

Academy Charter High School  
of Monmouth County

Academy Charter High School  
Lake Como, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Academy Charter High School  
of Monmouth County

Lake Como, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

David P. Block  
School Business Administrator

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION	
Independent Auditor's Report	9-11
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis	13-21
BASIC FINANCIAL STATEMENTS	
A. Charter School- Wide Financial Statements	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Positions	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32
Notes to the Financial Statements	33-53

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	55-56
C-1a	Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	N/A
C-1b	Community Development Block Grants - Budget and Actual	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	57

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	58
-----	-------------------------------	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	60
L-2	Schedule of District Contributions - PERS	61
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	62

	Notes to the Required Supplementary Information - Part III	63
--	--	----

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A

E. Special Revenue Fund

E-1	Combining Schedules of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	65
E-2	Schedule(s) of Preschool Aid-Budgetary Basis	N/A

F. Capital Projects Fund

F-1	Summary Statement of Project Expenditures	N/A
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

G.	Proprietary Funds	
	Enterprise Fund	
	G-1 Combining Statement of Net Position	66
	G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	67
	G-3 Combining Statement of Cash Flows	68
H.	Fiduciary Funds	
	H-1 Combining Statement of Fiduciary Net Position	69
	H-2 Combining Statement of Changes in Fiduciary Net Position	70
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	71
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	72
	H-5 Private Purpose Scholarship Fund Schedule of Receipts and Disbursements	N/A
I.	Long-Term Debt	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations Under Capital Leases	N/A
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
J.	Introduction to the Statistical Section	
	Financial Trends	
	J-1 Net Position by Component	75
	J-2 Changes in Net Position	76-77
	J-3 Fund Balances - Governmental Funds	78
	J-4 Changes in Fund Balances, Governmental Funds	79
	J-5 General Fund Other Local Revenue by Source	80
	Revenue Capacity	
	J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
	J-7 Direct and Overlapping Property Tax Rates	N/A
	J-8 Principal Property Taxpayers	N/A
	J-9 Property Tax Levies and Collections	N/A
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	N/A
	J-11 Ratios of General Bonded Debt Outstanding	N/A
	J-12 Direct and Overlapping Governmental Activities Debt	N/A
	J-13 Legal Debt Margin Information	N/A
	Demographic and Economic Information	
	J-14 Demographic and Economic Statistics	N/A
	J-15 Principal Employers	N/A
	Operating Information	
	J-16 Full-time Equivalent District Employees by Function/Program	81
	J-17 Operating Statistics	82
	J-18 School Building Information	83
	J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
	J-20 Insurance Schedule	84
	Performance Framework	
	J-21 Financial Performance/ Fiscal Ratios	85

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

K. Single Audit Section

K-1	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	87-88
K-2	Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	89-91
K-3	Schedule of Expenditures of Federal Awards, Schedule A	92
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	93
K-5	Notes to the Schedules of Awards and Financial Assistance	94-95
K-6	Summary of Findings and Questioned Costs	96-98
K-7	Summary Schedule of Prior Audit Findings	99

INTRODUCTORY SECTION

# Academy Charter High School

---

1725 Main Street

Lake Como, New Jersey 07719

Phone (732) 681-8377

December 1, 2016

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, 2016 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, 2016 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 Charter School’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 Charter School’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 Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and the NJOMB Circular Letter 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. 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.

## **MAJOR INITIATIVES**

- Academy Charter continued with 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.
- The implementation of the ACHS Panther Paw Program rewarding outstanding student decorum.
- The continued relationship with Brookdale Community College and their Dual-Enrollment Program.
- All teachers completed SGOs. Their composite scores were calculated as follows: 60% Danielson rating / 40% student growth.
- The Board of Trustees continued the performance based pay salary structure which had been developed by a committee of teachers and administrators. This PBSS is effective through the 2016-2017 school year.
- ACHS benefited from facility improvements through the Friends of Academy Charter High School. Improvements included; new decking, new signage, bathroom refurbishing, as well as the painting of the facility exterior.

## **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 of costs and benefits requires 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, 2016.

### **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 Charter School 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, 2016 the Charter School had no outstanding debt.

### **FINANCIAL INFORMATION AT FISCAL YEAR-END**

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. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

## **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.

## **OTHER INFORMATION**

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Jump, Perry and Company, LLP, was selected by the Board of Education. 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 of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report in the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is 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,



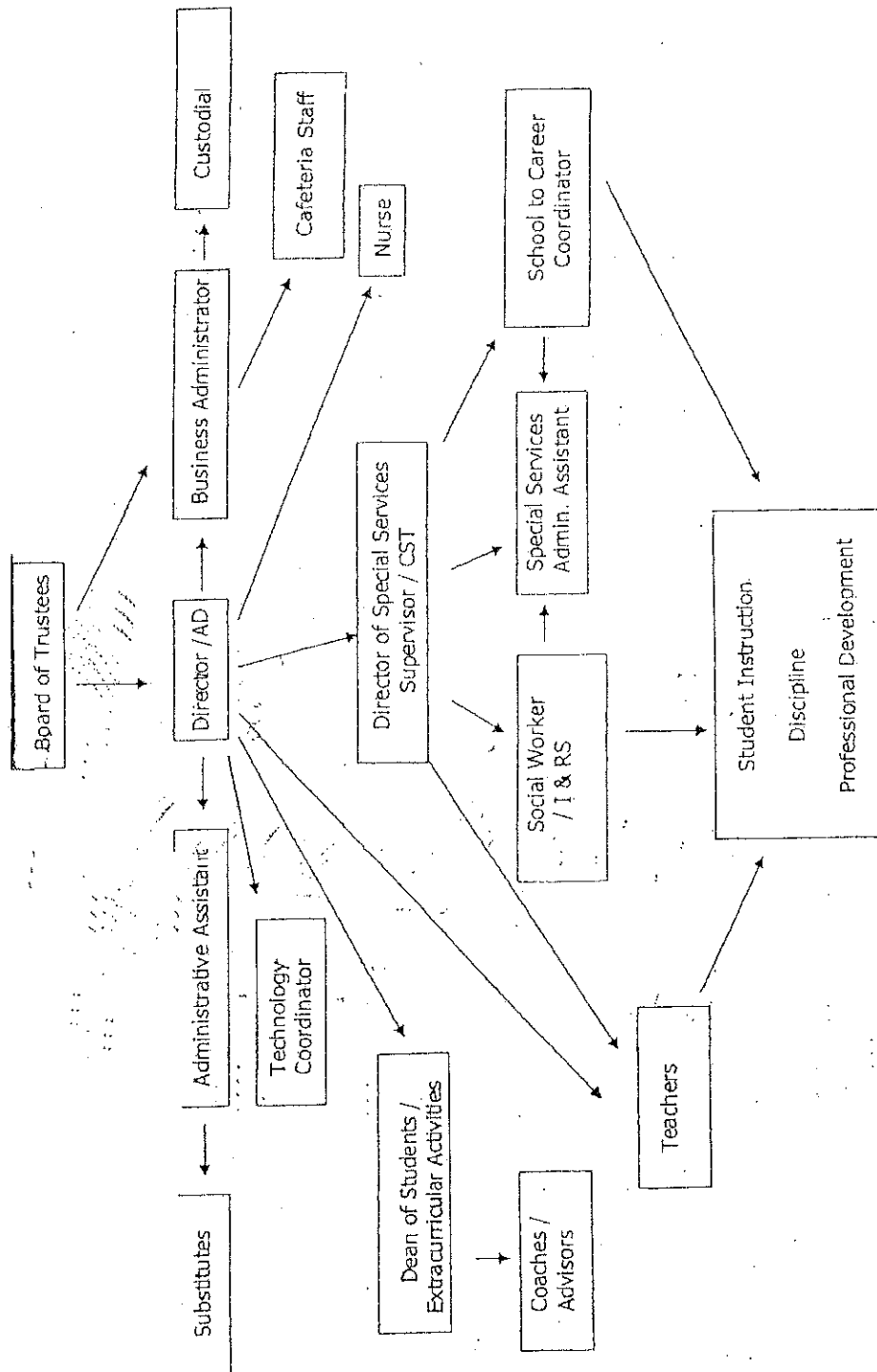
David P. Block  
School Business Administrator



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, 2016

Members of the Board of Trustees

Kimberly Brock, President	Community Member
Tasha Youngblood-Brown, Vice President	Community Member
Napier Humphrey	Parent Representative
Ed Johnson	Higher Education Representative
Perry Lattiboudere	Community Member
Frankie Winrow	Community Member
Everett Mitchell	Parent Representative
Robertha Walters	Community Member

Other Officials

Mary Jo McKinley, Ed.D., Director  
David P. Block, School Business Administrator  
Frederick Neimann, Esq., Board Attorney

Academy Charter High School  
Consultants and Advisors

Audit Firm

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

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, 2016, 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 financial statements referred to above present fairly, in all material respects, 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, 2016 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 as presented in the table of contents 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is 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 November 4, 2016 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

November 4, 2016

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Academy Charter High School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

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, 2016. 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 2016 are as follows:

In total, net position totaled \$383,241, which represents a (5.84) percent increase from 2015.

General revenues accounted for \$3,084,166 in revenue or 85.52 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 \$522,128 or 14.48 percent of total revenues of \$3,606,294.

Total assets decreased by \$(168,292) as cash and cash equivalents increased by \$111,146, receivables decreased by \$(269,501) and capital assets decreased by \$9,937.

The Charter School had \$3,630,054 in expenses; only \$522,128 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants) of \$3,084,166 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,321,916 in revenues and \$3,366,014 in expenditures and transfers. The General Fund's balance decreased \$(44,098) over 2015. The General Fund's balance is \$498,160.

**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 2016." 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 2015 and 2016.

Table 1

Net Position as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 519,123	\$ 407,977
Receivables, Net	43,261	312,762
Capital Assets, Net	<u>605,184</u>	<u>615,121</u>
<b>Total Assets</b>	<b><u>1,167,568</u></b>	<b><u>1,335,860</u></b>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows-PERS	<u>234,389</u>	<u>21,578</u>
Total deferred outflows of resources	<u>234,389</u>	<u>21,578</u>
<b>Liabilities:</b>		
Due to Other Governments	64,224	187,014
Unearned Revenue	<u>-</u>	<u>1,702</u>
<b>Noncurrent Liabilities:</b>		
Due Within One Year	36,306	34,609
Due Beyond One Year	<u>903,657</u>	<u>686,217</u>
<b>Total Liabilities</b>	<b><u>1,004,187</u></b>	<b><u>909,542</u></b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - PERS	<u>14,529</u>	<u>40,895</u>
Total deferred Outflows of Resources	14,529	40,895
Invested in Capital Assets, Net of Related Debt	605,184	615,121
Restricted for:		
Other Purposes	204,616	280,684
Unrestricted	<u>(426,559)</u>	<u>(488,804)</u>
<b>Total Net Position</b>	<b><u>\$ 383,241</u></b>	<b><u>\$ 407,001</u></b>

The Charter School's combined net position was \$383,241 on June 30, 2016. This is a change of (5.84)% from the previous year.

Table 2 provides a comparison analysis of Charter School-wide changes in net position from fiscal years 2015 and 2016.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 558	\$ 4,414
Operating Grants and Contributions	521,570	481,502
Capital Grants and Contributions	-	-
General Revenues:		
Tuition charges	663,415	703,843
Grants and Entitlements	2,309,608	2,414,718
Other	<u>111,143</u>	<u>64,462</u>
 Total Revenues	 <u>3,606,294</u>	 <u>3,668,939</u>
<u>Program Expenses</u>		
Instruction	1,254,919	1,258,888
Support Services:		
School support services	291,139	481,085
General Administration, Business Operations and Maintenance of Facilities	1,954,006	1,757,141
Pupil Transportation	16,695	-
Food Service	<u>113,295</u>	<u>111,998</u>
 Total Expenses	 <u>3,630,054</u>	 <u>3,609,112</u>
 Increase in Net Position	 \$ <u>(23,760)</u>	 \$ <u>59,827</u>

**Government Activities**

The tuition portion paid by the sending district's made up 18.83% of revenues for governmental activities for the fiscal year 2016. The Charter School's total revenues were \$3,523,703 for the year ended June 30, 2016. Federal, state and local grants accounted for another 81.17%.

The total cost of all programs and services was \$3,516,759. Instruction and instruction direct support comprises 43.96% of the Charter School's expenses.

## Expenses for Fiscal Year 2016

### 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 \$30,704.

Charges for services represent \$558 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 \$82,033.

### 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>2016</u>		<u>2015</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	\$ 1,254,919	\$ 1,099,627	\$ 1,258,888	\$ 1,139,822
Support Services:				
School support services	291,139	244,644	481,085	405,391
General Administration, Business Operation and Maintenance of Facilities	1,716,256	1,716,256	1,545,748	1,545,748
Non-budgeted expenditures	237,750	-	211,393	-
Pupil Transportation	16,695	16,695	-	-
Total Expenses	<u>\$ 3,516,759</u>	<u>\$ 3,077,222</u>	<u>\$ 3,497,114</u>	<u>\$ 3,090,961</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 \$3,606,294 and expenditures of \$3,630,054. The net negative change in fund balance for the year was most significant in the General Fund, a decrease of \$(44,098).

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, 2016, and the amount and percentage of increase and increases in relation to prior-year revenues.

<u>Revenue</u>	<u>2016 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 774,558	21.98 %	\$ 18,271	(34.18)%
State Sources	2,547,358	72.29	(78,753)	147.33
Federal Sources	<u>201,787</u>	<u>5.73</u>	<u>7,027</u>	<u>(13.15)</u>
Total	\$ <u>3,523,703</u>	<u>100.00 %</u>	\$ <u>(53,455)</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 2016, 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 \$(44,098) deficit.

Actual revenues were \$3,321,916.  
Actual expenditures and transfers were \$3,366,014.

### Capital Assets

At the end of the fiscal year 2016, the School Charter School had \$605,184 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Building deposit	\$ 367,000	\$ 367,000
Site Improvements	119,505	126,098
Machinery and Equipment	<u>118,679</u>	<u>122,023</u>
Total	<u>\$ 605,184</u>	<u>\$ 615,121</u>

Overall capital assets decreased \$9,937 from fiscal year 2015 to 2016.

**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

ACADEMY CHARTER HIGH SCHOOL  
Statement of Net Position  
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 534,683	\$ (15,560)	\$ 519,123
Receivables - other	20,661	-	20,661
Receivables - state	7,040	164	7,204
Receivables - federal	-	15,396	15,396
Capital assets, depreciable, net:	605,184	-	605,184
Total assets	<u>1,167,568</u>	<u>-</u>	<u>1,167,568</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	234,389	-	234,389
Total deferred outflows of resources	<u>234,389</u>	<u>-</u>	<u>234,389</u>
<b>LIABILITIES</b>			
Payable to state government	274	-	274
Payable to other governments	63,950	-	63,950
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due within one year	36,306	-	36,306
Due beyond one year	903,657	-	903,657
Total liabilities	<u>1,004,187</u>	<u>-</u>	<u>1,004,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	14,529	-	14,529
Total deferred outflows of resources	<u>14,529</u>	<u>-</u>	<u>14,529</u>
<b>NET POSITION</b>			
Net investment in capital assets	605,184	-	605,184
Restricted for:			
Other purposes	204,616	-	204,616
Unrestricted	(426,559)	-	(426,559)
Total net position	<u>\$ 383,241</u>	<u>\$ -</u>	<u>\$ 383,241</u>

ACADEMY CHARTER HIGH SCHOOL  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

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	\$ 1,254,919	\$ -	\$ 155,292	\$ -	\$ (1,099,627)	\$ -	\$ (1,099,627)
Special education instruction	-	-	-	-	-	-	-
Other special instruction	-	-	-	-	-	-	-
Support services and undistributed costs:							
Instruction	203,655	-	46,495	-	(157,160)	-	(157,160)
Attendance and social work	-	-	-	-	-	-	-
Health services	62,098	-	-	-	(62,098)	-	(62,098)
Other support services	25,386	-	-	-	(25,386)	-	(25,386)
Improvement of instruction	-	-	-	-	-	-	-
Educational media services	-	-	-	-	-	-	-
Instructional staff training	-	-	-	-	-	-	-
General administrative services	63,900	-	-	-	(63,900)	-	(63,900)
School administrative services	396,736	-	-	-	(396,736)	-	(396,736)
School central services	-	-	-	-	-	-	-
School admin info technology	-	-	-	-	-	-	-
Allowed maintenance for school facilities	-	-	-	-	-	-	-
Other operation & maintenance of plant	587,938	-	-	-	(587,938)	-	(587,938)
Care & upkeep of grounds	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-
Student transportation services	16,695	-	-	-	(16,695)	-	(16,695)
Unallocated employee benefits	667,682	-	-	-	(667,682)	-	(667,682)
Non-budgeted expenditures	237,750	-	237,750	-	-	-	-
Interest expense							
Total governmental activities	<u>3,516,759</u>	<u>-</u>	<u>439,537</u>	<u>-</u>	<u>(3,077,222)</u>	<u>-</u>	<u>(3,077,222)</u>
Business-type activities:							
Food Service	113,295	558	82,033	-	-	(30,704)	\$ (30,704)
Total business-type activities	<u>113,295</u>	<u>558</u>	<u>82,033</u>	<u>-</u>	<u>-</u>	<u>(30,704)</u>	<u>(30,704)</u>
Total primary government	<u>\$ 3,630,054</u>	<u>\$ 558</u>	<u>\$ 521,570</u>	<u>\$ -</u>	<u>(3,077,222)</u>	<u>(30,704)</u>	<u>(3,107,926)</u>
<b>General revenues:</b>							
					663,415	-	663,415
					2,309,608	-	2,309,608
					111,143	-	111,143
Total general revenues, special items, extraordinary items and transfers					<u>3,084,166</u>	<u>-</u>	<u>3,084,166</u>
<b>Change in net position before transfers</b>					6,944	(30,704)	(23,760)
<b>Transfers</b>					(40,939)	40,939	-
<b>Change in net position after transfers</b>					(33,995)	10,235	(23,760)
<b>Net position—beginning</b>					417,236	(10,235)	407,001
<b>Net position—ending</b>					<u>\$ 383,241</u>	<u>\$ -</u>	<u>\$ 383,241</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 534,683	\$ -	\$ 534,683
Receivables from other governments	20,661	-	20,661
Receivables from state	7,040	-	7,040
Receivables from federal	-	-	-
Total assets	562,384	-	562,384
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payable to state government	274	-	274
Payable to other governments	63,950	-	63,950
Deferred revenue	-	-	-
Total liabilities	64,224	-	64,224
Fund Balances:			
Assigned to:			
Debt service fund	-	-	-
Designated by the BOE for subsequent year's expenditur	204,616	-	204,616
Unassigned to:			
General fund	293,544	-	293,544
Special revenue fund	-	-	-
Total fund balances	498,160	-	498,160
Total liabilities and fund balances	\$ 562,384	\$ -	

Amounts reported for *governmental activities* 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 \$1,091,382 and the accumulated depreciation is \$486,198.	605,184
Deferred outflows related to the PERS pension plan	234,389
Deferred inflows related to the PERS pension plan	(14,529)
Long-term liabilities, including pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(939,963)
Net position of governmental activities	\$ 383,241



**ACADEMY CHARTER HIGH SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Tuition charges	\$ 663,415	\$ -	\$ 663,415
Prior year refunds	-	-	-
Miscellaneous	111,143	-	111,143
Total - Local sources	774,558	-	774,558
State sources	2,547,358	-	2,547,358
Federal sources	-	201,787	201,787
Total revenues	3,321,916	201,787	3,523,703
<b>EXPENDITURES</b>			
Current:			
Regular instruction	1,099,627	155,292	1,254,919
Special education instruction	-	-	-
Other special instruction	-	-	-
Support services and undistributed costs:			
Instruction	157,160	46,495	203,655
Attendance and social work	-	-	-
Health services	62,098	-	62,098
Other support services	25,386	-	25,386
Improvement of instruction	-	-	-
Educational media services	-	-	-
Instruction staff training	-	-	-
General administrative services	63,900	-	63,900
School administrative services	396,736	-	396,736
School central services	-	-	-
School admin info technology	-	-	-
Required maintenance for school facilities	-	-	-
Other operation & maintenance of plant	559,977	-	559,977
Care & upkeep of grounds	-	-	-
Security	-	-	-
Student transportation services	16,695	-	16,695
Unallocated employee benefits	687,722	-	687,722
Non-budgeted expenditures	237,750	-	237,750
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	18,024	-	18,024
Total expenditures	3,325,075	201,787	3,526,862
Excess (Deficiency) of revenues over expenditures	(3,159)	-	(3,159)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(40,939)	-	(40,939)
Total other financing sources and uses	(40,939)	-	(40,939)
Net change in fund balances	(44,098)	-	(44,098)
Fund balance—July 1	542,258	-	542,258
Fund balance—June 30	\$ 498,160	\$ -	\$ 498,160

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, 2016

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ (44,098)</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		20,040
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	\$ (26,330)
	Capital outlays	16,393
		<u>(9,937)</u>
<b>Change in net positions of governmental activities</b>		<b>\$ (33,995)</b>

ACADEMY CHARTER HIGH SCHOOL  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ (15,560)	\$ (15,560)
Investments	-	-
Receivables from state	164	164
Receivables from federal	15,396	15,396
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>		
Net investment in capital assets	-	-
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, 2016

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
School lunch	-	-
Total daily sales reimbursable programs	-	-
Daily sales non-reimbursable programs	558	558
Special functions	-	-
Miscellaneous	-	-
Total operating revenues	558	558
Operating expenses:		
Salaries	12,000	12,000
Supplies and materials	4,458	4,458
Cost of sales	96,837	96,837
Total operating expenses	113,295	113,295
Operating income (loss)	(112,737)	(112,737)
Nonoperating revenues (expenses):		
State sources:		
Vending machine grant		-
State school lunch program	905	905
Federal sources:		
School breakfast program	31,362	31,362
National school lunch program	49,766	49,766
Food distribution program	-	-
Total nonoperating revenues (expenses)	82,033	82,033
Income (loss) before contributions & transfers	(30,704)	(30,704)
Transfers in (out)	40,939	40,939
Change in net position	10,235	10,235
Total net position—beginning	(10,235)	(10,235)
Total net position—ending	\$ -	\$ -

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, 2016

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 558	\$ 558
Payments to employees & benefits	(12,000)	(12,000)
Payments to suppliers	(101,295)	(101,295)
Net cash used in operating activities	<u>(112,737)</u>	<u>(112,737)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		-
State sources	801	801
Federal sources	71,561	71,561
Board interfund loans	40,939	40,939
Net cash provided by non-capital financing activities	<u>113,301</u>	<u>113,301</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	564	564
Balances—beginning of year	(16,124)	(16,124)
Balances—end of year	<u>\$ (15,560)</u>	<u>\$ (15,560)</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating loss	\$ (112,737)	\$ (112,737)
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>\$ (112,737)</u>	<u>\$ (112,737)</u>

See accompanying notes to financial statements.

ACADEMY CHARTER HIGH SCHOOL  
Statement of Fiduciary Net Position  
June 30, 2016

	Scholarship Funds	Student Activity	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 570	\$ -
Total assets	<u>-</u>	<u>570</u>	<u>-</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	-	-	-
Payable to student groups	-	570	-
Total liabilities	<u>-</u>	<u>570</u>	<u>-</u>
<b>NET POSITION</b>			
Reserved for scholarships	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ -</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, 2016

	Scholarship Funds
<b>ADDITIONS</b>	
Contributions:	
Board	\$ -
Other	324
Total Contributions	324
<b>DEDUCTIONS</b>	
Scholarships awarded	-
Administrative expenses	759
Total deductions	759
Change in net position	(435)
Net position—beginning of the year	435
Net position—end of the year	\$ -

See accompanying notes to financial statements.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

**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 Lake Como. 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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016, the Charter School had accounts receivable of \$20,661 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, 2016

**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 \$- of encumbrances at June 30, 2016.

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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016, the book value of the Board's deposits was \$519,693 and bank balances of the Charter School's cash and deposits amounted to \$545,513. 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:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Uninsured and Collateralized	<u>295,513</u>
	<u>\$ 545,513</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, 2016, \$250,000 of the Board's bank balances were not exposed to custodial credit risk. The remaining bank balances of \$295,513 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, 2016, the Charter School had no investments.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2016</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>16,393</u>	<u>394,734</u>
	1,074,989	16,393	1,091,382
Less: Accumulated Depreciation	<u>(459,868)</u>	<u>(26,330)</u>	<u>(486,198)</u>
Net Assets	<u>\$ 615,121</u>	<u>\$ (9,937)</u>	<u>\$ 605,184</u>

The proprietary fund type has no capital assets at June 30, 2016. Depreciation expense for governmental activities held assets was \$26,330 for 2016.

**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 three 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, 2016 was \$366,672.

**6. Pension Plans**

**Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

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.

For the year ended June 30, 2016, the District recognized pension expense of \$108,261 and revenue of \$108,261 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2016, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.0316862728% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 101,186	\$ 5,998
Changes of assumptions	2,268,054	-
Net difference between projected and actual earnings on pension plan investments	-	168,639
Changes in proportion and differences between District contributions and proportionate share of contributions	14,484	22,885
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 2,383,724</u>	<u>\$ 197,522</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$8,650,309.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

6. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2016	\$ 259,331
2017	259,331
2018	259,331
2019	397,264
2020	336,223
Thereafter	<u>696,095</u>
Total	<u>2,207,575</u>

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.

For the year ended Charter School, the District recognized pension expense of \$36,306. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0040255577% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2016

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

**Public Employees' Retirement System (PERS) (Cont'd)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,558	\$ -
Changes of assumptions	97,046	-
Net difference between projected and actual earnings on pension plan investments	-	14,529
Changes in proportion and differences between District contributions and proportionate share of contributions	115,785	-
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 234,389</u>	<u>\$ 14,529</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$903,657 and has been recorded on the district-wide financials. The current portion due in April 2017 for the June 30, 2016 liability is \$36,306 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2016 is \$939,963.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	18,947
2017		18,947
2018		18,947
2019		30,176
2020		17,058
Thereafter		<u>-</u>
Total		<u>104,075</u>

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

6. Pension Plans (Cont'd)

Long-Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	1.04 %
U.S. Treasuries	1.75 %	1.64 %
Investment Grade Credit	10.00 %	1.79 %
Mortgages	2.10 %	1.62 %
High Yield Bonds	2.00 %	4.03 %
Inflation-Indexed Bonds	1.50 %	3.25 %
Broad US Equities	27.25 %	8.52 %
Developed Foreign Equities	12.00 %	6.88 %
Emerging Market Equities	6.40 %	10.00 %
Private Equity	9.25 %	12.41 %
Hedge Funds/Absolute Return	12.00 %	4.72 %
Real Estate (Property)	2.00 %	6.83 %
Commodities	1.00 %	5.32 %
Global Debt ex US	3.50 %	(0.40)%
REIT	4.25 %	5.12 %

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80 as of June 30, 2015, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

6. Pension Plans (Cont'd)

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2016 and 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease ( 3.90 %)	Current Discount Rate ( 4.90 %)	1% Increase ( 5.90 %)
District's proportionate share of \$ the net pension liability	\$ 1,123,135	\$ 903,657	\$ 719,648

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**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, 2016

6. Pension Plans (Cont'd)

Contribution Requirements

Three-Year Trend Information for PERS

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>
June 30, 2016	\$ 34,609	100 %
June 30, 2015	30,215	100 %
June 30, 2014	24,747	100 %

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

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>
June 30, 2016	\$ 237,169	100 %
June 30, 2015	191,456	100 %
June 30, 2014	156,216	100 %

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 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution included funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Charter School in the amount of \$237,169. The State did not make any normal contributions on behalf of the Charter School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$108,842 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

These amounts have been included in the general-purpose financial statements, and the combining individual fund and account group statements and schedules as revenues and expenditures in accordance with Governmental Accounting Standards.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2016

**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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in the fiscal year 2015.

**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, 2016

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

There were no interfund balance at June 30, 2016.

**12. Fund Balance Appropriated**

General Fund – Of the \$498,160 General Fund balance at June 30, 2016, \$- of encumbrances is committed to other purposes, \$204,616 has been classified as assigned fund balance designated for subsequent year expenditures and \$293,544 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**

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements 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 postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

Academy Charter High School  
Notes to Financial Statements  
For the Year Ended June 30, 2016

**15. Subsequent Events**

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, November 4, 2016. No such disclosures were required.

**16. Uncertain Tax Positions**

The district had no unrecognized tax benefits. Furthermore, the district had no unrecognized tax benefits at June 30, 2016. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open year prior to June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ACADEMY CHARTER HIGH SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Tuition charges	\$ 675,085	\$ -	\$ 675,085	\$ 663,415	\$ (11,670)
Prior year refunds	-	-	-	-	-
Miscellaneous	10,000	110,000	120,000	111,143	(8,857)
Total - local sources	685,085	110,000	795,085	774,558	(20,527)
State sources:					
Equalization aid (Local levies - state share)	2,009,115	-	2,009,115	1,993,095	(16,020)
Special Education Aid	133,717	-	133,717	128,549	(5,168)
Security aid	80,799	604	81,403	79,777	(1,626)
Non-public transportation	108,187	-	108,187	108,187	-
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	128,908	128,908
TPAF pension (on-behalf - Non-budgeted)	-	-	-	108,261	108,261
TPAF social security (reimbursed - Non-budgeted)	-	-	-	108,842	108,842
Total state sources	2,331,818	604	2,332,422	2,655,619	323,197
<b>Total revenues</b>	<b>3,016,903</b>	<b>110,604</b>	<b>3,127,507</b>	<b>3,430,177</b>	<b>302,670</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular programs - instruction</b>					
Grades 9-12 - salaries of teachers	1,118,536	(84,774)	1,033,762	1,027,842	5,920
Other grades 9-12 - instruction	5,250	186,534	191,784	71,785	119,999
Purchased professional and technical support	25,400	(25,400)	-	-	-
Purchased Prof Consultant	-	-	-	-	-
Other purchased services	23,616	(23,616)	-	-	-
General supplies	43,280	(43,280)	-	-	-
Textbooks	28,850	(28,850)	-	-	-
Miscellaneous expenses	12,500	(12,500)	-	-	-
<b>Total regular programs - instruction</b>	<b>1,257,432</b>	<b>(31,886)</b>	<b>1,225,546</b>	<b>1,099,627</b>	<b>125,919</b>
<b>Undistributed expenditures - instruction</b>					
<b>Instruction</b>					
Tuition to other LEAS within state - reg	-	7,294	7,294	7,294	-
Salaries of social services coordinators	-	-	-	-	-
<b>Total instruction</b>	<b>-</b>	<b>7,294</b>	<b>7,294</b>	<b>7,294</b>	<b>-</b>
<b>Health services</b>					
Salaries	63,785	-	63,785	62,098	1,687
Salaries of social services coordinators	-	-	-	-	-
<b>Total health services</b>	<b>63,785</b>	<b>-</b>	<b>63,785</b>	<b>62,098</b>	<b>1,687</b>
<b>Other support services - students - regular</b>					
Salaries of other professional staff	175,238	(126,163)	49,075	49,075	-
<b>Total other support service - students - regular</b>	<b>175,238</b>	<b>(126,163)</b>	<b>49,075</b>	<b>49,075</b>	<b>-</b>
<b>Other support services - students - special</b>					
Salaries of other professional staff	105,375	(4,584)	100,791	100,791	-
<b>Total other support services - students - special</b>	<b>105,375</b>	<b>(4,584)</b>	<b>100,791</b>	<b>100,791</b>	<b>-</b>
<b>Support services - general administration</b>					
Legal services	18,000	(2,718)	15,282	14,060	1,222
Other purchased prof. services	12,000	2,000	14,000	12,000	2,000
Purchased technical services	20,400	(9,000)	11,400	10,077	1,323
Total benefits	-	-	-	-	-
Communications/telephone	22,908	(2,252)	20,656	15,364	5,292
General supplies	16,040	(5,788)	10,252	10,202	50
Miscellaneous expenditures	1,410	990	2,400	2,197	203
<b>Total support services - general administration</b>	<b>90,758</b>	<b>(16,768)</b>	<b>73,990</b>	<b>63,900</b>	<b>10,090</b>
<b>Support services - school admin.</b>					
Salaries of principals/asst. principals	419,680	(267,561)	152,119	152,119	-
Salaries of other professional staff	65,617	(3,617)	62,000	62,000	-
Salaries of secr. And clerical assts.	-	65,617	65,617	65,617	-
Other salaries	149,850	(32,850)	117,000	117,000	-
<b>Total support services - school admin.</b>	<b>635,147</b>	<b>(238,411)</b>	<b>396,736</b>	<b>396,736</b>	<b>-</b>
<b>Other operation &amp; maint. of plant services</b>					
Salaries	-	24,000	24,000	22,951	1,049
Purchased prof. and tech. services	12,850	30,076	42,926	21,097	21,829
Other purchased services	-	-	-	-	-
Cleaning, repair, and maint. services	-	96,750	96,750	73,114	23,636
Rental of land and bldgs. - other than lease purch. Agreements	369,172	-	369,172	366,672	2,500
Insurance	68,056	-	68,056	53,147	14,909
General supplies	50,420	(23,020)	27,400	22,996	4,404
Other objects	1,000	(235)	765	-	765
Miscellaneous expenses	-	-	-	-	-
<b>Total other operation &amp; maint. of plant services</b>	<b>501,498</b>	<b>127,571</b>	<b>629,069</b>	<b>559,977</b>	<b>69,092</b>

ACADEMY CHARTER HIGH SCHOOL  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Student transportation services</b>					
Other undist. expend. Student transportation	\$ 22,000	\$ -	\$ 22,000	\$ 16,695	\$ 5,305
<b>Total student transportation services</b>	<u>22,000</u>	<u>-</u>	<u>22,000</u>	<u>16,695</u>	<u>5,305</u>
<b>Other support services</b>					
Other undist. expend. bus. & other sup.	-	38,949	38,949	25,386	13,563
<b>Total other support services</b>	<u>-</u>	<u>38,949</u>	<u>38,949</u>	<u>25,386</u>	<u>13,563</u>
<b>Unallocated benefits</b>					
Other retirement contributions - Other	-	-	-	-	-
Other retirement contributions - PERS	-	34,609	34,609	34,609	-
Unemployment compensation	-	15,000	15,000	7,647	7,353
Health benefits	583,949	(55,852)	528,097	507,764	20,333
<b>Total unallocated benefits</b>	<u>583,949</u>	<u>(6,243)</u>	<u>577,706</u>	<u>550,020</u>	<u>27,686</u>
<b>On-behalf contributions:</b>					
On-behalf TPAF post-retirement medical (non-budgeted)	-	-	-	128,908	(128,908)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	108,261	(108,261)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	108,842	(108,842)
<b>Total on-behalf contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,011</u>	<u>(346,011)</u>
Other undistributed expenditures		248,962	248,962	137,702	
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>2,177,750</u>	<u>30,607</u>	<u>2,208,357</u>	<u>2,315,685</u>	<u>(107,328)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>3,435,182</u>	<u>(1,279)</u>	<u>3,433,903</u>	<u>3,415,312</u>	<u>18,591</u>
<b>CAPITAL OUTLAY</b>					
Non-instructional equipment	28,960	(11,000)	17,960	16,393	1,567
Building maintenance	-	-	-	-	-
Other objects	2,200	11,000	13,200	1,631	11,569
Total budgeted capital outlay	<u>31,160</u>	<u>-</u>	<u>31,160</u>	<u>18,024</u>	<u>13,136</u>
<b>Total general fund</b>	<u>3,466,342</u>	<u>(1,279)</u>	<u>3,465,063</u>	<u>3,433,336</u>	<u>31,727</u>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures	(449,439)	111,883	(337,556)	(3,159)	334,397
<b>Other Financing Sources / Uses:</b>					
Operating transfer out - deficit in food service	-	-	-	(40,939)	40,939
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,939)</u>	<u>40,939</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
Over (Under) Expenditures and Other Financing Sources (Uses)	(449,439)	111,883	(337,556)	(44,098)	375,336
<b>Fund Balance, July 1</b>	542,258	-	542,258	542,258	-
<b>Fund Balance, June 30</b>	<u>\$ 92,819</u>	<u>\$ 111,883</u>	<u>\$ 204,702</u>	<u>\$ 498,160</u>	<u>\$ 375,336</u>
<b>Recapitulation:</b>					
<b>Committed Fund Balance:</b>					
Assigned Fund Balance:					
Designated for subsequent year's expenditures				204,616	
Unrestricted/undesignated				293,544	
				<u>\$ 498,160</u>	

ACADEMY CHARTER HIGH SCHOOL  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	203,489	-	203,489	203,489	-
<b>Total Revenues</b>	203,489	-	203,489	203,489	-
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personal services-salaries	59,255	-	59,255	59,255	-
Purchased professional and technical services	-	-	-	-	-
General supplies	65,756	-	65,756	65,756	-
Tuition	-	-	-	-	-
Other objects	31,983	-	31,983	31,983	-
<b>Total instruction</b>	156,994	-	156,994	156,994	-
<b>Support services:</b>					
Personal services - salaries	-	-	-	-	-
Purchased professional and technical services	33,421	-	33,421	33,421	-
Other purchased services	-	-	-	-	-
Employee benefits	9,678	-	9,678	9,678	-
Travel	-	-	-	-	-
Supplies- materials	3,396	-	3,396	3,396	-
<b>Total support services</b>	46,495	-	46,495	46,495	-
<b>Total expenditures</b>	203,489	-	203,489	203,489	-
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -



ACADEMY CHARTER HIGH SCHOOL  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2016

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,430,177	[C-2]	\$ 203,489
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)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(108,261)		
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]	<u>\$ 3,321,916</u>	[B-2]	<u>\$ 201,787</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,433,336	[C-2]	\$ 203,489
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(108,261)		
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]	<u>\$ 3,325,075</u>	[B-2]	<u>\$ 201,787</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

ACADEMY CHARTER HIGH SCHOOL  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of Net Pension Liability-PERS  
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years\*

	2015	2016
District's proportion of the net pension liability	0.0036651539%	0.0040255577%
District's proportionate share of the net pension liability	\$ 686,217	\$ 939,963
District's covered-employee payroll	\$ 113,694	\$ 230,051
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.57%	24.47%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

ACADEMY CHARTER HIGH SCHOOL  
 Required Supplementary Information  
 Schedule of the District Contributions-PERS  
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>
Contractually required contributions	\$ 30,215	\$ 34,609
Contributions in relation to the contractually required contribution	<u>30,215</u>	<u>34,609</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 113,694	\$ 230,051
Contributions as a percentage of covered-employee payroll	26.58%	15.04%

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

ACADEMY CHARTER HIGH SCHOOL  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of Net Pension Liability-TPAF  
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0136540839%	0.0316862728%
District's proportionate share of the net pension liability	\$ 7,297,663	\$ 8,650,309
District's covered-employee payroll	\$ 1,832,447	\$ 1,503,980
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.11%	17.39%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

The District has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Academy Charter High School

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2016

Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04 %
Salary increases:	2.15 - 4.40 %
2012-2021	based on age
Thereafter	3.15 - 5.40 %
	based on age
Investment rate of return	7.90 %

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2016

	Title I 14/15	Title I 15/16	Title II Part A 15/16	I.D.E.A Regular Program Part B 15/16	Total 2016
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	791	136,707	11,623	54,368	203,489
<b>Total revenues</b>	<u>791</u>	<u>136,707</u>	<u>11,623</u>	<u>54,368</u>	<u>203,489</u>
<b>Expenditures:</b>					
Instruction:					
Salaries	-	22,030	9,225	28,000	59,255
Purchased professional services	-	-	-	-	-
General supplies	-	63,668	-	2,088	65,756
Tuition	-	-	-	-	-
Other Objects	791	31,192	-	-	31,983
<b>Total instruction</b>	<u>791</u>	<u>116,890</u>	<u>9,225</u>	<u>30,088</u>	<u>156,994</u>
<b>Support services:</b>					
Other support services -					
students - special:					
Salaries	-	-	-	-	-
Purchased prof. and tech. services	-	19,720	-	13,701	33,421
Other purchased services	-	-	-	-	-
Employee benefits	-	-	2,398	7,280	9,678
Travel	-	-	-	-	-
Supplies and materials	-	97	-	3,299	3,396
<b>Total other support services -</b>					
<b>    students - special</b>	<u>-</u>	<u>19,817</u>	<u>2,398</u>	<u>24,280</u>	<u>46,495</u>
<b>Total support services</b>	<u>-</u>	<u>19,817</u>	<u>2,398</u>	<u>24,280</u>	<u>46,495</u>
<b>Equipment:</b>					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 791</u>	<u>\$ 136,707</u>	<u>\$ 11,623</u>	<u>\$ 54,368</u>	<u>\$ 203,489</u>



ACADEMY CHARTER HIGH SCHOOL  
Enterprise Funds  
Combining Statement of Net Position  
June 30, 2016

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ (15,560)	\$ (15,560)
Accounts receivable:		
State	164	164
Federal	15,396	15,396
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>		
Net investment 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, 2016

	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	-	-
Total-daily sales-reimbursable programs	-	-
Daily sales non-reimbursable programs	558	558
Special functions	-	-
Miscellaneous	-	-
<b>Total operating revenues</b>	<u>558</u>	<u>558</u>
<b>Operating expenses:</b>		
Salaries	12,000	12,000
Supplies and materials	4,458	4,458
Cost of sales	96,837	96,837
<b>Total operating expenses</b>	<u>113,295</u>	<u>113,295</u>
<b>Operating income (loss)</b>	<u>(112,737)</u>	<u>(112,737)</u>
<b>Nonoperating revenues:</b>		
State sources:		
State school lunch program	905	905
Federal sources:		
National school lunch program	49,766	49,766
National school breakfast program	31,362	31,362
Food distribution program	-	-
<b>Total nonoperating revenues</b>	<u>82,033</u>	<u>82,033</u>
Change in net position before transfers	(30,704)	(30,704)
Transfers in (out)	<u>40,939</u>	<u>40,939</u>
Change in net position	10,235	10,235
Total unrestricted net position beginning	<u>(10,235)</u>	<u>(10,235)</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, 2016

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other funds	\$ 558	\$ 558
Payments to employees & benefits	(12,000)	(12,000)
Payments to suppliers	(101,295)	(101,295)
<b>Net cash used in operating activities</b>	<u>(112,737)</u>	<u>(112,737)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		-
State sources	801	801
Federal sources	71,561	71,561
Board interfund loans	40,939	40,939
<b>Net cash provided by non-capital financing activities</b>	<u>113,301</u>	<u>113,301</u>
<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>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	-	-
Proceeds from sale/maturities of investments	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	564	564
Balances—beginning of year	(16,124)	(16,124)
Balances—end of year	<u>\$ (15,560)</u>	<u>\$ (15,560)</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:</b>		
Operating loss	\$ (112,737)	\$ (112,737)
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>
<b>Net cash used in operating activities</b>	<u>\$ (112,737)</u>	<u>\$ (112,737)</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2016**

	<b>Agency</b>		<b>Scholarship Fund</b>	<b>Total</b>
	<b>Student Activity</b>	<b>Payroll Agency</b>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 570	\$ -	\$ -	\$ 570
Investments	-	-	-	-
Intrafund receivable	-	-	\$ -	-
Total assets	<u>570</u>	<u>-</u>	<u>\$ -</u>	<u>570</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings	-	-	-	-
Payable to student groups	570	-	-	570
Interfund payable	-	-	-	-
Intrafund payable	-	-	-	-
Total liabilities	<u>570</u>	<u>-</u>	<u>-</u>	<u>570</u>
<b>Net Position</b>				
Reserved for scholarships	-	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570</u>

**ACADEMY CHARTER HIGH SCHOOL**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Joseph F. Clark Scholarship Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Board	\$ -
Other	324
Total Contributions	324
<b>DEDUCTIONS</b>	
Scholarships awarded	-
Administrative expenses	759
Total deductions	759
Change in net position	(435)
Net position—beginning of the year	435
Net position—end of the year	\$ -

ACADEMY CHARTER HIGH SCHOOL  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activities Funds	\$ 3,201	\$ 195	\$ 2,826	\$ 570

ACADEMY CHARTER HIGH SCHOOL  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 2,056,561	\$ 2,056,561	\$ -
<b>Total assets</b>	<u>-</u>	<u>2,056,561</u>	<u>2,056,561</u>	<u>-</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	-	2,056,561	2,056,561	-
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 2,056,561</u>	<u>\$ 2,056,561</u>	<u>\$ -</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>75-80</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>81-84</b>
<p><b>Performance Framework</b></p>	<b>85</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 Ten Fiscal Years  
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 104,244	\$ 123,059	\$ 506,264	\$ 606,483	\$ 634,117	\$ 655,526	\$ 666,141	\$ 640,631	\$ 615,121	\$ 605,184
Restricted	-	-	-	-	-	97,904	171,687	217,823	280,684	204,616
Unrestricted	-	-	-	-	-	-	138,520	224,469	(478,569)	(426,559)
Total governmental activities net assets/position	<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>	<u>417,236</u>	<u>383,241</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	(10,235)	-
Total business-type activities net assets/position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,235)</u>	<u>-</u>
District-wide										
Net investment in capital assets	102,490	123,059	506,264	606,483	634,117	655,526	666,141	640,631	615,121	605,184
Restricted	-	-	-	-	-	97,904	171,687	217,823	280,684	204,616
Unrestricted	-	-	-	-	-	-	138,520	224,469	(488,804)	(426,559)
Total district net assets/position	<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>	<u>\$ 407,001</u>	<u>\$ 383,241</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,334,791	\$ 1,153,454	\$ 1,618,455	\$ 1,621,418	\$ 1,722,801	\$ 2,186,401	\$ 1,673,809	\$ 1,343,028	\$ 1,258,888	\$ 1,254,919
Support Services:										
School Support services	565,529	721,634	560,840	624,951	569,667	665,166	624,030	710,993	481,085	291,139
Pupil transportation	-	-	-	-	-	-	-	27,121	22,413	16,695
General administration	406,126	468,977	620,024	592,284	494,714	466,884	1,286,626	1,387,791	1,523,335	1,716,256
Non-budgeted expenditures	-	-	-	-	-	-	-	248,147	211,393	237,750
Total governmental activities expenses	2,306,446	2,344,065	2,799,319	2,838,653	2,787,182	3,318,451	3,584,465	3,717,080	3,497,114	3,516,759
Business-type activities:										
Food service	-	-	-	-	-	-	-	113,113	111,998	113,295
Total business-type activities expense	-	-	-	-	-	-	-	113,113	111,998	113,295
Total district expenses	2,306,446	2,344,065	2,799,319	2,838,653	2,787,182	3,318,451	3,584,465	3,830,193	3,609,112	3,630,054
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	181,125	173,642	211,554	137,955	102,242	399,411	162,468	485,209	406,153	439,537
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	181,125	173,642	211,554	137,955	102,242	399,411	162,468	485,209	406,153	439,537
Business-type activities:										
Charges for services										
Food service	12,417	11,139	10,947	14,033	15,601	1,960	1,068	994	4,414	558
Child Care	28,254	24,766	24,246	29,238	30,022	69,710	109,994	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	5,538	75,349	82,033
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	40,671	35,905	35,193	43,271	45,623	71,670	111,062	6,532	79,763	82,591
Total district program revenues	221,796	209,547	246,747	181,226	147,865	471,081	273,530	491,741	485,916	522,128

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental activities	(2,125,321)	(2,170,423)	(2,587,765)	(2,700,698)	(2,684,940)	(2,919,040)	(3,421,997)	(3,717,080)	(3,497,114)	(3,516,759)
Business-type activities	40,671	35,905	35,193	43,271	45,623	(70,921)	-	(113,113)	(111,998)	(113,295)
Total district-wide net expense	<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>	<u>(3,609,112)</u>	<u>(3,630,054)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Tuition charges	1,195,607	1,199,555	1,288,310	1,355,756	1,442,956	3,013,087	826,275	719,454	703,843	663,415
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Federal and State Aid Restricted	952,217	1,021,005	1,266,685	1,479,585	1,096,175	399,411	2,755,353	2,530,762	2,426,736	2,309,608
Miscellaneous income	61,076	23,220	15,012	26,767	36,522	23,501	63,287	194,811	52,444	111,143
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>3,183,023</u>	<u>3,084,166</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<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>	<u>3,183,023</u>	<u>3,084,166</u>
<b>Change in Net Assets/Position</b>										
Governmental activities	83,579	73,357	(17,758)	161,410	(109,287)	516,959	222,918	213,156	92,062	6,944
Business-type activities	40,671	35,905	35,193	43,271	45,623	(70,921)	-	(106,581)	(32,235)	(30,704)
Total district	<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>	<u>\$ 59,827</u>	<u>\$ (23,760)</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Unreserved	\$ 164,252	\$ 516,824	\$ 143,401	\$ 152,379	\$ 209,207	\$ 97,904	\$ 310,307	\$ 224,469	\$ 261,574	\$ 293,544
Assigned	-	-	-	-	-	-	-	217,823	280,684	204,616
Total general fund	<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>	<u>542,258</u>	<u>498,160</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>	<u>\$ -</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tuition charges	\$ 1,288,310	\$ 1,355,756	\$ 1,442,956	\$ 1,419,080	\$ 1,400,343	\$ 1,396,289	\$ 826,275	\$ 719,454	\$ 703,843	\$ 663,415
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	16,641	26,767	36,522	10,268	25,795	33,263	63,287	194,811	52,444	111,143
Local sources	58,356	27,119	6,385	60,375	37,361	19,182	-	-	-	-
State sources	1,236,491	1,226,629	1,180,557	1,178,053	1,204,502	1,471,523	2,755,354	2,778,909	2,638,129	2,547,358
Federal sources	128,198	102,577	95,857	67,736	111,840	85,338	162,468	237,062	194,760	201,787
<b>Total revenue</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>3,589,176</b>	<b>3,523,703</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,299,073	1,263,111	1,353,432	1,275,553	1,255,771	1,321,201	1,286,957	1,343,028	1,258,888	1,254,919
Support Services:										
Instruction support services	637,676	619,426	521,160	558,419	546,029	639,786	955,239	585,865	382,893	203,655
Health Services	-	-	-	-	-	-	-	-	61,742	62,098
Other support services	-	-	-	-	-	-	-	-	36,450	25,386
Pupil transportation	-	-	-	-	-	-	-	-	22,413	16,695
General administrative services	737,442	853,965	790,278	770,041	766,265	769,983	1,289,632	1,387,791	914,736	1,148,358
Operation and maintenance of grounds	-	-	-	-	-	-	-	-	550,050	559,977
Non-budgeted expenditures	-	-	-	-	-	-	-	248,147	211,393	237,750
Capital outlay	160,788	100,217	84,259	98,702	95,973	168,434	29,232	99,618	28,645	18,024
<b>Total expenditures</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>	<b>3,467,210</b>	<b>3,526,862</b>
Excess (Deficiency) of revenues over (under) expenditures	(106,983)	(97,871)	13,148	32,797	115,803	106,191	246,324	238,666	121,966	(3,159)
<b>Other Financing sources (uses)</b>										
Transfers out	-	-	-	-	-	-	(34,021)	(106,581)	(22,000)	(40,939)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,021)</b>	<b>(106,581)</b>	<b>(22,000)</b>	<b>(40,939)</b>
<b>Net change in fund balances</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>	<b>\$ 99,966</b>	<b>\$ (44,098)</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
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
2015	-	22,500	-	13,284	11,050	5,610	52,444
2016	5,161	2,000	-	2,839	16,250	84,893	111,143

Source: District records

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

<u>Function/Program</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>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	30.0	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	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	4.0	4.0	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>38.0</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>	<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				
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%
2015	211.0	3,039,057	14,403	-7.33%	30.0	30.0	193.7	195.0	4.14%	100.67%
2016	186.0	3,046,386	16,378	5.37%	30.0	30.0	180.9	167.4	-2.74%	92.54%

**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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
<u>High School</u>										
Academy Charter High School										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)	200	212	212	212	212	212	212	212	212	212
Enrollment	200	200	200	200	200	200	200	200	200	200
<u>Other</u>										
Square Feet	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662

Number of Schools at June 30, 2015  
 Senior High School = 1

Source: Charter School Records

ACADEMY CHARTER HIGH SCHOOL  
 Insurance Schedule  
 June 30, 2016

	<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 Four Years**

	2013 Audit	2014 Audit	2015 Audit	2016 Audit
Cash	331,484	554,746	407,977	519,123
Current Assets	548,033	95,380	44,700	15,396
Total Assets	879,517	1,275,295	1,357,438	1,401,957
Current Liabilities	237,826	103,189	223,325	100,530
Total Liabilities	237,826	103,189	950,437	1,018,716
Net Position	976,348	1,189,498	407,001	383,241
Total Revenue	3,884,424	3,451,559	3,668,939	3,606,294
Total Expenses	3,661,506	3,319,474	3,609,112	3,630,054
Change in Net Assets	222,918	132,085	59,827	(23,760)
Depreciation Expense	18,617	25,510	25,510	26,330
Interest Expense	1,884	-	-	-
Principal Payments	-	-	-	-
Interest Payments	-	-	-	-
Final Average Daily Enrollment	206	190	193	181
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A

<b>RATIO ANALYSIS</b>				
-----------------------	--	--	--	--

<u>Near Term Indicators</u>				
-----------------------------	--	--	--	--

1a	Current Ratio	2.3	6.30	2.03	5.32
1b	Unrestricted Days Cash	33.04	37.05	19.23	30.30
1c	Enrollment Variance	N/A	N/A	N/A	N/A
1d*	Default	No	No	No	No

<u>Sustainability Indicators</u>				
----------------------------------	--	--	--	--

2a	Total Margin	25%	4%	2%	-1%
2b	Debt to Asset	3.7	0.08	0.70	0.73
2c**	Cash Flow	207,219	223,262	76,493	111,146
2d	Debt Service Coverage Ratio	243,419	N/A	N/A	N/A

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

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

SINGLE AUDIT SECTION

**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, 2016, 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 November 4, 2016.

**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.

#### **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.

#### **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

November 4, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW  
JERSEY OMB CIRCULAR 15-08**

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 Compliance Supplement and the New Jersey OMB Circular 15-08 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and 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.

---

BRICK OFFICE: 514 BRICK BOULEVARD · SUITE 3 · BRICK, NJ · 08723 · PHONE (732) 840-1600 · FAX (732) 840-8349

MANAHAWKIN OFFICE: 21 JENNINGS ROAD · MANAHAWKIN, NJ · 08050 · PHONE (609) 978-9500 · FAX (609) 978-9515



**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, 2016.

**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 the Uniform Guidance and the New Jersey OMB 15-08, 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 the Uniform Guidance and New Jersey State OMB Circular 15-08. 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

November 4, 2016

ACADEMY CHARTER HIGH SCHOOL  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2016	Accounts Receivable at June 30, 2016	Due to Grantor at June 30, 2016
U.S. Department of Education									
Passed-through State Department of Education:									
Title I, Basic Allocation	84.010	7/1/15-6/30/16	\$ 136,707	\$ -	\$ 136,707	\$ (136,707)	\$ -	\$ -	\$ -
Title I, Basic Allocation - Carryover	84.010	7/1/13-6/30/14	339,282	(1,233)	1,233	-	-	-	-
Title I, Basic Allocation - Carryover	84.010	7/1/14-6/30/15	132,229	(24,205)	24,996	(791)	-	-	-
Title II - Part A	84.367	7/1/15-6/30/16	11,623	-	11,623	(11,623)	-	-	-
Title II - Part A - Carryover	84.367	7/1/14-6/30/15	11,132	(1,832)	1,832	-	-	-	-
I.D.E.A. Part B Basic	84.027	7/1/15-6/30/16	54,368	-	54,368	(54,368)	-	-	-
I.D.E.A. Part B Basic - Carryover	84.027	7/1/14-6/30/15	43,401	(11,601)	11,601	-	-	-	-
Total Special Revenue Fund				(38,871)	242,360	(203,489)	-	-	-
U.S. Department of Agriculture									
Passed-through State Department of Education:									
School Breakfast Program	10.553	7/1/14-6/30/15	28,769	(2,507)	2,507	-	-	-	-
National School Lunch Program	10.555	7/1/14-6/30/15	45,750	(3,322)	3,322	-	-	-	-
School Breakfast Program	10.553	7/1/15-6/30/16	31,362	-	25,298	(31,362)	-	(6,064)	-
National School Lunch Program	10.555	7/1/15-6/30/16	49,766	-	40,434	(49,766)	-	(9,332)	-
Total Enterprise (Food Service) Fund				(5,829)	71,561	(81,128)	-	(15,396)	-
Total Expenditures of Federal Awards				\$ (44,700)	\$ 313,921	\$ (284,617)	\$ -	\$ (15,396)	\$ -

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, 2016

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2016	(Accounts Receivable) at June 30, 2016	Due to Grantor at June 30, 2016
New Jersey Department of Education									
General Fund:									
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 142,846	\$ (837)	\$ 837	\$ -	\$ -	\$ -	\$ -
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	128,549	-	128,604	(128,549)	-	-	55
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	1,993,095	-	1,993,314	(1,993,095)	-	-	219
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,199,322	(256,409)	256,409	-	-	-	-
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	79,777	-	79,744	(79,777)	-	(33)	-
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	84,568	(5,623)	5,623	-	-	-	-
Adjustment Aid	16-100-034-5120-068	7/1/15-6/30/16	108,187	-	108,187	(108,187)	-	-	-
TPAF post-retirement medical	16-100-034-5095-001	7/1/15-6/30/16	128,908	-	128,908	(128,908)	-	-	-
TPAF pension contribution	16-100-034-5095-001	7/1/15-6/30/16	108,261	-	108,261	(108,261)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	15-495-034-5095-002	7/1/14-6/30/15	93,930	(5,133)	5,133	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	16-495-034-5095-002	7/1/15-6/30/16	108,842	-	101,835	(108,842)	-	(7,007)	-
<b>Total General Fund</b>				<u>(268,002)</u>	<u>2,916,855</u>	<u>(2,655,619)</u>	<u>-</u>	<u>(7,040)</u>	<u>274</u>
Enterprise Fund:									
State School Lunch Program	15-100-010-3360-067	7/1/14-6/30/15	830	(60)	60	-	-	-	-
State School Lunch Program	16-100-010-3360-067	7/1/15-6/30/16	905	-	741	(905)	-	(164)	-
<b>Total Enterprise Fund</b>				<u>(60)</u>	<u>801</u>	<u>(905)</u>	<u>-</u>	<u>(164)</u>	<u>-</u>
<b>Total State Expenditures Subject to Single Audit Determination</b>				<u>\$ (268,062)</u>	<u>\$ 2,917,656</u>	<u>\$ (2,656,524)</u>	<u>\$ -</u>	<u>\$ (7,204)</u>	<u>\$ 274</u>
<b>State Expenditures Not Subject to Major Program Determination</b>				<u>-</u>	<u>237,169</u>	<u>(237,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures of State Awards Subject to Major Program Determination</b>				<u>\$ (268,062)</u>	<u>\$ 2,680,487</u>	<u>\$ (2,419,355)</u>	<u>\$ -</u>	<u>\$ (7,204)</u>	<u>\$ 274</u>

See accompanying notes to schedules of expenditures.

## Academy Charter High School

## Notes to Schedules of Awards and Financial Assistance

June 30, 2016

## 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, 2016

## 3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$108,261) 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>Total</u>
General Fund	\$ -	\$ 2,547,358	\$ 2,547,358
Special Revenue Fund	201,787	-	201,787
Food Service Fund	<u>81,128</u>	<u>905</u>	<u>82,033</u>
Total awards and financial assistance	\$ <u>282,915</u>	\$ <u>2,548,263</u>	\$ <u>2,831,178</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

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2016.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2016

**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                     no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     none reported

Noncompliance material to general-purpose  
financial statements noted?                     yes                     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 2 CFR section .516(a) of Circular the Uniform Guidance?  yes  
no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

Dollar threshold used to distinguish between type A and type B programs:  
\$750,000

Auditee qualified as low-risk auditee?                     yes                     no

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2016

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

State Awards Section

Dollar threshold used to distinguish between type A and type B programs:  
\$750,000

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? \_\_\_\_\_ yes      X  none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? \_\_\_\_\_ yes      X  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
495-034-5120-085	Adjustment Aid

**Section II – Financial Statement Findings**

No matters were reported for the period ended June 30, 2016.

Prior Year Audit Findings – N/A



Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2016

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

No matters were reported for the period ended June 30, 2016.

Academy Charter High School  
Summary Schedule of Prior Audit Findings  
June 30, 2016

Prior year findings:

None