



ATLANTIC COMMUNITY
CHARTER SCHOOL

Atlantic Community Charter School, Inc.

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

ATLANTIC COMMUNITY CHARTER SCHOOL
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	10
Required Supplementary Information - Part I Management's Discussion and Analysis	16
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
B-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33
Notes to the Financial Statements	34
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	58
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	62
C-3 Budgetary Comparison Schedule - Note to RSI	63

ATLANTIC COMMUNITY CHARTER SCHOOL
Table of Contents (Cont'd)

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability – PERS	N/A
L-2 Schedule of the School District's Contributions – PERS	N/A
L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability – TPAF	N/A
L-4 Schedule of the School District's Contributions – TPAF	N/A
L-5 Notes to the Required Supplementary Information - Part III GASB 68 Pension Changes	N/A
Required Supplementary Information - Part IV	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
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 Schedule of Program Revenues and Expenditures - Budgetary Basis	66
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	N/A
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	N/A

ATLANTIC COMMUNITY CHARTER SCHOOL
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Statement of Fiduciary Net Position	68
H-2 Statement of Changes in Fiduciary Net Position	69
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	70
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
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	73
J-2 Changes in Net Position	74
J-3 Fund Balances - Governmental Funds	75
J-4 Changes in Fund Balances - Governmental Funds	76
J-5 General Fund Other Local Revenue by Source	77
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	79
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

ATLANTIC COMMUNITY CHARTER SCHOOL
Table of Contents (Cont'd)

STATISTICAL SECTION (Unaudited) (Cont'd)	Page
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	81
J-15 Principal Employers	82
Operating Information	
J-16 Full-time Equivalent Charter School Employees by Function/Program	84
J-17 Operating Statistics	85
J-18 School Building Information	86
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	87
J-21 Charter School Performance Framework	88
SINGLE AUDIT SECTION	
K-1 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	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required By State of New Jersey Circular 15-08-OMB	90
K-3 Schedule of Expenditures of Federal Awards, Schedule A	92
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	94
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	96
K-6 Schedule of Findings and Questioned Costs	98
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	103

INTRODUCTORY SECTION



ATLANTIC COMMUNITY
CHARTER SCHOOL

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Galloway, NJ 08205
Phone: 609.428.4300

AtlanticCommunityCharter.com

November 14, 2016

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School
Galloway, New Jersey 08205

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (the "CAFR") of the Atlantic Community Charter School (the "Charter School") for the fiscal year ended June 30, 2016. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. 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 (the "Board").

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 and results of operations of the various funds and account groups of the Charter School. 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 as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Single Audit Section -The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An appointed five member Board serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School's tax money.

The Lead Person is the Chief Executive Officer of the Charter School, responsible to the Board for total educational and support operations. The Business Administrator is the Chief Financial Officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES

The Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the Charter School are included in this report. The Charter School's Board constitutes the Charter School's reporting entity.

On February 22, 2016, Commissioner David C. Hespè approved the schools request to change its name to Atlantic Community Charter School.

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Fifth grade. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2015-2016 school year with an enrollment of 149 students.

2. ECONOMIC CONDITION AND OUTLOOK

The Charter School opened its doors in September 2014 with an enrollment of 150 students. In July of 2016 the school moved to a new location in Galloway, NJ and is expecting to expand its enrollment to 350 students in September of 2016. Management is stable and the Charter School's finances support the anticipated growth of the student population.

3. MAJOR INITIATIVES

The Charter School has developed a comprehensive strategic plan to support its mission of academic achievement in all areas based on a foundation of strong literacy as a blueprint for the achievement of its goals. The plan includes the use of data driven instruction and decision making by teachers and administrators; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

4. 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 recognized that:

- (a) The costs of a control should not exceed the benefits likely to be derived; and
- (b) The valuation of costs and benefits requires estimates and judgments by management.

As recipient of Federal and State financial aid, 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.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. 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 reflected 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. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS

The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups.

7. CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by State statute as detailed in "Notes to Financial Statements", Note 2. 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 failed banking institutions 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.

8. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, directors and officers liability, child molestation, accident insurance, workers compensation, hazard and theft on property and contents, benefits and surety bonds.

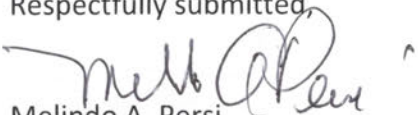
9. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our entire staff.

Respectfully submitted,



Melindo A. Persi,

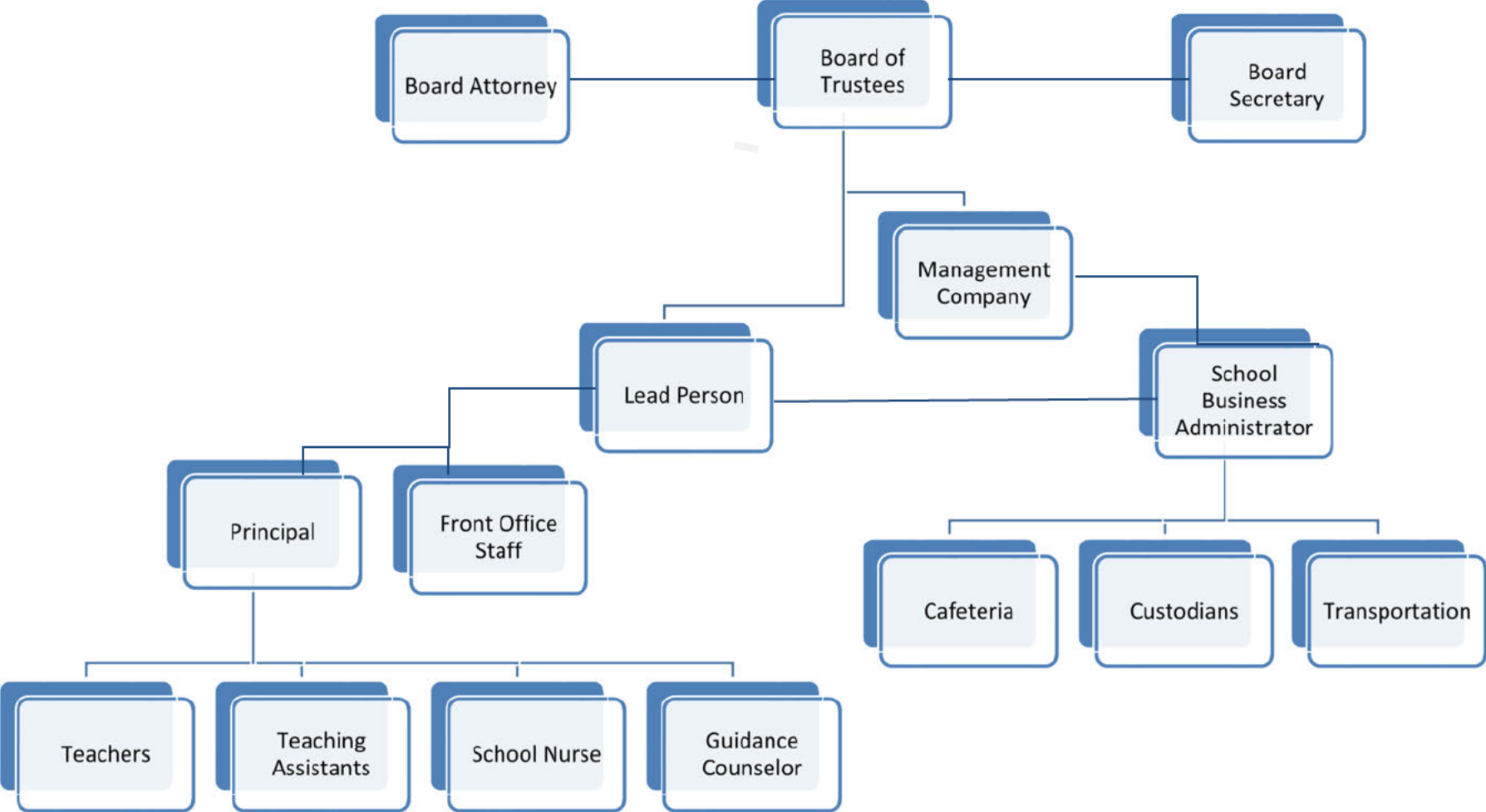
School Business Administrator/Board Secretary



Mr. Steven Bollar

Lead Person

Atlantic Community Charter School
Organizational Chart



**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
ATLANTIC CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2016**

Members of the Board of Trustees

Officers:

Dr. Dominick Potena
Douglas B. Groff

President
Vice President

Board Members:

Matthew Heinle
Peter Damon Seltzer
Marlene D. Frayne

Staff:

Jessica Richards
Melindo A. Persi

Lead person/ Principal
School Business Administrator/Board
Secretary

**ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
ATLANTIC CITY, NEW JERSEY**

Consultants & Advisors

Management Company:

CSMI, LLC
419 Avenue of the States
Chester, PA 19013

Board Secretary/School Business Administrator:

Melindo Persi
Integrated Support Solutions, LLC
802 Main Street, Suite 3A
Toms River, NJ 08075

Certified Purchasing Agent:

James Shoop
Integrated Support Solutions, LLC
802 Main Street, Suite 3A
Toms River, NJ 08075

Audit Firm:

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043-2493

Attorney:

Seth Broder
Broder Law Group, P. C.
110 Marter Avenue, Suite 103
Moorestown, NJ 08057

Official Depositories:

Sun National Bank
627 Haddon Ave
Collingswood, NJ 08108

Insurance Broker:

Conner Strong & Buckelew
40 Lake Center Executive Park
401 Rt 73N
Marlton, NJ 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position thereof for the fiscal 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 listed 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 Atlantic Community Charter School, Inc.'s basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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.

23550

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of the Atlantic Community Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 14, 2016

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 14, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2016

(Unaudited)

As management of the Atlantic Community Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on 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 information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2015-2016) and the prior fiscal year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The net position of the Charter School, which represents the difference between the summation of assets and the summation of liabilities, totaled \$98,924 at the close of the current fiscal year all of which is for governmental activities. This included \$63,288 net investment in capital assets and an unrestricted balance of \$35,636. At June 30, 2015, net position was \$14,232.
- General revenues were \$2,383,450 or 84% of all revenues. Program specific revenues in the form of operating and capital grants were \$438,149 or 16% of total revenues. Total revenues were \$2,821,599. Total revenues at June 30, 2015 were \$2,783,705.
- General Fund fund balance at June 30, 2016 was \$35,632. There was no General Fund fund balance at June 30, 2015.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole and present a longer-term view of the Charter School's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operations in more detail than the government-wide statements by providing information about the Charter School's most significant funds.

Reporting the Charter School as a Whole

One of the most important questions asked about the Charter School's finances is, "Is the Charter School as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Charter School as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

These two statements report the Charter School's *net position* and changes in it. You can think of the Charter School's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases or decreases* in the Charter School's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's revenue base and the condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

Reporting the Charter School's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Charter School as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter School can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund and capital projects fund which are all considered major funds. For the current and previous fiscal years, the Charter School did not have any activity in the capital projects fund.

The Charter School adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - The Charter School does not maintain a proprietary fund as its food services operation is outsourced to a New Jersey public school district.

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Charter School's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE

During fiscal year 2016, the Charter School's net position increased by \$84,692, increasing from \$14,232, in fiscal year 2015 to \$98,924 in fiscal year 2016. The analysis that follows focuses on the net position (Table A-1) and changes in net position (Table A-2) of the Charter School's governmental activities. The net cost of governmental activities is shown in Table A-3.

Table A-1
STATEMENTS OF NET POSITION

	Governmental Activities	
ASSETS:	June 30, 2016	June 30, 2015
Cash and Cash Equivalents	\$ 270,351	\$ 138,803
Accounts Receivable, net	68,115	147,095
Prepaid Expenses	3,455	1,030
Restricted Cash and Cash Equivalents	75,751	
Capital Assets, net	63,288	16,990
Total Assets	480,960	303,918
LIABILITIES:		
Accounts Payable and Accrued Expenses	334,738	227,858
Payable to Local Government	43,847	58,040
Noncurrent Liabilities:		
Due within One Year	3,451	3,788
Total Liabilities	382,036	289,686
NET POSITION		
Net Investment in Capital Assets	63,288	16,990
Unrestricted (Deficit)	35,636	(2,758)
Total Net Position	\$ 98,924	\$ 14,232

Total assets increased by \$177,042. The overall cash position of the Charter School increased by \$207,299 from June 30, 2015 as a result of fiscal year 2016 operations. Receivables decreased by \$78,980 resulting from the successful collection of receivables from the prior fiscal year. In addition, during fiscal year 2016, capital assets (net) increased by \$46,298 as a result the purchase of capital assets with grant funds.

Overall liabilities increased by \$92,350. This increase is from increases in accounts payable \$106,880 and decreases in payables to local governments of (\$14,193) and compensated absences (\$337).

One portion, or 64%, of the Charter School's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., equipment), which totaled \$63,288. This component represents capital assets, net of accumulated depreciation. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

The Charter School has no restricted net position.

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was \$35,636, or 36%.

**Table A-2
STATEMENTS OF ACTIVITIES**

	<u>Governmental Activities</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ 389,021	\$ 359,327
Capital Grants and Contributions	49,128	8,779
General Revenues:		
Charter School Aid	2,352,423	2,358,258
Miscellaneous Income	31,027	57,341
	2,821,599	2,783,705
Total Revenues		
Expenses:		
Instruction		1,165,955
Administration		646,584
Support Services		956,934
Regular Instruction	1,319,616	
Support Services and Undistributed Costs:		
Student and Instruction Related Services	87,994	
School Administrative Services	321,459	
Other Administrative Services	331,548	
Plant Operations and Maintenance	309,088	
Pupil Transportation	125,193	
Unallocated Benefits	242,009	
	2,736,907	2,769,473
Total Expenses		
Change in Net Position	84,692	14,232
Net Position, July 1	14,232	
Net Position, June 30	\$ 98,924	\$ 14,232

For the fiscal year ended June 30, 2016, the Charter School began reporting expenses in accordance with the New Jersey Department of Education Uniform Minimum Chart of Accounts where in the prior fiscal year, expenses were reported in three functions: instruction, administration and support services.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

During fiscal year 2016, the Charter School's total revenues increased by \$37,894, increasing from \$2,783,705 in fiscal year 2015 to \$2,821,599 in fiscal year 2016. The net increase in total revenues is attributable to increases in federal grants \$70,043 offset by decreases in Charter School Aid (\$5,835) and decreases in miscellaneous revenues (\$26,314).

The largest concentration of total revenues of the Charter School for fiscal year 2016 is Charter School Aid which consisted of Local Levy Equalization Aid State and Local Share and Categorical Special Education and Security Aid, which represented 83.4% of total revenues, followed by operating and capital grants at 15.5% and miscellaneous income at 1.1%. Governmental activities rely heavily on the revenues coming from or passing through the student's district of residence which are the Local Levy Equalization Aid State and Local Share and Categorical Aid, to fund general operations.

During fiscal year 2016, the Charter School's total expenses decreased by \$32,566, decreasing from \$2,769,473 in fiscal year 2015 to \$2,736,907 in fiscal year 2016. The net decrease in total expenses resulted from decreases in administrative and supports services by 12% and offset by increases in instruction by 13%.

Table A-3
NET COST OF GOVERNMENTAL ACTIVITIES

	2016		2015	
	<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			\$ 1,165,955	\$ 1,030,918
Administration			646,584	582,548
Support Services			956,934	787,901
Regular Instruction	\$ 1,319,616	\$ 1,029,700		
Support Services and Undistributed Costs:				
Student and Instruction Related Services	87,994	51,443		
School Administrative Services	321,459	321,459		
Other Administrative Services	331,548	331,548		
Plant Operations and Maintenance	309,088	309,088		
Pupil Transportation	125,193	125,193		
Unallocated Benefits	242,009	130,327		
Total Expenses	<u>\$ 2,736,907</u>	<u>\$ 2,298,758</u>	<u>\$ 2,769,473</u>	<u>\$ 2,401,367</u>

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds had a fund balance of \$35,632. There was no fund balance at the end of the prior fiscal year.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School fund balance in the general fund was \$35,632.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

The primary factors affecting operations in the general fund were as follows:

- Total revenues (Table A-4) decreased from fiscal year 2015 by \$29,727. The revenue sources primarily contributing to the decrease were local sources which were unrestricted miscellaneous revenue which decreased \$26,314 and State Sources that included Charter School Aid (Local Levy Equalization Aid – State and Local Share and Categorical Aid) which decreased \$5,835 offset by an increase in TPAF Social Security Reimbursed of \$2,422.
- Total expenditures (Table A-5) decreased from fiscal year 2015 by \$65,359. The expenditures contributing to the decrease were the combination of administrative and support services which decreased \$95,853 and capital outlay which decreased \$11,025 offset by increases in instruction of \$39,097 and the recognition of expenditures offsetting TPAF Social Security Reimbursed which increased \$2,422.

Table A-4
SUMMARY OF GENERAL FUND REVENUE

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:		
Local Sources:		
Unrestricted Miscellaneous Revenue	\$ 31,027	\$ 57,341
State Sources:		
Charter School Aid	2,352,423	\$ 2,358,258
TPAF Social Security Reimbursed	66,458	64,036
Total State Sources	<u>2,418,881</u>	<u>2,422,294</u>
Total Revenues	<u>\$ 2,449,908</u>	<u>\$ 2,479,635</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

**Table A-5
SUMMARY OF GENERAL FUND EXPENDITURES**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Instruction		\$ 1,028,718
Administration		579,126
Support Services		787,951
Regular Instruction	\$ 1,067,815	
Support Services and Undistributed Costs:		
Student and Instruction Related Services	51,443	
School Administrative Services	323,156	
Other Administrative Services	330,548	
Plant Operations and Maintenance	310,533	
Pupil Transportation	125,193	
Unallocated Benefits	130,351	
TPAF Social Security Reimbursed	66,458	64,036
Capital Outlay	<u>8,779</u>	<u>19,804</u>
 Total General Fund Expenditures	 <u><u>\$ 2,414,276</u></u>	 <u><u>\$ 2,479,635</u></u>

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt capital projects. Fiscal year 2016 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Improving Teacher Quality; I.D.E.A. Part B, Basic; and Public Charter School Implementation Grant. Total revenues equal to total expenditures were \$371,691 from these programs. In the previous fiscal year, these were \$304,070.

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$2,391,784, an increase of \$371,846 from the original budget estimate. Total budgeted revenues realized equaled \$2,449,908, which was \$58,124 in excess of the final budget estimate. This excess was as a result of revenue in excess of anticipated for unrestricted miscellaneous revenue and the recognition of revenues for TPAF Social Security Reimbursed which is not budgeted offset by decreases in revenues from students' district of residence.

The final budgetary basis expenditure appropriation estimate was \$2,391,784, which is an increase of \$371,846 over the original budget estimate. Actual expenditures were \$2,414,276 in excess of the final budget estimate by \$22,492. Since expenditures include the amounts recorded for T.P.A.F. social security reimbursed mentioned under revenue above which is not budgeted, this excess is not an overexpenditure of any appropriations.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2016 amounted to a historical cost of \$77,711 or \$63,288 net of accumulated depreciation (see Table A-6). This balance of capital assets includes equipment. Net capital assets increased by \$46,298 in fiscal year 2016 from fiscal year 2015. This increase resulted from current fiscal year purchases of equipment offset by depreciation on existing capital assets.

Table A-6
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)
As of June 30, 2016 and 2015

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Equipment	\$ 77,711	\$ 19,804
Less Accumulated Depreciation	(14,423)	(2,814)
Net Capital Assets	<u>\$ 63,288</u>	<u>\$ 16,990</u>

Long-Term Debt

The Charter School has no debt; however, at the end of the current fiscal year, the Charter School had a liability for compensated absences in the amount of \$3,451, a decrease of \$337 from the prior fiscal year. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused paid time off.

THE FUTURE OUTLOOK

The Charter School maintained its budget through the revenues that flow through students' district of residence, and state and federal grants.

As a charter school, revenues are driven by the residency of its student population and the level of enrollment of students in those districts.

The Charter School seeks to maximize its enrollment for the 2016-17 fiscal year.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, 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 any questions about this report or need additional information, contact Mr. Melindo Persi, School Business Administrator, at Atlantic Community Charter School, Inc., 112 S. New York Road, Galloway, New Jersey 08205.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 270,351
Accounts Receivable, net (Note 3)	68,115
Prepaid Expenses	3,455
Restricted Assets:	
Restricted Cash and Cash Equivalents	75,751
Capital Assets, net (Note 5)	63,288
Total Assets	480,960
LIABILITIES:	
Accounts Payable and Accrued Expenses	334,738
Payable to Local Government	43,847
Noncurrent Liabilities (Note 7):	
Due within One Year	3,451
Total Liabilities	382,036
NET POSITION:	
Net Investment in Capital Assets	63,288
Unrestricted	35,636
Total Net Position	\$ 98,924

The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC
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	Total
Governmental Activities:						
Regular Instruction	\$1,319,616		\$ 240,788	\$ 49,128	\$ (1,029,700)	\$ (1,029,700)
Support Services and Undistributed Costs:						
Student and Instruction Related Services	87,994		36,551		(51,443)	(51,443)
School Administrative Services	321,459				(321,459)	(321,459)
Other Administrative Services	331,548				(331,548)	(331,548)
Plant Operations and Maintenance	309,088				(309,088)	(309,088)
Pupil Transportation	125,193				(125,193)	(125,193)
Unallocated Benefits	242,009		111,682		(130,327)	(130,327)
Total Governmental Activities	2,736,907		389,021	49,128	(2,298,758)	(2,298,758)
Total Government	<u>\$ 2,736,907</u>	<u>\$ -</u>	<u>\$ 389,021</u>	<u>\$ 49,128</u>	<u>(2,298,758)</u>	<u>(2,298,758)</u>
General Revenues:						
Charter School Aid					2,352,423	2,352,423
Miscellaneous Income					31,027	31,027
Total General Revenues					<u>2,383,450</u>	<u>2,383,450</u>
Change in Net Position					84,692	84,692
Net Position -- July 1					<u>14,232</u>	<u>14,232</u>
Net Position -- June 30					<u>\$ 98,924</u>	<u>\$ 98,924</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 270,351	\$ 75,751	\$ 346,102
Interfund Accounts Receivable:			
Special Revenue Fund	58,311		58,311
Fiduciary Fund	786		786
Accounts Receivable:			
Other	442		442
Intergovernmental Accounts Receivable:			
State	12,553		12,553
Federal		31,580	31,580
Other LEAs - State Aid	22,754		22,754
Total Assets	\$ 365,197	\$ 107,331	\$ 472,528
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 151,514	\$ 49,020	\$ 200,534
Accrued Salaries & Benefits Payable	134,204		134,204
Interfund Accounts Payable			
General Fund		58,311	58,311
Intergovernmental Accounts Payable:			
Other LEA - State Aid	43,847		43,847
Total Liabilities	329,565	107,331	436,896
Fund Balances:			
Unassigned:			
General Fund	35,632		35,632
Total Fund Balances	35,632		35,632
Total Liabilities and Fund Balances	\$ 365,197	\$ 107,331	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.			3,455
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$77,711 and the accumulated depreciation is \$14,423.			63,288
Noncurrent liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			(3,451)
			\$ 98,924

The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources	\$ 31,027		\$ 31,027
State Sources	2,418,881		2,418,881
Federal Sources		\$ 371,691	371,691
Total Revenues	2,449,908	371,691	2,821,599
EXPENDITURES:			
Regular Instruction	1,067,815	240,788	1,308,603
Support Services and Undistributed Costs:			
Student and Instruction Related Services	51,443	36,551	87,994
School Administrative Services	323,156		323,156
Other Administrative Services	330,548		330,548
Plant Operations and Maintenance	310,533		310,533
Pupil Transportation	125,193		125,193
Unallocated Benefits	130,351	45,224	175,575
TPAF Pension and Social Security	66,458		66,458
Capital Outlay	8,779	49,128	57,907
Total Expenditures	2,414,276	371,691	2,785,967
Excess (Deficiency) of Revenues over Expenditures	35,632		35,632
Net Change in Fund Balances	35,632		35,632
Fund Balance -- July 1			
Fund Balance -- June 30	\$ 35,632	\$ -	\$ 35,632

The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 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

Total Net Change in Fund Balances - Governmental Funds	\$	35,632
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$	(11,609)	
Capital Outlays		<u>57,907</u>	
			46,298

In the statement of activities, certain operating expenses, (e.g., compensated absences; insurance) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

2,762

Change in Net Position of Governmental Activities	\$	<u><u>84,692</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2016

	Private-Purpose Trust Fund	Agency Fund
	Unemployment Compensation Trust Fund	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 652	\$ 33,413
Total Assets	\$ 652	\$ 33,413
LIABILITIES:		
Payroll Deductions and Withholdings		\$ 32,627
Interfund Accounts Payable:		
Due to General Fund		786
Total Liabilities		\$ 33,413
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 652	

The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Fund
	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 4,837
Budget Appropriation	5,723
	10,560
Total Additions	10,560
DEDUCTIONS:	
Unemployment Claims Paid	11,436
Total Deductions	11,436
Change in Net Position	(876)
Net Position, July 1	1,528
Net Position, June 30	\$ 652

The accompanying Notes to Financial Statements are an integral part of this statement.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Atlantic Community Charter School, Inc. (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("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 following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Charter School is a K-8 charter school located in the County of Atlantic, State of New Jersey. The original approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education was on January 18, 2011. As a charter school, the Atlantic Community Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of five members. All Board members are elected at the annual meeting of the Board and serve a term of three years. Trustees may be elected to serve for successive three year terms. The executive officers of the Charter School shall be chosen by the Board and shall be a Chairman/President, Vice Chairman/Vice President, Secretary, Treasurer and other officers and assistant officers as needed. The Chairman/President and the Secretary shall be a natural person of full age; however the Treasurer may be a Corporation, but if a natural person, shall be of full age. Officers shall hold their offices for a term of one year and need not be trustees and any number of offices may be held by the same person. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K through 8th grade at its one school; however enrollment for the fiscal year ended June 30, 2016 was K through 5th grade. The Charter School has an approximate enrollment at June 30, 2016 of 149.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection 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.

Component Units

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter School has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

The Charter School's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Charter School has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Charter School to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues from the Charter School's student's district of residence and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Charter School segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Charter School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues from the Charter School's student's district of residence are recognized as revenues in the year for which they are established based on enrollment. In accordance with New Jersey State Statute, the Charter School is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from the Charter School's student's district of residence, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

The Charter School reports the following major governmental funds:

General Fund - The general fund is the primary 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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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 the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from revenues from the Charter School's student's district of residence, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Charter Schools do not maintain debt service funds, therefore expenditures for principal and interest are accounted for in the general fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Charter School reports the following major governmental funds (cont'd):

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay. At June 30, 2016, the Charter School does not have a capital projects fund.

Debt Service Fund - Charter schools do not maintain debt service funds. Expenditures for principal and interest are accounted for in the general fund.

Permanent Fund - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter School's programs, that is, for the benefit of the Charter School or its students as a whole. The Charter School does not maintain a permanent fund.

Proprietary funds are used to account for the Charter School's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses. The Charter School does not maintain a proprietary fund.

Additionally, the Charter School reports the following fund types:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

Agency Funds - 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 (i.e., payroll and student activities). The Charter School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Charter School maintains the following agency fund: payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The Charter School maintains the following private-purpose trust fund:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the Charter School, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all revenues from the Charter School's student's district of residence.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue funds, and are submitted to the county office of education. Budgets are prepared using the modified accrual basis of accounting. 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 budget line account system promulgated by the State of New Jersey Department of Education for Charter Schools and based on the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by board of trustee resolution at any time during the fiscal year.

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 generally accepted accounting principles. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1 and exhibit C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Charter School does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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 Charter Schools are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Charter Schools.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the district of residence of the Charter School or are non-resident students.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Revenues from District of Residence, Region of Residence and Non-Resident Districts**

The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

Local Levy – Equalization Aid State and Local Share – The charter school's funding is pursuant to the *School Funding Reform Act of 2008*, which states the school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

Special Education / Security Aid – The school district of residence shall pay directly to the charter school the security aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Charter School, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Charter School. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Charter School's capitalization threshold is \$2,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 - 10 Years

The Charter School does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

Accrued Salaries and Wages

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the Charter School's liability for these earned but undisbursed amounts and the associated employer tax liability was \$134,204 and have subsequently been disbursed to the individual employees' financial institution.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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 Charter School uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - 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.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Charter School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The Charter School reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Charter School's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority, which, for the Charter School, is the Board of Trustees. Such formal action consists of an affirmative vote by the Board of Trustees, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Trustees removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Trustees or by the business administrator, to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Trustees.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Charter School to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Charter School to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2016, the Charter School adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

In addition, the Charter School adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Lastly, the Charter School adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Charter School in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the Charter School.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the Charter School in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2016, the Charter School's bank balances of \$380,978 were insured.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 31,580	\$ 31,580
State Awards	\$ 12,553		12,553
Local Awards	22,754		22,754
Fiduciary Funds	786		786
Accounts Receivable	442		442
	<u>\$ 36,535</u>	<u>\$ 31,580</u>	<u>\$ 68,115</u>

Note 4: INVENTORY

At June 30, 2016, the Charter School did not maintain any inventory.

Note 5: CAPITAL ASSETS

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

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 19,804	\$ 57,907		\$ 77,711
Total Capital Assets, being Depreciated	19,804	57,907		77,711
Total Capital Assets, Cost	19,804	57,907		77,711
Less Accumulated Depreciation for:				
Equipment	(2,814)	(11,609)		(14,423)
Total Accumulated Depreciation	(2,814)	(11,609)		(14,423)
Total Capital Assets, being Depreciated, Net	16,990	46,298		63,288
Governmental Activities Capital Assets, Net	<u>\$ 16,990</u>	<u>\$ 46,298</u>	<u>\$ -</u>	<u>\$ 63,288</u>

Note 5: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the Charter School as follows:

Governmental Activities:

Instruction	\$ 9,629
Administration	1,000
Support Services	<u>980</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 11,609</u>

Note 6: SHORT-TERM OBLIGATIONS

On May 13, 2016, the Charter School entered into a business loan agreement with Fulton Bank to provide cash flow for operations. No funds had been drawn during the fiscal year and there is no outstanding balance at June 30, 2016. The business loan agreement authorized a line of credit in the amount of \$650,000.

Note 7: NONCURRENT LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in noncurrent obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences	\$ 3,788	\$ 2,390	\$ (2,727)	\$ 3,451	\$ 3,451
	<u>\$ 3,788</u>	<u>\$ 2,390</u>	<u>\$ (2,727)</u>	<u>\$ 3,451</u>	<u>\$ 3,451</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to Note 12 for a description of the Charter School's policy.

Note 8: OPERATING LEASES

At June 30, 2016, the Charter School had lease agreements extended through July 31, 2016 for a building, land and temporary classroom trailers at the Charter School's temporary location in Atlantic City. The rent for this one month is \$6,250, \$1,102, \$4,275, respectively. Rental payments under these lease agreements which included the payment of property taxes for the fiscal year ended June 30, 2016 were \$166,614.

Note 8: OPERATING LEASES (CONT'D)

On June 22, 2016, the Charter entered into an operating lease agreement for a copy machine. The present value of the future minimum rental payments under this operating lease agreement is as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 1,606
2018	1,606
2019	1,606
2020	1,606
2021	1,606
	\$ 8,030

On December 23, 2015, the Charter School entered into a lease agreement with Education Capital Solutions, LLC ("Landlord"). Under this agreement, the Landlord acquired, renovated and outfitted a property for a school facility at 112 South New York Road in Galloway Township, New Jersey. The Landlord's total contributions defined as the scope of work are the basis for the annual rental payments which commence on July 1, 2016. On June 20, 2016, the Charter School received notice of the Landlord's total contributions which were \$4,304,000. The present value of the future minimum rental payments under this operating lease agreement is as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 376,600 (a)
2018	384,132 (b)
Option Periods (c)	

- (a) Based on 8.75% of the landlords total contributions. Monthly rental payments are \$31,383.33.
 (b) For each lease year beginning July 1, 2017, rent is calculated as the amount of the previous lease year plus 2% per annum.
 (c) The initial fixed term lease expires at midnight on June 30, 2018. The term of the lease shall automatically extend for each successive option period which is defined as four successive separate periods of five (5) years each. Under the option periods, the annual fixed rent shall be an amount equal to the sum of the annual fixed rent for the previous lease year plus 2% per annum.

Note 9: PENSION PLANS

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, Charter School employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the 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 financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Charter School, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in TPAF or PERS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The Charter School commenced operations on January 1, 2014 and the enrollment process of Charter School employees in the TPAF began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2016 there are no contractual requirements to contribute. Timing of participation aside, the Charter School would not have been required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015 and the timing of the Charter School's participation in the pension plan, there was no State contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2016. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$10,585.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Charter School's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Charter School commenced operations on January 1, 2014 and the enrollment process of Charter School employees in the Public Employees' Retirement System began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2016 there are no contractual requirements to contribute. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$661.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

At June 30, 2016, the Charter School has no employees participating in this program.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a Board of Education, Charter School 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 fiscal year 2015.

Note 11: 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; injuries to employees; 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.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

The following is a summary of the activity of the Charter School's private-purpose trust fund for the unemployment claims for the current and previous fiscal year:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Charter</u> <u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 5,723	\$ 4,837	None	\$ 11,436	\$ 652
2015	None	1,528	None	None	\$ 1,528

Note 12: COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are eligible for ten paid time off (PTO) days during the fiscal school year. A maximum of five PTO days may be carried over into the subsequent year and no more than five days may be accumulated if employed for the full school term.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$3,451.

Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 59,097	
Special Revenue		\$ 58,311
Fiduciary Funds		786
	<u>\$ 59,097</u>	<u>\$ 59,097</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 14: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

Note 15: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

For the fiscal year ended June 30, 2016, the Charter School depended on financial resources flowing from CSMI, LLC, the educational management organization engaged to provide certain management services to the Charter School. This funding is in accordance with the agreement between the Charter School and CSMI, LLC. These financial resources were:

<u>Description</u>	<u>Amount</u>
Revenues from Educational Management Organization	\$ 30,000
Cancelled Management Fees	<u>223,875</u>
	<u>\$ 253,875</u>

Note 16: FUND BALANCES**UNASSIGNED**

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Charter School's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2016, \$35,632 of general fund balance was unassigned.

Note 17: CHANGE IN REPORTING ENTITY

On March 31, 2016, the Board of Trustees filed an amendment to the Certificate of Incorporation changing the name from the Atlantic City Community Charter School, Inc. to the Atlantic Community Charter School, Inc.

Note 18: SUBSEQUENT EVENT

For the fiscal year ending June 30, 2017, the Atlantic Community Charter School, Inc. relocated to a school facility in Galloway Township, New Jersey (See Note 8).

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES</u>					
Local Sources:					
Revenue from Educational Management Organization				\$ 30,000	\$ 30,000
Unrestricted Miscellaneous Revenues		\$ 580	\$ 580	1,027	447
Total - Local Sources		580	580	31,027	30,447
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	\$ 1,893,822	390,184	2,284,006	2,249,653	(34,353)
Total - Local Levy/Equalization Aid	1,893,822	390,184	2,284,006	2,249,653	(34,353)
Categorical Aid:					
Special Education Aid	64,291	(5,909)	58,382	45,555	(12,827)
Security Aid	61,825	(13,009)	48,816	57,215	8,399
Total Categorical Aid	126,116	(18,918)	107,198	102,770	(4,428)
Total Charter School Aid	2,019,938	371,266	2,391,204	2,352,423	(38,781)
Other State Sources:					
Reimbursed TPAF Social Security Contributions				66,458	66,458
Total - Other State Sources				66,458	66,458
Total - State Sources	2,019,938	371,266	2,391,204	2,418,881	27,677
Total Revenues	2,019,938	371,846	2,391,784	2,449,908	58,124

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES</u>					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 160,000		\$ 160,000	\$ 134,685	\$ 25,315
Grades 1-5	590,000	\$ 25,463	615,463	615,463	
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction		15,746	15,746	15,746	
Purchased Professional - Educational Services	189,070	76,080	265,150	246,769	18,381
General Supplies	48,000	(30,954)	17,046	16,776	270.00
Textbooks	40,500	6,655	47,155	47,155	
Total Regular Programs - Instruction	<u>1,027,570</u>	<u>92,990</u>	<u>1,120,560</u>	<u>1,076,594</u>	<u>43,966</u>
Total Instruction	<u>1,027,570</u>	<u>92,990</u>	<u>1,120,560</u>	<u>1,076,594</u>	<u>43,966</u>
Undistributed Expenditures - Child Study Teams:					
Purchased Professional - Educational Services		7,250	7,250	7,250	
Total Undistributed Expenditures - Child Study Teams		<u>7,250</u>	<u>7,250</u>	<u>7,250</u>	
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services		44,193	44,193	44,193	
Total Undistributed Expenditures - Instructional Staff Training Services		<u>44,193</u>	<u>44,193</u>	<u>44,193</u>	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 60,000	\$ (47,565)	\$ 12,435	\$ 12,435	
Legal Services	7,800	36,586	44,386	44,386	
Other Purchased Professional Services	31,016	83,003	114,019	114,019	
Insurance		959	959	959	
Communications / Telephone	8,185	4,019	12,204	12,204	
Miscellaneous Purchased Services (400-500 series)	30,000	100,686	130,686	130,686	
General Supplies	14,500	1,359	15,859	15,859	
Miscellaneous Expenditures	31,819	(31,819)			
Total Undistributed Expenditures - Support Services - General Administration	183,320	147,228	330,548	330,548	
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	140,000	(29,850)	110,150	110,150	
Salaries of Secretarial and Clerical Assistants	54,000	(4,910)	49,090	49,090	
Other Purchased Professional and Technical Services	74,700	75,116	149,816	149,816	
Other Purchased Services	55,000	(47,620)	7,380	7,380	
Supplies and Materials	30,500	(23,780)	6,720	6,720	
Total Undistributed Expenditures - Support Services - School Administration	354,200	(31,044)	323,156	323,156	
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair and Maintenance Services	30,000	56,837	86,837	86,837	
Rental of Land and Buildings Other Than Lease Purchase	138,903	27,711	166,614	166,614	
Other Purchased Property Services		1,998	1,998	1,998	
Insurance	70,000	(32,249)	37,751	37,751	
Energy - Electricity	24,000	(6,667)	17,333	17,333	
Total Undistributed Expenditures - Custodial Services	262,903	47,630	310,533	310,533	
Total Undistributed Expenditures - Operation and Maintenance of Plant	262,903	47,630	310,533	310,533	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Regular Education Students) - Vendors	\$ 55,000	\$ 69,953	\$ 124,953	\$ 124,953	
Contracted Services (Other than Between Home and School) - Vendors		240	240	240	
Total Undistributed Expenditures - Student Transportation Services	55,000	70,193	125,193	125,193	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions		9,423	9,423	9,423	
New Jersey Unemployment Compensation		5,723	5,723	5,723	
Workers' Compensation	19,235	(4,505)	14,730	14,730	
Health Benefits	114,710	(15,235)	99,475	99,475	
Tuition Reimbursement		1,000	1,000	1,000	
Other Employee Benefits	3,000	(3,000)			
Total Unallocated Benefits - Employee Benefits	136,945	(6,594)	130,351	130,351	
Reimbursed TPAF Social Security Contributions				66,458	\$ (66,458)
Total Undistributed Expenditures	992,368	278,856	1,271,224	1,337,682	(66,458)
Total General Current Expense	2,019,938	371,846	2,391,784	2,414,276	(22,492)
Total Expenditures	2,019,938	371,846	2,391,784	2,414,276	(22,492)
Excess (Deficiency) of Revenues Over (Under) Expenditures				35,632	35,632
Fund Balances, July 1					
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ 35,632	\$ 35,632
Recapitulation:					
Unassigned Fund Balance				\$ 35,632	
				<u>\$ 35,632</u>	

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I	\$ 143,293	\$ 43,968	\$ 187,261	\$ 183,372	\$ (3,889)
Title IIA	1,235		1,235	1,235	
I.D.E.A. Basic		36,230	36,230	36,230	
New Jersey Charter School Implementation Grant	100,000	51,667	151,667	150,854	(813)
Total - Federal Sources	<u>244,528</u>	<u>131,865</u>	<u>376,393</u>	<u>371,691</u>	<u>(4,702)</u>
Total Revenues	<u>244,528</u>	<u>131,865</u>	<u>376,393</u>	<u>371,691</u>	<u>(4,702)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	121,700	10,304	132,004	127,302	4,702
Other Purchased Services		1,235	1,235	1,235	
Instructional Supplies		112,251	112,251	112,251	
Total Instruction	<u>121,700</u>	<u>123,790</u>	<u>245,490</u>	<u>240,788</u>	<u>4,702</u>
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits	36,593	8,631	45,224	45,224	
Purchased Professional Educational Services	1,235	34,995	36,230	36,230	
Other Purchased Services		321	321	321	
Total Support Services	<u>37,828</u>	<u>43,947</u>	<u>81,775</u>	<u>81,775</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment	85,000	(35,872)	49,128	49,128	
Total Facilities Acquisition and Construction Services	<u>85,000</u>	<u>(35,872)</u>	<u>49,128</u>	<u>49,128</u>	
Total Expenditures	<u>244,528</u>	<u>131,865</u>	<u>376,393</u>	<u>371,691</u>	<u>4,702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

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>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	<u>\$ 2,449,908</u>	<u>\$ 371,691</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 2,449,908</u></u>	<u><u>\$ 371,691</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 2,414,276</u>	<u>\$ 371,691</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 2,414,276</u></u>	<u><u>\$ 371,691</u></u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	NCLB		I.D.E.A.	Public Charter School Implementation Grant	Total
	Title I	Title II A	Basic		
REVENUES:					
Federal Sources	\$ 183,372	\$ 1,235	\$ 36,230	\$ 150,854	\$ 371,691
Total Revenues	<u>183,372</u>	<u>1,235</u>	<u>36,230</u>	<u>150,854</u>	<u>371,691</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	127,302				127,302
Other Purchased Services		1,235			1,235
Instructional Supplies	<u>10,525</u>			<u>101,726</u>	<u>112,251</u>
Total Instruction	<u>137,827</u>	<u>1235.00</u>		<u>101,726</u>	<u>240,788</u>
Support Services:					
Personal Services - Employee Benefits	45,224				45,224
Purchased Professional Educational Services			36,230		36,230
Other Purchased Services	<u>321</u>				<u>321</u>
Total Support Services	<u>45,545</u>		<u>36,230</u>		<u>81,775</u>
Equipment:					
Instructional Equipment				<u>49,128</u>	<u>49,128</u>
Total Expenditures	<u>183,372</u>	<u>1,235</u>	<u>36,230</u>	<u>150,854</u>	<u>371,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FIDUCIARY FUNDS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2016

	Private- Purpose Trust Fund	Agency Fund	
	Unemployment Compensation Trust Fund	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 652	\$ 33,413	\$ 34,065
Total Assets	<u>\$ 652</u>	<u>\$ 33,413</u>	<u>\$ 34,065</u>
LIABILITIES:			
Payroll Deductions and Withholdings		\$ 32,627	\$ 32,627
Interfund Accounts Payable:			
Due to General Fund		786	786
Total Liabilities		<u>\$ 33,413</u>	<u>33,413</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 652</u>		<u>\$ 652</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Fund
	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 4,837
Budget Appropriation	5,723
Total Additions	10,560
DEDUCTIONS:	
Unemployment Claims Paid	11,436
Total Deductions	11,436
Change in Net Position	(876)
Net Position, July 1	1,528
Net Position, June 30	\$ 652

ATLANTIC COMMUNITY CHARTER SCHOOL, INC
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 673	\$ 1,123,429	\$ 1,090,689	\$ 33,413
Total Assets	<u>\$ 673</u>	<u>\$ 1,123,429</u>	<u>\$ 1,090,689</u>	<u>\$ 33,413</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 673	\$ 359,010	\$ 327,056	\$ 32,627
Net Payroll		763,633	763,633	
Interfund Accounts Payable:				
Due to General Fund		<u>786</u>		<u>786</u>
Total Liabilities	<u>\$ 673</u>	<u>\$ 1,123,429</u>	<u>\$ 1,090,689</u>	<u>\$ 33,413</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Financial trends information is intended to assist the user in understanding and assessing how the Charter School's financial position has changed over time. Please refer to the following exhibits for a historical view of the Charter School's financial performance.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Net Position by Component
 Last Two Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,	
	2016	2015 (1)
Governmental Activities		
Net Investment in Capital Assets	\$ 63,288	\$ 16,990
Unrestricted	<u>35,636</u>	<u>(2,758)</u>
Total Governmental Activities Net Position	<u>\$ 98,924</u>	<u>\$ 14,232</u>
Government-wide		
Net Investment in Capital Assets	\$ 63,288	\$ 16,990
Unrestricted	<u>35,636</u>	<u>(2,758)</u>
Total Government-wide Net Position	<u>\$ 98,924</u>	<u>\$ 14,232</u>

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Changes in Net Position
 Last Two Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,	
	2016	2015 (1)(2)
Expenses		
Governmental Activities		
Instruction		\$ 1,165,955
Administration		646,584
Support Services		956,934
Regular Instruction	\$ 1,319,616	
Support Services and Undistributed Costs:		
Student and Instruction Related Services	87,994	
School Administrative Services	321,459	
Other Administrative Services	331,548	
Plant Operations and Maintenance	309,088	
Pupil Transportation	125,193	
Unallocated Benefits	242,009	
Total Governmental Activities Expenses	<u>2,736,907</u>	<u>2,769,473</u>
Total Government-wide Expenses	<u>\$ 2,736,907</u>	<u>\$ 2,769,473</u>
Program Revenues		
Governmental Activities:		
Operating Grants and Contributions	\$ 389,021	\$ 359,327
Capital Grants and Contributions	<u>49,128</u>	<u>8,779</u>
Total Governmental Activities Program Revenues	<u>438,149</u>	<u>368,106</u>
Total Governmental-wide Program Revenues	<u>\$ 438,149</u>	<u>\$ 368,106</u>
General Revenues and Other Changes in Net Position		
Governmental Activities:		
Charter School Aid	\$ 2,352,423	\$ 2,358,258
Miscellaneous Income	<u>31,027</u>	<u>57,341</u>
Total Governmental Activities	<u>2,383,450</u>	<u>2,415,599</u>
Total Government-wide	<u>\$ 2,383,450</u>	<u>\$ 2,415,599</u>
Net (Expense)/Revenue		
Governmental Activities	<u>\$ 84,692</u>	<u>\$ 14,232</u>

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported expenses in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Fund Balances - Governmental Funds
Last Two Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,	
	2016	2015 (1)
General Fund		
Committed	None	None
Assigned	None	None
Unassigned	\$ 35,632	None
All Other Governmental Funds	None	None
Total All Other Governmental Funds	None	None

Source: Charter School's Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Changes in Fund Balances, Governmental Funds
 Last Two Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,	
	2016	2015 (1)(2)
Revenues		
Local Sources	\$ 31,027	\$ 57,341
State Sources	2,418,881	2,422,294
Federal Sources	371,691	304,070
Total Revenue	<u>2,821,599</u>	<u>2,783,705</u>
Expenditures		
Instruction		1,163,755
Administration		579,126
Support Services		948,205
Regular Instruction	1,308,603	
Support Services and Undistributed Costs:		
Student and Instruction Related Services	87,994	
School Administrative Services	323,156	
Other Administrative Services	330,548	
Plant Operations and Maintenance	310,533	
Pupil Transportation	125,193	
Unallocated Benefits	175,575	
TPAF Pension and Social Security	66,458	28,583
Capital Outlay	57,907	64,036
Total Expenditures	<u>2,785,967</u>	<u>2,783,705</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,632</u>	<u> </u>
Net Change in Fund Balances	<u>\$ 35,632</u>	<u>\$ -</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A

Source: Charter School's Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in these functions: Instruction, Administration, Support Services and Capital Outlay.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 General Fund - Other Local Revenue by Source
 Last Two Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,	
	2016	2015 (1)
Student Transportation Fees	\$ 444	
Miscellaneous Refunds	583	
Revenues from Educational Management Organization	30,000	\$ 57,341
	\$ 31,027	\$ 57,341

Source: Charter School Records

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the Charter School's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the Charter School's outstanding debt and its debt capacity.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type

Last Two Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases			
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015 (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: The Charter School does not have outstanding debt.

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the Charter School operates and (2) to provide information that facilitates comparisons of financial statement information over time and among Charter Schools. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the Charter School operates.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Demographic and Economic Statistics (1)
Last Ten Fiscal Years
Unaudited

Year	City of Atlantic City Population (2)	Personal Income (3)	Atlantic County Per Capita Personal Income (4)	Unemployment Rate (5)
2016	Unavailable	unavailable	unavailable	unavailable
2015	39,260	unavailable	unavailable	13.2%
2014	39,588	\$ 1,715,585,568	\$ 43,336	14.8%
2013	39,747	1,655,820,273	41,659	16.5%
2012	39,552	1,658,296,704	41,927	17.8%
2011	39,553	1,635,041,914	41,338	17.2%
2010	39,553	1,564,123,385	39,545	15.8%
2009	39,553	1,548,618,609	39,153	15.1%
2008	39,416	1,541,402,096	39,106	9.4%
2007	39,596	1,509,003,560	38,110	8.4%

Source:

- (1) Data provided for Atlantic County, New Jersey.
- (2) Population information for the City of Atlantic City provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer (1)</u>	<u>2016</u>			<u>2006 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force(2)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>
Bally's Atlantic City	8,700	1				
Harrah's Resort Atlantic City	7,500	2				
Marina District Development Company	6,500	3				
Atlanticare Regional Medical Center (All subsidiaries)	3,128	4				
Borgata Hotel Casino & Spa	3,000	5				
Casino Comps LLC	3,000	6				
Casino Connection International	3,000	7				
Claridge Hotel & Casino Corp	3,000	8				
Resorts Casino Hotel	3,000	9				
Caesars Atlantic City	2,500	10				
	<u>43,328</u>			<u>-</u>		

(1) Source: D&B Regional Business Directory (2014)

(2) Data was not available from sources contacted.

Operating Information

Operating information is intended to provide contextual information about the Charter School's operations and resources to assist readers in using financial statement information to understand and assess the Charter School's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the Charter School's operations.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Full-time Equivalent Charter School Employees by Function/Program
 Last Two Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2016 (1)</u>	<u>2015 (2)</u>
Regular Instruction	15.5	
School Administrative Services	1.5	
Other Administrative Services	1.5	
Instruction		14.38
Administration		3.00
Support Services		1.19
	18.50	18.57
Total	18.50	18.57

Source: Charter School Personnel Records

- (1) Prior to the fiscal year ended June 30, 2016, the Charter School reported its budget in three functions: Instruction, Administration and Support Services.
- (2) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Operating Statistics
Last Two Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio Elementary (K-5)	Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	149.3	\$ 2,728,060	\$ 18,272	-1%	15.50	9.63:1	148.0	138.0	0.2%	93.24%
2015 (4)	150	2,755,122	18,367	N/A	14.38	10:1	147.7	136.3	N/A	92.28%

Sources: Charter School Records

Note: Enrollment based on annual October enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2015, the operating period is January 1, 2014 - June 30, 2015.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
School Building Information
Last Two Fiscal Years
Unaudited

Not Applicable. The Charter School does not own any facilities.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2016

Unaudited

<u>Policy Level Information</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability		
Occurrence		
General Aggregate	\$ 2,000,000	
Products/Completed Oper. Aggr.	2,000,000	
Personal & Advertising Injury	1,000,000	
Rented To You Limit	100,000	
Medical Expense Limit (Any One Person)	5,000	
Each Occurrence	1,000,000	
Employee Benefits (each claim)	1,000,000	
Employee Benefits (agg limit)	1,000,000	
Abuse/Molestation (each occurrence)	1,000,000	
Abuse/Molestation (agg limit)	1,000,000	
Hired/Non-owned Auto Liability	1,000,000	
Electronic Data Processing		
Equipment/ Owned	25,000	\$ 1,000
Crime and Fidelity Coverage		
Employee Theft	10,000	250
Public Officials Bonds (Ohio Casualty Insurance Company)		
Treasurer	137,000	
School Business Administrator	10,000	
Professional Liability		
Each Act, Errors & Omissions	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
Directors & Officers/ Employment Practices Liability		
Each Claim	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
Workers Compensation		
Bodily Injury by Accident/ Each Accident	500,000	
Bodily Injury by Disease/ Policy Limit	500,000	
Bodily Injury by Disease/ Each Employee	500,000	
Property Coverage		
Deductibles as stated except \$5,000 for wind, hail and water damage		
Covered Location: 200 N. Texas Avenue		
Business Personal Property Limit	200,000	1,000
Covered Location: 222 N. Florida Avenue		
Building Coverage Modular #1	60,706	1,000
Contents Coverage Modular #1	50,000	1,000
Building Coverage Modular #2	60,706	1,000
Contents Coverage Modular #2	50,000	1,000
Student Accident Coverage - Full Excess		
Basic - Accident Medical Expense Limit	1,000,000	
Catastrophic - Accident Medical Expense Limit	5,000,000	25,000
Umbrella		
Occurrence	8,000,000	10,000
Aggregate	8,000,000	10,000

Source: Charter School Records

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Charter School Performance Framework
Financial Indicators - Fiscal Ratios
Unaudited

	2014 (1)	2015 (1)	2016	Source
	Audit	Audit	Audit	
Cash	NA	\$ 138,803	\$ 346,102	Audit: Exhibit A-1
Current Assets	NA	286,928	417,672	Audit: Exhibit A-1
Total Assets	NA	303,918	480,960	Audit: Exhibit A-1
Current Liabilities	NA	285,898	378,585	Audit: Exhibit A-1
Total Liabilities	NA	289,686	382,036	Audit: Exhibit A-1
Net Position	NA	14,232	98,924	Audit: Exhibit A-1
Total Revenue	NA	2,415,599	2,383,450	Audit: Exhibit A-2
Total Expenses	NA	2,401,367	2,298,758	Audit: Exhibit A-2
Change in Net Position	NA	14,232	84,692	Audit: Exhibit A-2
Depreciation Expense	NA	2,814	11,609	Financial Statements/Audit Workpapers
Interest Expense	NA	NA	NA	Financial Statements/Audit Workpapers
Principal Payments	NA	NA	NA	Financial Statements/Audit Workpapers
Interest Payments	NA	NA	NA	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	NA	147.7	148.0	DOE Enrollment Reports
March 30th Budgeted Enrollment	NA	150	150	Charter School Budget

RATIOS ANALYSIS...

Near Term Indicators	2014 (1)	2015 (1)	2016	3 YR CUM (1)	Source:
1a. Current Ratio	NA	1.00	1.10	1.05	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	NA	21.10	54.95	38.03	Cash/(Total Expenses/365)
1c. Enrollment Variance	NA	98.5%	98.7%	98.57%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	NA	Audit
Sustainability Indicators					
2a. Total Margin	NA	1%	4%	2%	Change in Net Position/Total Revenue
2b. Debt to Asset	NA	0.95	0.79	0.87	Total Liabilities/Total Assets
2c. ** Cash Flow	NA	138,803	207,299	173,051	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

** 2016 =2016 Cash - 2015 Cash; 2015 =2015 Cash-2015 (First Fiscal Year)

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015. The Charter School did not exist for 2014.

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Atlantic Community Charter School, Inc.
Galloway, New Jersey 08205

Report on Compliance for Each Major State Program

We have audited the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2016. The Charter 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter 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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, 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 the Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, 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 fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program 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 State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 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 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.

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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 14, 2016

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FA N Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance July 1, 2015
					From	To	
Special Revenue Fund:							
U.S. Department of Education							
Passed-through State Department of Education:							
No Child Left Behind (NCLB):							
Title I, Part A (P L. 103-382)	84.010	S010A150030	NCLB606015	\$ 144,574	7/1/2014	6/30/2015	\$ (32,804)
Title I, Part A (P L. 103-382)	84.010	S010A150030	NCLB606016	187,261	7/1/2015	6/30/2016	<u> </u>
Total Title I, Part A							<u>(32,804)</u>
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB606015	1,216	7/1/2014	6/30/2015	(1,216)
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB606016	1,235	7/1/2015	6/30/2016	<u> </u>
Total Title II, Part A							<u>(1,216)</u>
Total No Child Left Behind (NCLB)							<u>(34,020)</u>
I D E.A. Part B Basic	84.027	H027A150100	IDEA606016	36,230	7/1/2015	6/30/2016	<u> </u>
Total I.D.E.A. Part B Cluster							<u> </u>
Public Charter School Program:							
New Jersey Charter School Implementation Grant	84.282A	U282A120015	14-CA84-B07	175,000	11/1/2014	10/31/2016	<u>(5,834)</u>
Total Public Charter School Program							<u>(5,834)</u>
Total U.S. Department of Education							<u>(39,854)</u>
Total Special Revenue Fund							<u>(39,854)</u>
Total Federal Financial Assistance							<u>\$ (39,854)</u>

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with the Uniform Guidance since the total of all grant award expenditures were less than \$750,000.

Carryover / (Walkover) <u>Amount</u>	Cash <u>Received</u>	Budgetary Expenditures			Passed - Through to <u>Subrecipients</u>	<u>Adjustments</u>	Repayment of Prior Years' <u>Balances</u>	Balance June 30 2016		Due to Grantor at <u>June 30 2016</u>
		Pass-Through <u>Funds</u>	Direct <u>Funds</u>	Total Budgetary <u>Expenditures</u>				(Accounts <u>Receivable</u>)	Unearned <u>Revenue</u>	
	\$ 32,804									
	153,027	\$ (183,372)		\$ (183,372)			\$ (30,345)			
	185,831	(183,372)		(183,372)			(30,345)			
	1,216									
		(1,235)		(1,235)			(1,235)			
	1,216	(1,235)		(1,235)			(1,235)			
	187,047	(184,607)		(184,607)			(31,580)			
	36,230	(36,230)		(36,230)						
	36,230	(36,230)		(36,230)						
	156,688	(150,854)		(150,854)						
	156,688	(150,854)		(150,854)					-	
	379,965	(371,691)		(371,691)			(31,580)		-	
	379,965	(371,691)		(371,691)			(31,580)		-	
\$ -	\$ 379,965	\$ (371,691)	\$ -	\$ (371,691)	\$ -	\$ -	\$ (31,580)	\$ -	\$ -	\$ -

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2016

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance July 1, 2015</u>	<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>		
General Fund						
New Jersey Department of Education:						
Passed-Through Local Education Agencies:						
Current Expense:						
State Aid - Public Cluster:						
Charter School Aid:						
Local Levy Equalization Aid - State and Local Share	15-495-034-5120-071	\$ 2,262,106	7/1/14	6/30/15	\$ 24,637	
Local Levy Equalization Aid - State and Local Share	16-495-034-5120-071	2,249,653	7/1/15	6/30/16		
Categorical Special Education Aid	15-495-034-5120-071	36,511	7/1/14	6/30/15	2	
Categorical Special Education Aid	16-495-034-5120-071	45,555	7/1/15	6/30/16		
Categorical Security Aid	15-495-034-5120-071	59,641	7/1/14	6/30/15	2,369	
Categorical Security Aid	16-495-034-5120-071	57,215	7/1/15	6/30/16		
Total Charter School Aid					<u>27,008</u>	
Total State Aid Public Cluster					<u>27,008</u>	
Total Passed-Through Local Education Agencies					<u>27,008</u>	
Reimbursed T.P.A.F. Social Security Contributions	15-495-034-5094-003	64,036	7/1/14	6/30/15	(14,741)	
Reimbursed T.P.A.F. Social Security Contributions	16-495-034-5094-003	66,458	7/1/15	6/30/16		
Total Reimbursed TPAF Social Security Contributions					<u>(14,741)</u>	
Total General Fund					<u>27,008</u>	
Total State Financial Assistance					<u>\$ 27,008</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2016			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 29,275				\$ (54,797)	\$ (885)				\$ 2,262,106
2,271,633	\$ (2,249,653)				(21,867)		\$ 43,847		2,249,653
					(2)				36,511
45,555	(45,555)								45,555
870					(3,241)	(2)			59,641
57,215	(57,215)								57,215
<u>2,404,548</u>	<u>(2,352,423)</u>			<u>(58,040)</u>	<u>(22,754)</u>		<u>43,847</u>		<u>4,710,681</u>
2,404,548	(2,352,423)			(58,040)	(22,754)		43,847		4,710,681
2,404,548	(2,352,423)			(58,040)	(22,754)		43,847		4,710,681
14,741									
53,905	(66,458)				(12,553)				66,458
68,646	(66,458)			-	(12,553)				66,458
2,458,453	(2,418,881)			(58,040)	(35,307)		43,847		4,777,139
<u>\$ 2,458,453</u>	<u>\$ (2,418,881)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,040)</u>	<u>\$ (35,307)</u>	<u>\$ -</u>	<u>\$ 43,847</u>	<u>\$ -</u>	<u>\$ 4,777,139</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Atlantic Community Charter School, Inc. (hereafter referred to as the "Charter School"). The Charter School is defined in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 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 (RSI) 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. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

There is no net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general or the special revenue funds. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures reported in the Charter School's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,418,881	\$ 2,418,881
Special Revenue	\$ 371,691		371,691
Total Awards and Financial Assistance	<u>\$ 371,691</u>	<u>\$ 2,418,881</u>	<u>\$ 2,790,572</u>

Note 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.

Note 5: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the Charter School was the recipient of state assistance that represented a reimbursement to the Charter School. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year.

Note 6: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards Not applicable.

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditor's report issued on compliance for major programs _____
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$ _____
Auditee qualified as low-risk auditee? yes no

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

State Aid Public Cluster: _____

Charter School Aid: _____

16-495-034-5120-071

Local Levy Equalization Aid - State and Local Share

16-495-034-5120-071

Categorical Special Education Aid

16-495-034-5120-071

Categorical Security Aid

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? yes no

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Not Applicable.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not Applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

