299,073	1,263,111	1,353,432	1,275,553	1,255,771	1,321,201	1,286,957	1,343,028
Support Services:										
Instruction support services	395,505	456,116	637,676	619,426	521,160	558,419	546,029	639,786	955,239	585,865
Pupil transportation	-	-	-	-	-	-	-	-	-	27,121
General administrative services	727,239	839,376	737,442	853,965	790,278	770,041	766,265	769,983	1,289,632	1,387,791
Non-budgeted expenditures	-	-	-	-	-	-	-	-	-	248,147
Capital outlay	74,881	92,755	160,788	100,217	84,259	98,702	95,973	168,434	29,232	99,618
<b>Total expenditures</b>	<b>2,302,543</b>	<b>2,350,643</b>	<b>2,834,979</b>	<b>2,836,719</b>	<b>2,749,129</b>	<b>2,702,715</b>	<b>2,664,038</b>	<b>2,899,404</b>	<b>3,561,060</b>	<b>3,691,570</b>
Excess (Deficiency) of revenues over (under) expenditures	82,993	58,244	(106,983)	(97,871)	13,148	32,797	115,803	106,191	246,324	238,666
<b>Other financing sources (uses)</b>										
Transfers out	-	-	-	-	-	-	-	-	(34,021)	(106,581)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,021)</b>	<b>(106,581)</b>
<b>Net change in fund balances</b>	<b>\$ 82,993</b>	<b>\$ 58,244</b>	<b>\$ (106,983)</b>	<b>\$ (97,871)</b>	<b>\$ 13,148</b>	<b>\$ 32,797</b>	<b>\$ 115,803</b>	<b>\$ 106,191</b>	<b>\$ 212,303</b>	<b>\$ 132,085</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**ACADEMY CHARTER HIGH SCHOOL**  
**General Fund - Other Local Revenue by Source**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Book Fines and Graduation Fees	Donations	Prior Year Refunds	E-Rate	Use of Facilities	Miscellaneous	Annual Totals
2006	-	-	-	-	-	56,470	56,470
2007	-	-	-	-	-	65,998	65,998
2008	-	-	-	-	-	55,597	55,597
2009	-	-	-	-	-	48,141	48,141
2010	-	-	-	-	-	36,726	36,726
2011	-	-	-	-	-	79,363	79,363
2012	-	-	-	-	-	23,501	23,501
2013	4,168	715	20,943	4,868	9,255	23,338	63,287
2014	-	-	127,513	-	-	67,298	194,811

Source: District records

**ACADEMY CHARTER HIGH SCHOOL**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Nine Fiscal Years**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction									
Regular	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Special education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other special education									
Vocational									
Other instruction									
Nonpublic school programs									
Adult/continuing education programs									
Support Services:									
Student & instruction related services									
General administration									
School administrative services	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Other administrative services									
Central services									
Administrative Information Technology									
Plant operations and maintenance									
Pupil transportation									
Other support services									
Special Schools									
Food Service									
Child Care									
Total	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>

**Source:** District Personnel Records

ACADEMY CHARTER HIGH SCHOOL  
Operating Statistics,  
Last Nine Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Senior High School				
2006	200.0	2,519,618	12,598	19.60%	30.0	30.0	200.0	186.0	5.58%	93.00%
2007	200.0	2,593,208	12,966	2.92%	30.0	30.0	206.0	188.0	3.00%	91.26%
2008	205.0	2,646,964	12,912	-42.00%	30.0	30.0	200.0	192.0	-2.91%	96.00%
2009	195.0	3,288,385	16,864	30.60%	30.0	30.0	184.0	186.0	-8.00%	101.09%
2010	220.0	3,187,421	14,488	-14.09%	30.0	30.0	184.0	200.0	0.00%	108.70%
2011	219.0	3,403,939	15,543	7.28%	30.0	30.0	185.0	200.0	54.00%	108.11%
2012	200.0	3,318,451	16,592	6.75%	30.0	30.0	186.0	190.0	54.00%	102.15%
2013	200.0	3,369,360	16,847	8.39%	30.0	30.0	206.0	189.0	11.35%	91.75%
2014	211.0	3,312,942	15,701	1.02%	30.0	30.0	193.7	195.0	4.14%	100.67%

**Sources:** District records

**Note:** Enrollment based on annual October district count ASSA 10/15/13 count for FYE 2014.

- a Operating expenditures equal total expenditures less debt service, on behalf and capital outlay per schedule c -1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). From Gvancardo

ACADEMY CHARTER HIGH SCHOOL  
 School Building Information  
 Last Nine Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>District Building</u></b>									
<b><u>High School</u></b>									
Academy Charter High School									
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)	200	200	212	212	212	212	212	212	212
Enrollment	200	200	200	200	200	200	200	200	200
<b><u>Other</u></b>									
Square Feet	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662
Number of Schools at June 30, 2014									
Senior High School = 1									

Source: Charter School Records

ACADEMY CHARTER HIGH SCHOOL  
 Insurance Schedule  
 June 30, 2014

	<u>Coverage</u>	<u>Deductible</u>
Gunn Steers & Company, LLC		
<u>School Package Policy</u>		
Blanket Real and Personal Property	\$ 2,780,000	\$ 1,000
Equipment	100,000	1,000
Student Accident Insurance	1,000,000	1,000
<u>Surety Bonds</u>		
Treasurer	150,000	1,000
Board Secretary	150,000	1,000
Directors/Officers Liability	1,000,000	5,000

Source: Charter school records

**ACADEMY CHARTER HIGH SCHOOL**  
**Fiscal Performance/Fiscal Ratios**  
**Last Three Years**

	2012 Audit	2013 Audit	2014 Audit
Cash	124,265	331,484	554,746
Current Assets	388,127	548,033	95,380
Total Assets	512,392	879,517	1,300,805
Current Liabilities	371,994	237,826	103,189
Total Liabilities	371,994	237,826	103,189
Net Position	140,398	976,348	1,082,923
Total Revenue	3,435,999	3,884,424	3,451,559
Total Expenses	3,439,041	3,661,506	3,319,474
Change in Net Assets	(3,042)	222,918	132,085
Depreciation Expense	28,260	18,617	25,510
Interest Expense	-	1,884	-
Principal Payments	-	-	-
Interest Payments	-	-	-
Final Average Daily Enrollment	185	206	190
March 30th Budgeted Enrollment	N/A	N/A	N/A

<b>RATIO ANALYSIS</b>
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Near Term Indicators

1a	Current Ratio	1.04	2.3	6.30
1b	Unrestricted Days Cash	13.19	33.04	37.05
1c	Enrollment Variance	N/A	N/A	N/A
1d*	Default	No	No	No

Sustainability Indicators

2a	Total Margin	-1%	25%	4%
2b	Debt to Asset	1.38	3.7	0.08
2c**	Cash Flow	(17,717)	207,219	223,262
2d	Debt Service Coverage Ratio	25,218	243,419	N/A

\* Is school in default of loan covenant(s) and/or is delinquent with debt service payment

\*\* 2014=2014 Cash - 2013 Cash; 2013=2013 Cash 2012 Cash; 2012=2012 Cash - 2011 Cash

SINGLE AUDIT SECTION

**JUMP, PERRY AND COMPANY, L.L.P.** CERTIFIED PUBLIC ACCOUNTANTS

12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

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

Honorable President and  
Members of the Board of Trustees  
Academy Charter High School  
County of Monmouth  
Lake Como, New Jersey 07760

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy Charter High School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy Charter High School basic financial statements, and have issued our report thereon dated December 1, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy Charter High School in the County of Monmouth, State of New Jersey'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 Charter High School in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy Charter High School 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 School District'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2014-01].

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy Charter High 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and which are described in the accompanying schedule of findings and questioned costs as items [2014-01].

## **Academy Charter High School's Response to the Finding**

Academy Charter High School's response to the finding can be found on the Schedule of Findings and Questioned Costs. Academy Charter High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

## **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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted

Jump, Perry and Company, L.L.P.  
Toms River, NJ



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

December 1, 2014

**JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS**

12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY  
OMB CIRCULAR 04-04**

Honorable President and  
Members of the Board of Trustees  
Academy Charter High School  
County of Monmouth  
Lake Como, New Jersey 07760

**Report on Compliance for Each Major State Program**

We have audited Academy Charter High School's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 that could have a direct and material effect on each of Academy Charter High School's major state programs for the year ended June 30, 2014. Academy Charter High School's major state 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 state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Academy Charter High School's major 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 and the New Jersey OMB Circular 04-04 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 state program occurred. An audit includes examining, on a test basis, evidence about Academy Charter High 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 on compliance for each major state program. However, our audit does not provide a legal determination of Academy Charter High School's compliance.

## **Opinion on Each Major Federal and State Program**

In our opinion, Academy Charter High School 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 state programs for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of Academy Charter High School 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 Academy Charter High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the New Jersey OMB 04-04, 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 Academy Charter High School'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 and state 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 and state 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 state program that is less severe than a material weakness in internal control over compliance, 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 and New Jersey State OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company L.L.P.  
Toms River, NJ  
  
Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

December 1, 2014

ACADEMY CHARTER HIGH SCHOOL  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2014	Accounts Receivable at June 30, 2014	Due to Grantor at June 30, 2014
U.S. Department of Education									
Passed-through State Department of Education:									
Title I, Basic Allocation	84.010	9/1/13-8/31/14	\$ 339,282	\$ -	\$ 88,456	\$ (143,234)	\$ -	\$ (54,778)	\$ -
Title I, Basic Allocation - Carryover	84.010	9/1/12-8/31/13	127,764	(102,138)	116,075	(25,626)	-	(11,689)	-
Title II - Part A	84.367	9/1/13-8/31/14	10,743	-	5,372	(10,743)	-	(5,371)	-
I.D.E.A. Part B Basic	84.027	9/1/13-8/31/14	52,632	-	29,068	(52,610)	-	(23,542)	-
I.D.E.A. Part B Basic - Carryover	84.027	9/1/12-8/31/13	56,992	(50,441)	56,992	(6,551)	-	-	-
Total Special Revenue Fund				(152,579)	295,963	(238,764)	-	(95,380)	-
U.S. Department of Agriculture									
Passed-through State Department of Education:									
School Breakfast Program	10.553	7/1/12-6/30/13	25,951	(2,211)	2,211	-	-	-	-
School Breakfast Program	10.553	7/1/13-6/30/14	1,761	-	1,761	(1,761)	-	-	-
National School Lunch Program	10.555	7/1/12-6/30/13	49,071	(3,798)	3,798	-	-	-	-
National School Lunch Program	10.555	7/1/13-6/30/14	3,709	-	3,709	(3,709)	-	-	-
Total Enterprise (Food Service) Fund				(6,009)	11,479	(5,470)	-	-	-
Total Expenditures of Federal Awards				\$ (158,588)	\$ 307,442	\$ (244,234)	\$ -	\$ (95,380)	\$ -

See accompanying notes to schedules of expenditures.

ACADEMY CHARTER HIGH SCHOOL  
 Schedule of Expenditures of State Financial Assistance  
 for the Fiscal Year ended June 30, 2014

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2014	(Accounts Receivable) at June 30, 2014	Due to Grantor at June 30, 2014
New Jersey Department of Education									
General Fund:									
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 151,153	\$ -	\$ 163,918	\$ (151,153)	\$ -	\$ -	\$ 12,765
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	2,162,802	(551)	551	-	-	-	-
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	2,177,361	-	2,275,849	(2,177,361)	-	-	98,488
Categorical Security Aid	13-495-034-5120-084	7/1/12-6/30/13	82,855	(24)	24	-	-	-	-
Categorical Security Aid	14-495-034-5120-084	7/1/13-6/30/14	79,888	-	83,328	(79,888)	-	-	3,440
Non-public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	122,360	-	122,360	(122,360)	-	-	-
Reimbursed Post-Retirement Medical	12-495-034-5095-002	7/1/13-6/30/14	97,035	-	97,035	(97,035)	-	-	-
On-Behalf TPAF NCGI Premiums Contribution	14-495-034-5095-001	7/1/13-6/30/14	59,181	-	59,181	(59,181)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	13-495-034-5095-002	7/1/12-6/30/13	103,336	(4,922)	4,922	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	14-495-034-5095-002	7/1/13-6/30/14	91,931	-	81,883	(91,931)	-	(10,048)	-
<b>Total General Fund</b>				<u>(5,497)</u>	<u>2,889,051</u>	<u>(2,778,909)</u>	<u>-</u>	<u>(10,048)</u>	<u>114,693</u>
Enterprise Fund:									
State School Lunch Program	13-100-010-3360-067	7/1/12-6/30/13	951	(70)	70	-	-	-	-
State School Lunch Program	14-100-010-3360-067	7/1/13-6/30/14	68	-	68	(68)	-	-	-
<b>Total Enterprise Fund</b>				<u>(70)</u>	<u>138</u>	<u>(68)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures of State Awards</b>				<u>\$ (5,567)</u>	<u>\$ 2,889,189</u>	<u>\$ (2,778,977)</u>	<u>\$ -</u>	<u>\$ (10,048)</u>	<u>\$ 114,693</u>

See accompanying notes to schedules of expenditures.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance

June 30, 2014

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Academy Charter High School. The Charter School is defined in Note 1(A) to the Charter School's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2014

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$- for the general fund and \$(1,702) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ -	\$ 2,778,909	\$ -	\$ 2,778,909
Special Revenue Fund	237,062	-	-	237,062
Food Service Fund	<u>5,470</u>	<u>68</u>	<u>-</u>	<u>5,538</u>
Total awards and financial assistance	<u>\$ 242,532</u>	<u>\$ 2,778,977</u>	<u>\$ -</u>	<u>\$ 3,021,509</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2014

**Section I – Summary of Auditor’s Results**  
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes                      X   no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                      X   none reported

Noncompliance material to general-purpose financial statements noted? \_\_\_\_\_ yes                      X   no

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes                    \_\_\_\_\_no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                    \_\_\_\_\_none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes                    \_\_\_\_\_no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes                    \_\_\_\_\_ no

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2014

**Section I – Summary of Auditor’s Results (continued)**

State Awards Section

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

Auditee qualified as low-risk auditee?                          yes      X  no

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

Internal Control over major programs:

1) Material weakness(es) identified?                           yes      X  no

2) Significant deficiencies identified that  
    are not considered to be material  
    weaknesses?      X   yes          none reported

Any audit findings disclosed that are required  
to be reported in accordance with NJOMB  
Circular Letter 04-04?                                      X   yes          no

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public Cluster	
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid

**Section II – Financial Statement Findings**

No matters were reported for the period ended June 30, 2014.

Prior Year Audit Findings – N/A

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2014

**Section III – State Award Findings and Questioned Costs**

Finding 2014-01

**Criteria:** The National and State school lunch programs require the food service management company to be bid annually.

**Condition:** The Charter School failed to bid the 2013-14 food service management company.

**Questioned costs:** None

**Effect:** The Charter School was ineligible to participate in the National and State School Lunch program from October 2013 through June 2014.

**Cause:** The Charter School did not receive the federal and state aid to cover the costs of the free and reduced lunches provided to its students.

**Recommendation:** The Charter School bid the Food Service Management Company contract annually.

**Response:** The Charter School has bid the food service management company contract for the 2014-15 school year. The Charter School is participating in the National and State School Lunch programs in the 2014-15 school year.

Academy Charter High School  
Summary Schedule of Prior Audit Findings  
June 30, 2014

There were no prior year findings for the period ended June 30, 2013.