

***INTERNATIONAL CHARTER SCHOOL
OF TRENTON***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2016

**INTERNATIONAL CHARTER SCHOOL
OF
TRENTON**

***International Charter School of Trenton
Board of Trustees
Trenton, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared By
International Charter School of Trenton
Finance Department**

**And
Barre & Company, CPA's**

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INTRODUCTORY SECTION

***International Charter School of Trenton
105 Grand Street
Trenton, New Jersey 08611
609-394-3111***

November 25, 2016

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Dear Board Members:

The comprehensive annual financial report of the International Charter School of Trenton (the "Charter School") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (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 basic financial statements and results of operations of the various funds 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 Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and 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 of Trustees (the “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 Charter School tax money.

The Chief School Administrator 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 International Charter School of Trenton is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds of the Charter School are included in this report. The Charter School’s Board of Trustees constitutes the Charter School’s reporting entity.

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Grade 4. 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 90 students. The following details the student enrollment of the Charter School over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	89.5	-0.44%
2014-2015	90.0	0.09%
2013-2014	89.9	0.00%
2012-2013	89.9	0.56%
2011-2012	89.4	0.45%

2. **ECONOMIC CONDITION AND OUTLOOK:** International Charter School of Trenton opened its doors in September 1998. Management is stable and the school's finances are solid, supporting the maturing academic program and this audit will show continued stability and integrity.

3. **MAJOR INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; 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 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). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statement” Note 2. The Charter School had adopted a cash management plan which requires it to deposit 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 Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

8. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. 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 New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

9. **ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2015-2016, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

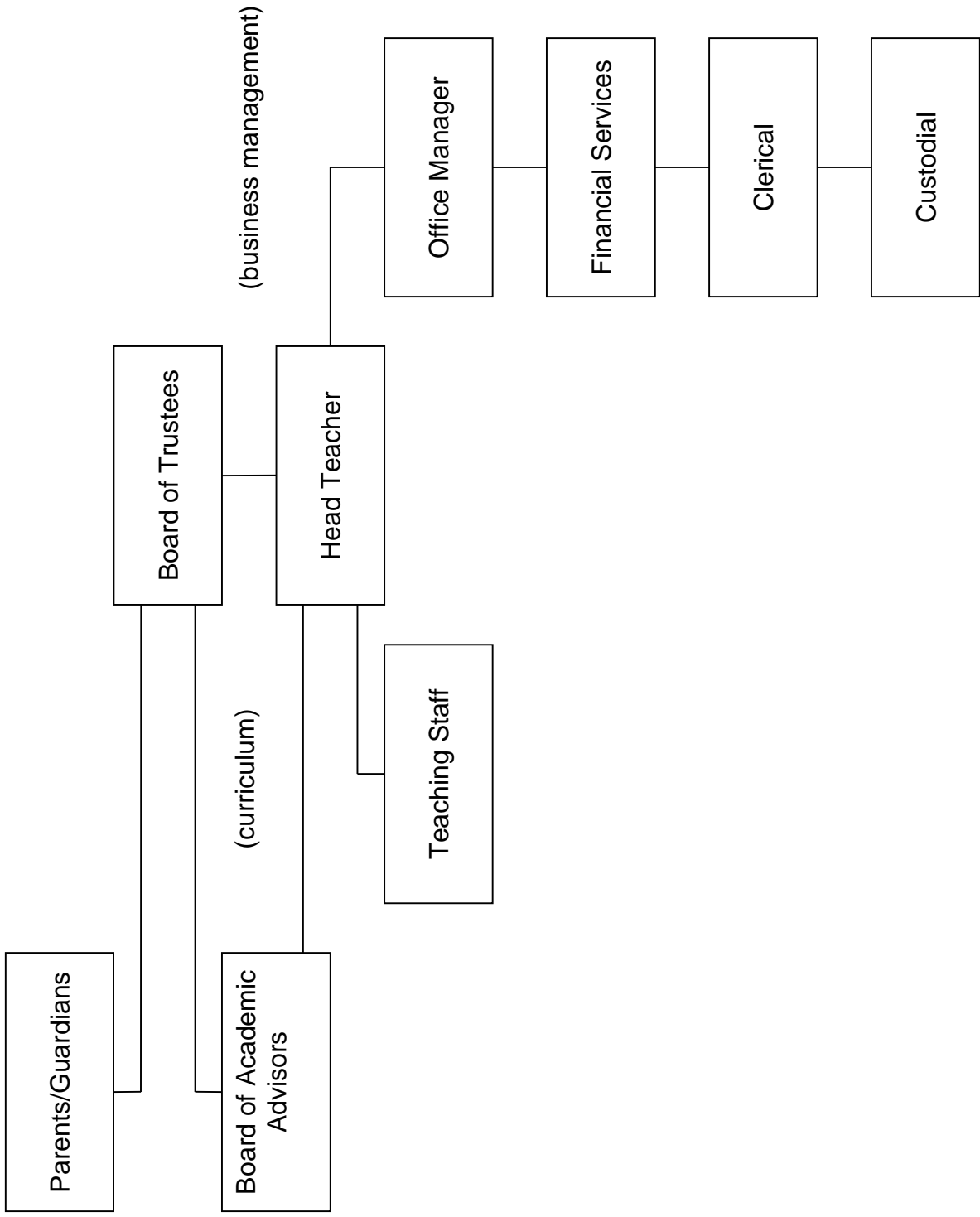
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the International Charter School of Trenton Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the 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 staff.

Respectfully submitted,



Melissa Benford
Head Teacher/Administrator

INTERNATIONAL CHARTER SCHOOL OF TRENTON
ORGANIZATIONAL CHART



**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2016**

MEMBERS OF THE BOARD OF TRUSTEES

Robert A. Kull, President

Rachael Binz, Vice President

Jason Briggs, Member

Tom Ogren, Member

Kimberly Sdeo, Member

Melissa Benford, Head Teacher and an Ex-Officio, non-voting member

OTHER OFFICIALS

Peter Lanzi, School Business Administrator

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Schwartz, Simon, Edelstein & Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Official Depository

Bank of America
301 Carnegie Center
Princeton, New Jersey 08543

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the International Charter School of Trenton (Charter School), in the County of Mercer, 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

The Charter School's 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, the business-type activities, each major fund, and the aggregate remaining fund information of the International Charter School of Trenton, in the County of Mercer, State of New Jersey, as of June 30, 2016, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and District's Proportionate Share of the Net Pension Liability for TPAF and PERS and District's PERS Contributions and the related notes starting on pages 14, 66 and 73, respectively, 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 response 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards* and the *Division of Finance, Department of Education, State of New Jersey*

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 25, 2016 on our consideration of the International Charter School of Trenton's internal control over financial reporting and 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* and the Division of Finance, Department of Education, State of New Jersey and the Division of Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 25, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of International Charter School of Trenton's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$1,459,748 or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$84,578 or 5% of total revenues of \$1,544,326.
- ❖ The Charter School had \$1,483,595 in expenses; only \$84,578 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$1,459,748 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,374,090 in revenues and \$1,309,659 in expenditures. The General Fund's fund balance increased \$64,431 over 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position (Deficit) were -\$369,689 on June 30, 2016 and -\$430,420 on June 30, 2015.

Governmental Activities

The Charter School's total revenues were \$1,481,583 for the fiscal year 2016 and \$1,512,745 for 2015, this includes \$151,294 for 2016 and \$127,415 for 2015 of state reimbursed TPAF Social Security and Pension Contributions .

The total cost of all programs and services was \$151,294 for 2016 and \$127,415 for 2015. Instruction comprises for 2016 and for 2015 of Charter School expenses.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

Business-Type Activities

Revenues for the Charter School's business-type activities (Food service) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenditures by \$6,229 for 2016 and revenues exceeded expenses by \$3,136 for 2015.
- ❖ Charges for services represent \$9,881 for 2016 and \$3,447 for 2015 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$52,862 for 2016 and \$51,712 for 2015.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

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

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,481,583 for 2016 and for 2015 and expenditures were \$1,427,081 for 2016 and for 2015.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

<u>Revenues</u>	<u>Amount</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 113,739	\$ (3,793)	-3.23%
State Sources	1,260,351	(27,599)	-2.14%
Federal Sources	<u>107,493</u>	<u>230</u>	0.21%
Total	<u>\$ 1,481,583</u>	<u>\$ (31,162)</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 740,269	\$ 82,534	12.55%
Administration	360,112	(179,659)	-33.28%
Support Services	<u>326,700</u>	<u>41,972</u>	14.74%
Total	<u>\$ 1,427,081</u>	<u>\$ (55,153)</u>	

General Fund Budgeting Highlights

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

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation)

At the end of fiscal year 2016, the Charter School had no investments in capital assets and equipment and none for 2015.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED
(CONTINUED)**

For the Future

The International Charter School of Trenton is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, International Charter School of Trenton has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Peter Lanzi, School Business Administrator at International Charter School of Trenton, 105 Grand Street, Trenton, New Jersey 08611.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 132,456	\$ 5,474	\$ 137,930
Restricted	1,778		1,778
Interfund Receivable	13,077	7,172	20,249
Receivables	32,769	2,241	35,010
	<u>180,080</u>	<u>14,887</u>	<u>194,967</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	60,102		60,102
	<u>60,102</u>	<u>-</u>	<u>60,102</u>
LIABILITIES:			
Interfund Payable	21,300		21,300
Noncurrent Liabilities:			
Pensions	593,909		593,909
	<u>615,209</u>	<u>-</u>	<u>615,209</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	9,549		9,549
	<u>9,549</u>	<u>-</u>	<u>9,549</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets		4,716	4,716
Unassigned	(386,354)	10,171	(376,183)
	<u>(384,576)</u>	<u>14,887</u>	<u>(369,689)</u>
Total Net Position	<u>\$ (384,576)</u>	<u>\$ 14,887</u>	<u>\$ (369,689)</u>

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

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Governmental Funds
 Balance Sheet
 June 30, 2016

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents:			
Unrestricted	\$ 131,852	\$ 604	\$ 132,456
Restricted	1,778		1,778
Receivables:			
Interfund Receivables	13,077		13,077
Receivables From Other Governments	13,092	13,077	26,169
Security Deposit	6,600		6,600
Total Assets	\$ 166,399	\$ 13,681	\$ 180,080
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 7,619	\$ 13,681	\$ 21,300
Total Current Liabilities	7,619	13,681	21,300
Total Liabilities	7,619	13,681	21,300
Fund Balances:			
Reserved For:			
Other Purposes	1,778		1,778
Unassigned:			
General Fund	157,002		157,002
Total Fund Balances	158,780	-	158,780
Total Liabilities and Fund Balances	\$ 166,399	\$ 13,681	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Net pension liability of \$593,909 ,deferred inflows of resources of \$9,549 less deferred outflows of resources of \$60,102 related to pensions are not reported in the governmental funds	(543,356)
Net Position of Governmental Activities	\$ (384,576)

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 110,118	\$ -	\$ 110,118
Miscellaneous	3,621		3,621
Total Local Sources	113,739		113,739
State Sources	1,260,351		1,260,351
Federal Sources		107,493	107,493
Total Revenues	1,374,090	107,493	1,481,583
EXPENDITURES:			
Current:			
Instruction	507,739	61,671	569,410
Administration	557,020		557,020
Support Services	244,900	45,822	290,722
Total Expenditures	1,309,659	107,493	1,417,152
NET CHANGE IN FUND BALANCES	64,431		64,431
FUND BALANCES, JULY 1	92,571	-	92,571
FUND BALANCES, JUNE 30	\$ 157,002	\$ -	\$ 157,002

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 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 Fund (from B-2)	\$	64,431
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		(9,929)
Change in net position of governmental activities	\$	54,502

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

PROPRIETARY FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Proprietary Fund
Statement of Net Position
June 30, 2016

	Business-Type Activities Enterprise Fund
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 5,474
Interfund Receivable	7,172
Receivables From Other Governments	2,241
Total Current Assets	14,887
Noncurrent Assets:	
Machinery and Equipment	2,620
Less Accumulated Depreciation	(2,620)
Total Noncurrent Assets	-
Total Assets	\$ 14,887
LIABILITIES AND NET POSITION:	
Net Position:	
Net Investment in Capital Assets	\$ 4,716
Unassigned	10,171
Total Net Position	14,887
Total Liabilities and Net Position	\$ 14,887

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2016

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 9,881
Total Operating Revenues	<u>9,881</u>
OPERATING EXPENSES:	
Depreciation Expense	262
Cost of Sales	<u>56,252</u>
Total Operating Expenses	<u>56,514</u>
OPERATING LOSS	<u>(46,633)</u>
NONOPERATING REVENUES:	
State Source:	
State Lunch Program	745
Federal Source:	
Federal BreakFast Program	10,976
Federal Lunch Program	<u>41,141</u>
Total Nonoperating Revenues	<u>52,862</u>
CHANGE IN NET POSITION	6,229
TOTAL NET POSITION, JULY 1	<u>8,658</u>
TOTAL NET POSITION, JUNE 30	<u><u>\$ 14,887</u></u>

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2016

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 9,881
Cash Payments to Suppliers and Employees	<u>(62,103)</u>
Net Cash Used by Operating Activities	<u>(52,222)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	<u>52,862</u>
Net Cash Provided by Noncapital Financing Activities	<u>52,862</u>
Net Increase in Cash and Cash Equivalents	640
Cash and Cash Equivalents, July 1	<u>4,834</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 5,474</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (46,633)
Depreciation	262
Changes in Assets and Liabilities:	
Increase in Interfund Accounts Receivable	(7,172)
Decrease in Intergovernmental Accounts Receivable	7,340
Decrease in Interfund Accounts Payable	<u>(6,019)</u>
Net Cash Used by Operating Activities	<u><u>\$ (52,222)</u></u>

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

FIDUCIARY FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Fiduciary Fund
 Statement of Fiduciary Net Position
 June 30, 2016

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	\$ 9,232
Interfund Receivable	1,076
Total Assets	\$ 10,308
 LIABILITIES:	
Liabilites:	
Interfund Payable	\$ 25
Payroll Deductions and Withholding Payable	10,283
Total Liabilites	\$ 10,308

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

NOTES TO THE FINANCIAL STATEMENTS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of International Charter School of Trenton have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintained a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, the financial reporting entity is determined by 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 and account groups of the Charter School over which it exercises operating control. The operations of the International Charter School of Trenton includes a Grade K-4 school located in the City of Trenton. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements – Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

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

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

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

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Enterprise Funds (Continued)

financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating 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. The principal operating revenues of the Charter School enterprise

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types - Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Charter School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Budgets/Budgetary Control

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 with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)		\$ 107,493
Adjustments:		
Less Encumbrances at June 30, 2016		-
Plus Encumbrances at June 30, 2015		-
Total Revenues and Expenditures (GAAP Basis)		\$ 107,493

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

F. Budgets/Budgetary Control (Continued)

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

G. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey charter schools.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Deposits and Investments (Continued)

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

5. Fund Equity

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

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Net Position/Fund Balance

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented 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*. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

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 Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

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. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

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. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

J. 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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2016, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 133,630	\$ 604	\$ 5,474	\$ 9,232	\$ 148,940

The Charter School had no investments at June 30, 2016.

The carrying amount of the School's cash and cash equivalents at June 30, 2016 was \$148,940 and the bank balance was \$206,127. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2016, none of the cash and cash equivalents for International Charter School of Trenton were exposed to custodial credit risk.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Deposits and Investments (Continued)

Deposits (Continued)

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2016.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2016.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2016.

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 26,169	\$ 26,199
Federal Aid	-	2,211
Other	6,600	6,600
Gross Receivables	32,769	35,010
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 32,769</u>	<u>\$ 35,010</u>

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: RECEIVABLES (Continued)

A. Interfund Receivables and Payables

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 13,077	\$ 7,619
Special Revenue Fund		13,681
Proprietary Fund	7,172	
Fiduciary Fund	1,076	25
Total	\$ 21,325	\$ 21,325

B. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Leasehold Improvements	\$ 25,000	\$ -	\$ -	\$ 25,000
Machinery and Equipment	41,469	-	-	41,469
Totals at Historical Cost	66,469	-	-	66,469
Less Accumulated Depreciation For:				
Leasehold Improvements	25,000	-	-	25,000
Machinery and Equipment	41,469	-	-	41,469
Total Accumulated Depreciation	66,469	-	-	66,469
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	-	-	-
Government Activity Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 4: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/
EXPENDITURES**

Rental Lease

The School operates under a Business Lease (“Lease”) agreement to lease classroom and office space in portions of the Bishop Beky Center of the Hungarian Reformed Church located at 105 Grand Avenue, Trenton, New Jersey. The lease is dated July 1, 2006, and the term of the lease is for five (5) years, and runs through June 30, 2012. The School has an option under the lease to renew for one (1) year. Per the lease, the School deposited with the landlord a security deposit of \$6,600 in an interest bearing account. Total lease payments made during the year ended June 30, 2016 were \$85,332. In addition, the lease obligates the School to be responsible for 80% of the utility costs.

NOTE 5: PENSION PLANS

Substantially all the Board’s employees participate in one of the two contributory, defined benefit public employee systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS 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 PERS. The following represents the membership tiers for PERS:

Tier	Descriptions
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, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

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 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 to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of 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 50 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 23,345 for fiscal year 2015.

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Charter School reported a liability of \$593,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 which was rolled forward to June 30, 2015. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Charter School's proportion was 469,326, which was an increase of 0.00013899% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the Charter School recognized pension expense of \$21,260. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 63,781	\$ -
Difference Between Expected and Actual Experience	14,169	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	9,549
	<u>\$ 77,950</u>	<u>\$ 9,549</u>

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 12,452
2017	12,452
2018	12,452
2019	19,832
Thereafter	11,211
	<u>\$ 68,401</u>

Actuarial Assumptions

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

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2015 and June 30, 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2015 and June 30, 2014, respectively based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School proportionate share of the Net Pension Liability	\$ 738,156	\$ 593,909	\$ 472,973

Fiscal Year Ended June 30, 2014			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School proportionate share of the Net Pension Liability	\$ 590,428	\$ 469,326	\$ 367,631

Pension Plan Fiduciary Net Position

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

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefit Provided

The vesting and benefit provision 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 of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	M Members who were enrolled prior to July 1, 2007
2	M Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	M Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	M Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	M Members who were eligible to enroll on or after June 28, 2011

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 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reach age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 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 of which a member can receive full early retirement benefits in accordance with their 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.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included 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 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2016, the State of New Jersey contributed to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As June 30, 2016, the State's proportionate share of the net pension liability associated with the Charter School was \$3,561,108. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, Charter School's proportion was 0.5634284%, which was an increase of 0.5583856% from its proportion measured as of June 30, 2014.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the District		3,561,108
Total	\$	3,561,108

For the fiscal year ended June 30, 2015 June 30, 2014, the State recognized pension expense on behalf of the Charter School in the amount of \$2,695,182 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Changes in Proportion and differences between employer contributions and proportionate share of contributions	117,933,318	117,933,318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		535,359,188
	\$ 7,639,311,575	\$ 672,332,323

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,763,205,593 reported as a deferred inflow of resources resulting from the difference between projected and actual.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	\$ 6,966,979,252

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2015 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: PENSION PLANS (CONTINUED)

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 3,810,292	\$ 3,205,060	\$ 2,685,493

	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (3.95%)	Discount Rate (4.95%)	Increase (5.95%)
Charter School's proportionate share of the Net Pension Liability	\$ 3,263,814	\$ 2,713,655	\$ 2,256,066

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2016. There were no employee contributions to DCRP for the fiscal year ended June 30, 2016.

NOTE 6: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and 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 post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The school contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

NOTE 7: 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.

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school Charter Schools established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school Charter Schools in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

NOTE 8: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2016 is \$157,002 and is unassigned and undesignated.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 25, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

INTERNATIONAL CHARTER SCHOOL OF TRENTON
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 109,308	\$ -	\$ 109,308	\$ 110,118	\$ 810
Total Local Sources	109,308	-	109,308	110,118	810
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	1,041,545		1,041,545	1,049,267	7,722
Special Education	17,452		17,452	21,835	4,383
Security Aid	37,212		37,212	37,955	743
Total Categorical Aid	1,096,209	-	1,096,209	1,109,057	12,848
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				42,233	42,233
Reimbursed TPAF Pension Aid (Non-Budgeted)				109,061	109,061
Miscellaneous Revenue				3,621	3,621
Total Revenues From Other Sources	-	-	-	154,915	154,915
Total Revenues	1,205,517	-	1,205,517	1,374,090	168,573
EXPENDITURES:					
Instruction:					
Salaries of Teachers	457,781	15,310	473,091	418,975	54,116
Purchased Prof/Tech Services	51,000	(2,823)	48,177	44,875	3,302
Other Purchased Services	12,600		12,600	12,419	181
General Supplies	30,000		30,000	29,713	287
Textbooks	6,500		6,500	1,500	5,000
Miscellaneous	500		500	257	243
Total Instruction	558,381	12,487	570,868	507,739	63,129
Administration:					
Salaries - General Administration	185,000	6,523	191,523	191,523	
Salaries of Secretarial/Clerical Assistants	30,474	(1,436)	29,038	25,012	4,026
Total Benefits Cost	176,150	(20,701)	155,449	143,850	11,599
Purchases Prof/Tech Services	46,400	1,104	47,504	31,534	15,970
Communications/Telephone	3,000	(1,520)	1,480		1,480
Supplies and Materials	2,000	(250)	1,750	1,750	
Miscellaneous Expenses	11,500	667	12,167	12,057	110
Total Administration	454,524	(15,613)	438,911	405,726	33,185

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	86,530	1,690	88,220	88,220	
Purchased Prof/Tech Services	27,450	(3,317)	24,133	17,744	6,389
Rental of Land and Buildings	85,332		85,332	85,332	
Other Purchased Services	33,100	3,472	36,572	34,872	1,700
Insurance for Property, Liability and Fidelity	10,000	1,281	11,281	11,281	-
Supplies and Materials	1,700		1,700	1,248	452
Energy Costs (Heat and Electricity)	10,800		10,800	6,203	4,597
Miscellaneous Expenses	200		200		200
Total Support Services	255,112	3,126	258,238	244,900	13,338
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				42,233	(42,233)
Reimbursed TPAF Pension Contributions (Non-Budgeted)				109,061	(109,061)
Total Expenditures	1,268,017	-	1,268,017	1,309,659	(41,642)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,500)		(62,500)	64,431	126,931
FUND BALANCE, JULY 1	70,181		70,181	92,571	
FUND BALANCE, JUNE 30	\$ 7,681	\$ -	\$ 7,681	\$ 157,002	\$ 149,321
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 7,681	\$ -	7,681	\$ 157,002	\$ 149,321
Total	\$ 7,681	\$ -	\$ 7,681	\$ 157,002	\$ 149,321

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 107,493	\$ -	\$ 107,493	\$ 107,493	\$ -
Total Revenues	<u>107,493</u>	<u>-</u>	<u>107,493</u>	<u>107,493</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	61,671		61,671	61,671	-
Total Instruction	<u>61,671</u>	<u>-</u>	<u>61,671</u>	<u>61,671</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	12,679		12,679	12,679	-
Purchased Prof/Ed Services	28,168		28,168	28,168	-
Purchased Professional Services	4,786		4,786	4,786	-
Other Purchased Services	189		189	189	-
Total Support Services	<u>45,822</u>	<u>-</u>	<u>45,822</u>	<u>45,822</u>	<u>-</u>
Total Expenditures	<u>107,493</u>	<u>-</u>	<u>107,493</u>	<u>107,493</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

Note A - Explanation of differences between Budgetary Inflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 1,374,090	[C-2]	\$ 107,493
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 1,374,090	[B-2]	\$ 107,493
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 1,309,659	[C-2]	\$ 107,493
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 1,309,659	[B-2]	\$ 107,493

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68)***

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
Charter School's proportion of the net pension liability	0.00282556%	0.00250672%	0.002645709%
Charter School's proportionate share of the net pension liability	\$ 540,020	\$ 469,326	\$ 593,909
Charter School's covered employees payroll	\$ 182,516	\$ 190,272	\$ 178,861
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	296%	247%	332%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 21,290	\$ 20,665	23,345
Contributions in relation to the contractually required contribution	(21,872)	(20,665)	(23,345)
Contribution deficiency/(excess)	<u>\$ (582)</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 182,516	\$ 190,272	\$ 178,861
Contributions as a percentage of covered employee payroll	11.66%	10.86%	13.05%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**INTERNATIONAL CHARTER SCHOOL OF TRENTON
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable of the Charter School	0.0057538%	0.00504274%	0.56342837%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 2,898,848	\$ 2,695,182	\$ 3,561,108
CS / District's covered employees payroll	\$ 631,246	\$ 664,291	\$ 566,232
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	459.23%	405.72%	628.91%
Plan fiduciary net position as a p ercentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.55% as of June 30, 2014 to 5.39% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2016

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.95% as of June 30, 2014 to 4.68% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

INTERNATIONAL CHARTER SCHOOL OF TRENTON

E-1

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Title I	I.D.E.A. Part B	Title II Part A	Grand Total
REVENUE SOURCES:				
Federal	\$ 74,350	\$ 28,168	\$ 4,975	\$ 107,493
Total Revenues	<u>74,350</u>	<u>28,168</u>	<u>4,975</u>	<u>107,493</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	<u>61,671</u>			<u>61,671</u>
Total Instruction	<u>61,671</u>	-	-	<u>61,671</u>
Support Services:				
Personal Services - Employee Benefits	12,679			12,679
Purchased Prof/Ed Services		28,168		28,168
Other Purchased Prof/Tech Services			4,786	4,786
Other Purchased Services			<u>189</u>	<u>189</u>
Total Support Services	<u>12,679</u>	<u>28,168</u>	<u>4,975</u>	<u>45,822</u>
Total Expenditures	<u>74,350</u>	<u>28,168</u>	<u>4,975</u>	<u>107,493</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

Fiduciary Funds are used to account for funds received by the Charter School for a specific purpose.

Agency Funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Agency Fund – This agency fund is used to account for payroll transactions of the Charter School.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Agency Fund		Total Agency Fund
	Payroll Agency	Payroll Account	
ASSETS:			
Cash and Cash Equivalents	\$ 9,207	\$ 25	\$ 9,232
Interfund Receivable	1,076		1,076
Total Assets	\$ 10,283	\$ 25	\$ 10,308
LIABILITIES:			
Liabilities:			
Interfund Payable	\$ -	\$ 25	\$ 25
Payroll Deductions and Withholding Payable	10,283		10,283
Total Liabilities	\$ 10,283	\$ 25	\$ 10,308

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Fiduciary Funds

Payroll Agency Funds

Schedule of Receipts and Disbursements

June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 25,307	\$ 370,978	\$ 387,078	\$ 9,207
Interfund Accounts Receivable		1,076		1,076
Total Assets	<u>\$ 25,307</u>	<u>\$ 372,054</u>	<u>\$ 387,078</u>	<u>\$ 10,283</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 25,307	\$ 372,054	\$ 387,078	\$ 10,283
Total Liabilities	<u>\$ 25,307</u>	<u>\$ 372,054</u>	<u>\$ 387,078</u>	<u>\$ 10,283</u>

**STATISTICAL SECTION
(UNAUDITED)**

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable to Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the charter school provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning this year.

FINANCIAL TRENDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Invested in Capital Assets	\$ -	\$ -	\$ -	\$ 13,750	\$ 15,000	\$ 15,000	\$ 16,250	\$ 19,200	\$ 23,852	\$ 28,504
Restricted	1,778					1,685	197,010			8,500
Unrestricted	(386,354)	(439,078)	63,838	89,833	51,058	200,975	184,958	399,750	248,902	248,734
Total Governmental Activities Net Assets/Position	\$ (384,576)	\$ (439,078)	\$ 63,838	\$ 103,583	\$ 66,058	\$ 217,660	\$ 398,218	\$ 418,950	\$ 272,754	\$ 285,738
Business-Type Activities										
Invested in Capital Assets	\$ 4,716	\$ 4,716	\$ 4,716	\$ 4,716	\$ 4,716	\$ 2,358	\$ -	\$ -	\$ -	\$ -
Unrestricted	10,171	3,942	806	8,482	4,184	6,631	9,896	9,714	(811)	4,148
Total Business-Type Activities Net Assets/Position	\$ 14,887	\$ 8,658	\$ 5,522	\$ 13,198	\$ 8,900	\$ 8,989	\$ 9,896	\$ 9,714	\$ (811)	\$ 4,148
Charter School-wide										
Invested in Capital Assets	\$ 4,716	\$ 4,716	\$ 4,716	\$ 18,466	\$ 19,716	\$ 17,358	\$ 16,250	\$ 19,200	\$ 23,852	\$ 28,504
Restricted	1,778					1,685	197,010			8,500
Unrestricted	(376,183)	(435,136)	64,644	98,315	55,242	207,606	194,854	409,464	248,091	252,882
Total Charter School Net Position	\$ (369,689)	\$ (430,420)	\$ 69,360	\$ 116,781	\$ 74,958	\$ 226,649	\$ 408,114	\$ 428,664	\$ 271,943	\$ 289,886

Source: Comprehensive Annual Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Changes in Net Position
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Instruction	\$ 740,269	\$ 814,923	\$ 843,871	\$ 845,526	\$ 866,534	\$ 941,557	\$ 884,087	\$ 707,770	\$ 693,191	\$ 561,028
Administration	360,112	370,736	327,799	340,819	436,774	308,333	278,991	260,016	238,888	220,527
Support Services	326,700	311,242	307,589	277,277	386,433	381,092	331,103	308,735	257,249	261,319
Capital Outlay					16,563			26,000		(8,495)
Unallocated				1,250	1,250	1,250	1,250	2,953	2,953	2,953
Renovation Grant Repayment										188,494
Total Governmental Activities Expenses	1,427,081	1,496,901	1,479,259	1,464,872	1,707,554	1,632,232	1,495,431	1,305,474	1,192,281	1,225,826
Business-Type Activities:										
Food Service and Before & After School Care	56,514	52,023	61,709	44,703	47,004	50,270	45,121	41,172	65,112	59,649
Total Business-Type Activities Expenses	56,514	52,023	61,709	44,703	47,004	50,270	45,121	41,172	65,112	59,649
Total Charter School Expenses	\$ 1,483,595	\$ 1,548,924	\$ 1,540,968	\$ 1,509,575	\$ 1,754,558	\$ 1,682,502	\$ 1,540,552	\$ 1,346,646	\$ 1,257,393	\$ 1,285,475
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	21,835	17,452	4,384	4,216	15,552	26,500	34,053	55,710	22,820	50,525
Total Governmental Activities Expenses	21,835	17,452	4,384	4,216	15,552	26,500	34,053	55,710	22,820	50,525
Business-Type Activities:										
Charges for Services	9,881	3,447	3,311	2,799	2,837	2,283	3,410	2,933	4,193	3,229
Operating Grants and Contributions	52,862	51,712	50,722	46,202	44,078	47,080	34,893	39,915	46,031	38,924
Total Business-Type Activities Expenses	62,743	55,159	54,033	49,001	46,915	49,363	38,303	42,848	50,224	42,153
Total Charter School Program Revenues	\$ 84,578	\$ 72,611	\$ 58,417	\$ 53,217	\$ 62,467	\$ 75,863	\$ 72,356	\$ 98,558	\$ 73,044	\$ 92,678
Net (Expense)/Revenue										
Governmental Activities	\$ (1,405,246)	\$ (1,479,449)	\$ (1,474,875)	\$ (1,460,656)	\$ (1,692,002)	\$ (1,605,732)	\$ (1,461,378)	\$ (1,249,764)	\$ (1,169,461)	\$ (1,175,301)
Business-Type Activities	6,229	3,136	(7,676)	4,298	(89)	(907)	(6,818)	1,676	(14,888)	(17,496)
Total Charter School-wide Net Expense	\$ (1,399,017)	\$ (1,476,313)	\$ (1,482,551)	\$ (1,456,358)	\$ (1,692,091)	\$ (1,606,639)	\$ (1,468,196)	\$ (1,248,088)	\$ (1,184,349)	\$ (1,192,797)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 110,118	\$ 116,464	\$ 114,047	\$ 111,933	\$ 116,865	\$ 113,870	\$ 114,585	\$ 121,852	\$ 118,660	\$ 130,848
Federal and State Aid Not Restricted	1,346,009	1,377,761	1,317,362	1,350,806	1,392,695	1,301,299	1,330,059	1,258,926	999,207	915,626
Investment Earnings						2		1,195		20,213
Miscellaneous Income	3,621	1,068	3,721	35,442	30,840	10,003	3,002	341	23,577	12,984
Transfers							(7,000)			
Total Governmental Activities	1,459,748	1,495,293	1,435,130	1,498,181	1,540,400	1,425,174	1,440,646	1,382,314	1,153,123	1,079,671
Business-Type Activities:										
Miscellaneous Income							7,000	9,929	17,000	15,000
Total Business-Type Activities	-	-	-	-	-	-	7,000	9,929	17,000	15,000
Total Charter School-wide	\$ 1,459,748	\$ 1,495,293	\$ 1,435,130	\$ 1,498,181	\$ 1,540,400	\$ 1,425,174	\$ 1,447,646	\$ 1,392,243	\$ 1,170,123	\$ 1,094,671
Change in Net Position										
Governmental Activities	\$ 54,502	\$ 15,844	\$ (39,745)	\$ 37,525	\$ (151,602)	\$ (180,558)	\$ (20,732)	\$ 132,550	\$ (16,338)	\$ (95,630)
Business-Type Activities	6,229	3,136	(7,676)	4,298	(89)	(907)	182	11,605	2,112	(2,496)
Total Charter School	\$ 60,731	\$ 18,980	\$ (47,421)	\$ 41,823	\$ (151,691)	\$ (181,465)	\$ (20,550)	\$ 144,155	\$ (14,226)	\$ (98,126)

Source: Comprehensive Annual Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,685	\$ -	\$ -	\$ -	\$ 8,500
Unassigned	157,002	94,349	63,838	91,083	52,308	200,975	381,968	399,750	248,902	248,734
Total General Fund	<u>\$ 157,002</u>	<u>\$ 94,349</u>	<u>\$ 63,838</u>	<u>\$ 91,083</u>	<u>\$ 52,308</u>	<u>\$ 202,660</u>	<u>\$ 381,968</u>	<u>\$ 399,750</u>	<u>\$ 248,902</u>	<u>\$ 257,234</u>

Source: Comprehensive Annual Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

Fiscal Year Ending June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local Sources:										
Local Tax Levy	\$ 110,118	\$ 116,464	\$ 114,047	\$ 111,933	\$ 116,865	\$ 113,870	\$ 114,585	\$ 121,852	\$ 118,660	\$ 130,848
Interest In Investments						2		1,195	11,679	20,213
Miscellaneous	3,621	1,068	3,721	35,442	30,840	10,003	3,002	341	23,577	12,984
State Sources	1,260,351	1,287,950	1,218,417	1,224,264	1,260,201	1,259,986	1,187,456	1,164,285	880,977	839,685
Federal Sources	107,493	107,263	103,329	130,758	132,195	66,999	176,656	151,165	141,050	126,466
Total Revenues	<u>1,481,583</u>	<u>1,512,745</u>	<u>1,439,514</u>	<u>1,502,397</u>	<u>1,540,101</u>	<u>1,450,860</u>	<u>1,481,699</u>	<u>1,438,838</u>	<u>1,175,943</u>	<u>1,130,196</u>
Expenditures:										
Instruction	569,410	657,735	665,458	678,749	678,940	761,620	745,215	598,310	584,717	482,838
Administration	557,020	539,771	521,592	538,609	634,720	511,227	434,024	383,126	346,902	316,434
Support Services	290,722	284,728	279,709	246,264	360,230	357,321	320,242	280,554	252,656	226,903
Capital Outlay					16,563			26,000		17,000
Total Expenditures	<u>1,417,152</u>	<u>1,482,234</u>	<u>1,466,759</u>	<u>1,463,622</u>	<u>1,690,453</u>	<u>1,630,168</u>	<u>1,499,481</u>	<u>1,287,990</u>	<u>1,184,275</u>	<u>1,043,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,431</u>	<u>30,511</u>	<u>(27,245)</u>	<u>38,775</u>	<u>(150,352)</u>	<u>(179,308)</u>	<u>(17,782)</u>	<u>150,848</u>	<u>(8,332)</u>	<u>87,021</u>
Net Change in Fund Balance	<u>\$ 64,431</u>	<u>\$ 30,511</u>	<u>\$ (27,245)</u>	<u>\$ 38,775</u>	<u>\$ (150,352)</u>	<u>\$ (179,308)</u>	<u>\$ (17,782)</u>	<u>\$ 150,848</u>	<u>\$ (8,332)</u>	<u>\$ 87,021</u>

Source: Comprehensive Annual Financial Report

INTERNATIONAL CHARTER SCHOOL OF TRENTON

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2016	\$ -	\$ 3,621	\$ 3,621
2015		1,068	1,068
2014		3,721	3,721
2013		35,442	35,442
2012		30,840	30,840
2011	2	10,003	10,005
2010		3,002	3,002
2009	1,195	341	1,536
2008	11,679	23,577	35,256
2007	20,213	12,984	33,197

OPERATING INFORMATION

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2016	90.0	\$ 1,309,659	\$ 14,552	0.85%	N/A	N/A	89.50	86.3	-0.44%	96.42%
2015	90.0	1,374,971	15,277	0.85%	N/A	N/A	89.98	86.3	0.09%	95.91%
2014	90.0	1,363,430	15,149	2.29%	N/A	N/A	89.90	86.7	0.00%	96.44%
2013	90.0	1,332,864	14,810	-14.46%	N/A	N/A	89.90	86.7	0.56%	96.44%
2012	90.0	1,558,258	17,314	-1.30%	N/A	N/A	89.40	85.8	0.45%	95.97%
2011	89.0	1,561,230	17,542	19.35%	N/A	N/A	89.00	88.0	-1.11%	98.88%
2010	90.0	1,322,825	14,698	17.76%	N/A	N/A	90.00	88.0	1.12%	97.78%
2009	89.0	1,110,825	12,481	5.28%	N/A	N/A	89.00	84.8	1.14%	95.28%
2008	88.0	1,043,225	11,855	13.80%	N/A	N/A	88.00	84.8	0.00%	96.36%
2007	88.0	916,709	10,417	1.95%	N/A	N/A	88.00	84.8	1.27%	96.36%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

International Charter School of Trenton
 Insurance Schedule
 June 30, 2016
 (Unaudited)

COVERAGE	LIMITS	SUMMARY
Package NJSBAIG P-836 09/16/15-16 \$5,859	Covered Location	105 Grand Street, Trenton, NJ 08618
Property	\$145,000 \$125,000 \$145,000	Business Personal Property w/ \$1,000 Deductible Business Income/Tuition w/ \$1,000 Deductible Electronic Data Processing w/ \$1,000 Deductible
Crime	\$25,000 \$25,000 \$5,000 \$5,000	Faithful Performance w/ \$500 Deductible Forgery & Alteration w/ \$500 Deductible Money & Securities w/ \$500 Deductible Money Orders/Counterfeit w/ \$500 Deductible
	\$118,000 \$118,000	Board Treasurer w/ \$1,000 Deductible Board Secretary/BA w/ \$1,000 Deductible
General Liability	\$5,000,000 \$5,000,000 \$3,000,000 \$5,000,000 \$5,000,000 \$1,000	Single Limit for Bodily Injury and Property Damage Products/Completed Operations Aggregate Annual Aggregate for Child Molestation/Sexual Abuse Each Occurrence for Personal Injury/Advertising Injury Each Claim for Employee Benefits Liability Premise Medical Payments Per Person w/ \$100 Deductible
Automobile Liability	\$5,000,000	Hired/Non Owned Automobile Limit
Student Accident Markel Insurance Company 9/16/15-16 \$694	\$1,000,000 \$10,000	Accidental Medical Excess Benefit (Gold Plan) AD&D
School Leaders E&O NJSBAIG E-836 09/16/15-16 \$3,889	\$1,000,000 \$100,000 \$300,000	Coverage A Each Loss w/ \$5,000 Deductible Coverage B Each Loss w/ \$5,000 Deductible Coverage B Annual Aggregate
Workers' Compensation NJSBAIG W-836 09/16/15-16 \$17,385 \$777,362 School Professional \$55,824 School Non-Professional 0.8706 MOD	\$1,000,000 \$1,000,000 \$1,000,000	Each Accident Each Employee Policy Limit
Supplemental Indemnity NJSBAIG 64775774 09/16/15-16 \$500	Statutory	7-Day Waiting Period

Source: Charter School's Records

INTERNATIONAL CHARTER SCHOOL OF TRENTON
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2014	2015	2016	Source
	Audit	Audit	Audit	
Cash	\$ 66,709	\$ 71,580	\$ 139,708	Audit: Exhibit A-1
Current Assets (includes CASH)	133,919	140,183	194,967	Audit: Exhibit A-1
Total Assets	133,919	140,183	194,967	Audit: Exhibit A-1
Current Liabilities	64,559	21,823	21,300	Audit: Exhibit A-1
Total Liabilities	64,559	101,277	615,209	Audit: Exhibit A-1
Net Assets	69,360	(430,420)	(369,689)	Audit: Exhibit A-1
Total Revenue	1,493,547	1,567,904	1,544,326	Audit: Exhibit A-2
Total Expenses	1,540,968	1,548,924	1,483,595	Audit: Exhibit A-2
Change in Net Assets	(47,421)	18,980	60,731	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	89.90	89.97	89.50	DOE Enrollment Reports
March, 30th Budgeted Enrollment	90	90	90	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2014	2015	2016	3 YR CUM	Source:
1a. Current Ratio	2.07	6.42	9.15	9.15	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	15.80	16.87	34.37	34.37	Cash/(Total Expenses/365)
1c. Enrollment Variance	100%	100%	99%	99%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
2a. Total Margin	-3%	1%	4%	4%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.48	0.72	3.16	3.16	Total Liabilities/Total Assets
2c.** Cash Flow	(63,380)	4,871	68,128	9,619	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)
					Target
					> 1.1
					30-60
					>95%
					not in default
					positive
					<.9
					3 yr cum positive
					>1.10

* 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 - 2014 Cash; 2014 = 2014 Cash - 2013 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
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**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**

The Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of International Charter School of Trenton (Charter School), in the County of Mercer, 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 25, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School'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 Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in Internal control over financial reporting 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 Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School 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 Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 25, 2016

BARRE & COMPANY
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Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of State Financial Assistance as Required by New Jersey Circular 15-08-OMB

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Report on Compliance for Each Major State Program

We have audited the International Charter School of Trenton’s compliance with the types of compliance requirements described in the New Jersey Circular 15-08-OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016. The International Charter School of Trenton’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

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and 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 Charter School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the International Charter School of Trenton, in the County of Mercer, 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 year ended June 30, 2016.

Report on Internal Control over Compliance

Management of International Charter School of Trenton 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 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 that the testing based on the requirements of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08-OMB

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the International Charter School of Trenton, 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. We issued our report thereon dated November 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08-OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 25, 2016

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal EAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2016	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84-010A	S010A150030	NCLB - 6810 - 16	\$ 76,910	7/1/15	6/30/16	\$ -	61,273	(74,350)	\$ -	\$ -	(13,077)	\$ -	\$ -
Title I Part A Carryover	84-010A		NCLB - 6810 - 15	76,198	7/1/14	6/30/15	(10,977)	10,977						
Title I Carryover	84-365A	S367A150029	NCLB - 6810 - 14	79,905	7/1/13	6/30/14	(2,867)	2,867	(4,975)					
Title I Part A	84-367A		NCLB - 6810 - 16	4,975	7/1/15	6/30/16	(13,844)	80,692	(79,329)			(13,077)		
Total No Child Left Behind Cluster														
Individuals with Disabilities Cluster:														
IDE A, Part B Basic	84-027	H027A150100	IDEA - 6810 - 16	28,168	7/1/15	6/30/16	(1,140)	28,168	(28,168)					
IDE A, Part B Basic Carryover	84-027		IDEA - 6810 - 15	29,624	7/1/14	6/30/15	(1,140)	29,308	(28,769)					
Total Individuals with Disabilities Cluster														
Total Special Revenue Fund														
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
School Breakfast Program	10-553	16161NJ304N1099	N/A	10,976	7/1/15	6/30/16	(2,080)	10,448	(10,976)			(628)		
School Breakfast Program	10-553		N/A	10,333	7/1/14	6/30/15	(2,080)	2,080						
National School Lunch Program	10-555	16161NJ304N1099	N/A	41,141	7/1/15	6/30/16	(7,365)	39,468	(41,141)			(1,683)		
National School Lunch Program	10-555		N/A	40,620	7/1/14	6/30/15	(7,365)	7,366						
Total Enterprise Fund														
Total Federal Financial Awards														
							\$ (24,430)	\$ 168,752	\$ (159,610)	\$ -	\$ -	\$ (15,288)	\$ -	\$ -

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	(Accounts Receivable)	Balance at June 30, 2016		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Deferred Revenue/ Interfund Payable							Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
State Department of Education																
General Fund:																
State Aid-Public Cluster																
Equalization Aid	16-495-034-5120-071	\$ 1,049,267	7/1/15	6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 1,049,267	\$ (1,049,267)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049,267
Special Education Categorical Aid	16-495-034-5120-089	21,835	7/1/15	6/30/16	-	-	-	21,835	21,835	(21,835)	-	-	-	-	-	21,835
Security Aid	16-495-034-5120-084	37,955	7/1/15	6/30/16	-	-	-	37,955	37,955	(37,955)	-	-	-	-	-	37,955
Total State Aid-Public Cluster								1,109,057	1,109,057	(1,109,057)						1,109,057
TPAF Pkay Retirement Medical Contributions	16-495-034-5095-001	59,278	7/1/15	6/30/16	-	-	-	59,278	59,278	(59,278)	-	-	-	-	-	59,278
On-Behalf TPAF Pkay Retirement Contributions	16-495-034-5095-006	48,783	7/1/15	6/30/16	-	-	-	48,783	48,783	(48,783)	-	-	-	-	-	48,783
Reimbursed TPAF - Social Security	16-495-034-5095-002	42,233	7/1/15	6/30/16	-	-	-	42,233	42,233	(42,233)	-	-	-	-	-	42,233
Total General Fund								1,260,351	1,260,351	(1,260,351)						1,260,351
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State Share)	16-100-010-3350-023	745	7/1/15	6/30/16	(136)	-	-	715	715	(745)	(30)	-	-	-	-	745
National School Lunch Program (State Share)	15-100-010-3350-023	759	7/1/14	6/30/15	-	-	-	136	-	-	-	-	-	-	-	-
Total Enterprise Fund								851	(745)	(30)						745
Total All Funds								1,261,202	(1,261,086)	(30)						1,261,086
State Financial Assistance Not Subject to Major Program Determination:																
TPAF Pkay Retirement Medical Contributions	16-495-034-5095-001	59,278	7/1/15	6/30/16	-	-	-	59,278	59,278	(59,278)	-	-	-	-	-	59,278
On-Behalf TPAF Pension Contributions	16-495-034-5095-006	48,783	7/1/15	6/30/16	-	-	-	48,783	48,783	(48,783)	-	-	-	-	-	48,783
Total State Financial Assistance Subject to Single Audit								1,09,061	1,09,061	(109,061)						109,061
Total State Financial Assistance Subject to Single Audit																
								1,152,141	(1,152,035)	(30)						1,152,035

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, International Charter School of Trenton. The Board of Trustees is defined in Note 1 to the board's basic financial statements. 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 is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	1,260,351	\$ 1,260,351
Special Revenue Fund	107,493	-	107,493
Food Service Fund	52,117	745	52,862
Total Awards & Financial Assistance	<u>\$ 159,610</u>	<u>\$ 1,261,096</u>	<u>\$ 1,420,706</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. FEDERAL AND STATE LOANS OUTSTANDING

International Charter School of Trenton has no loan balances outstanding at June 30, 2016.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2016

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 74,350
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	4,975
Total	\$ 79,325

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None <u> X </u> Reported
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None <u> X </u> Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable?	_____ Yes	<u> X </u> No
Identification of major state programs:		

GMIS Number(s)	Name of State Program
_____	STATE AID – PUBLIC CLUSTER
_____	Equalization Aid
_____	Special Education Categorical Aid
_____	Security Aid
_____	_____

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

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

No Current Year Findings

***Section III – State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJ Circular Letter 15-08-OMB.

No Current Year Findings

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2016

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJ Circular 04-04-OMB and/or 15-08-OMB, as applicable.

No Prior Year Findings