

Academy Charter High School
of Monmouth County

Academy Charter High School
Lake Como, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Academy Charter High School
of Monmouth County

Lake Como, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

David P. Block
School Business Administrator

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

| | Page |
|--|-------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-4 |
| Organizational Chart | 5 |
| Roster of Officials | 6 |
| Consultants and Advisors | 7 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 9-11 |
| Required Supplementary Information - Part I | |
| Management's Discussion and Analysis | 13-21 |
| Basic Financial Statements | |
| A. Charter School- Wide Financial Statements | |
| A-1 Statement of Net Position | 23 |
| A-2 Statement of Activities | 24 |
| B. Fund Financial Statements | |
| Governmental Funds | |
| B-1 Balance Sheet | 25 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balance | 26 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities | 27 |
| Proprietary Funds | |
| B-4 Statement of Net Position | 28 |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Positions | 29 |
| B-6 Statement of Cash Flows | 30 |
| Fiduciary Funds | |
| B-7 Statement of Fiduciary Net Position | 31 |
| B-8 Statement of Changes in Fiduciary Net Position | N/A |
| Notes to the Financial Statements | 32-62 |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required Supplementary Information - Part II

| | | |
|----|---|-------|
| C. | Budgetary Comparison Schedules | |
| | C-1 Budgetary Comparison Schedule - General Fund | 64-65 |
| | C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual | N/A |
| | C-1b Community Development Block Grants - Budget and Actual | N/A |
| | C-2 Budgetary Comparison Schedule - Special Revenue Fund | 66 |

Notes to the Required Supplementary Information - Part II

| | | |
|--|-----------------------------------|----|
| | C-3 Budget-to-GAAP Reconciliation | 67 |
|--|-----------------------------------|----|

Required Supplementary Information - Part III

| | | |
|----|--|----|
| L. | Schedules Related to Accounting and Reporting for Pensions (GASB 68) | |
| | L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS | 69 |
| | L-2 Schedule of District Contributions - PERS | 70 |
| | L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF | 71 |
| M. | Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions | |
| | M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios | 72 |

Notes to the Required Supplementary Information - Part III

Other Supplementary Information

| | | |
|----|---|-----|
| D. | School Based Budget Schedules | |
| | D-1 Combining Balance Sheet | N/A |
| | D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual | N/A |
| | D-3 Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual | N/A |
| E. | Special Revenue Fund | |
| | E-1 Combining Schedules of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis | 77 |
| | E-2 Preschool Education Aid Schedule of Expenditures Budgetary Basis | N/A |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

| | | |
|----|---|-----|
| F. | Capital Projects Fund | |
| | F-1 Summary Statement of Project Expenditures | N/A |
| | F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis | N/A |
| G. | Proprietary Funds | |
| | Enterprise Fund | |
| | G-1 Combining Statement of Net Position | 80 |
| | G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position | 81 |
| | G-3 Combining Statement of Cash Flows | 82 |
| H. | Fiduciary Funds | |
| | H-1 Combining Statement of Fiduciary Net Position | 84 |
| | H-2 Combining Statement of Changes in Fiduciary Net Position | N/A |
| | H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements | 85 |
| | H-4 Payroll Agency Fund Schedule of Receipts and Disbursements | 86 |
| | H-5 Private Purpose Scholarship Fund Schedule of Receipts and Disbursements | N/A |
| I. | Long-Term Debt | |
| | I-1 Schedule of Serial Bonds | N/A |
| | I-2 Schedule of Obligations Under Capital Leases | N/A |
| | I-3 Debt Service Fund Budgetary Comparison Schedule | N/A |

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

| | | |
|------------------|---|-------|
| Financial Trends | | |
| | J-1 Net Assets/Position by Component | 90 |
| | J-2 Changes in Net Assets/Net Position | 91-92 |
| | J-3 Fund Balances - Governmental Funds | 93 |
| | J-4 Changes in Fund Balances - Governmental Funds | 94 |
| | J-5 General Fund Other Local Revenue by Source | 95 |
| Revenue Capacity | | |
| | J-6 Assessed Value and Estimated Actual Value of Taxable Property | N/A |
| | J-7 Direct and Overlapping Property Tax Rates | N/A |
| | J-8 Principal Property Taxpayers | N/A |
| | J-9 Property Tax Levies and Collections | N/A |
| Debt Capacity | | |
| | J-10 Ratios of Outstanding Debt by Type | N/A |
| | J-11 Ratios of General Bonded Debt Outstanding | N/A |
| | J-12 Direct and Overlapping Governmental Activities Debt | N/A |
| | J-13 Legal Debt Margin Information | N/A |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

| | |
|--|-----|
| Demographic and Economic Information | |
| J-14 Demographic and Economic Statistics | N/A |
| J-15 Principal Employers | N/A |
| Operating Information | |
| J-16 Full-time Equivalent District Employees by Function/Program | 96 |
| J-17 Operating Statistics | 97 |
| J-18 School Building Information | 98 |
| J-19 Schedule of Required Maintenance Expenditures by School Facility | N/A |
| J-20 Insurance Schedule | 99 |
| Performance Framework | |
| J-21 Financial Performance/ Fiscal Ratios | 100 |

SINGLE AUDIT SECTION

| | |
|---|---------|
| K-1 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 102-103 |
| K-2 Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08 | 104-106 |
| K-3 Schedule of Expenditures of Federal Awards, Schedule A | 107 |
| K-4 Schedule of Expenditures of State Financial Assistance, Schedule B | 108 |
| K-5 Notes to the Schedules of Awards and Financial Assistance | 109-112 |
| K-6 Summary of Findings and Questioned Costs | 113 |
| K-7 Summary Schedule of Prior Audit Findings | 114 |

INTRODUCTORY SECTION

Academy Charter High School

1725 Main Street

Lake Como, New Jersey 07719

Phone (732) 681-8377

December 17, 2018

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

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Academy Charter High School (the “Charter School”) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2018 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter (designed to complement Management’s Discussion and Analysis and should be read in conjunction with it), the Charter School’s organizational chart, a list of principal officials and independent auditors and advisors. The Financial Section includes the basic financial statements and schedules and related footnotes, as well as the auditors’ report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and the NJOMB Circular Letter 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the auditors’ report on the internal control over compliance and on compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

MAJOR INITIATIVES

- Academy Charter continued with the TIF 4 grant through PICCS. TIF has the primary focus of implementing performance based pay. Through the grant, ACHS received services such as ELA consulting, math consulting, timetrack for administrators, PLC coaching, data services and Danielson training. All activities are focused on improving instruction and achievement.
- The continuation of the ACHS Panther Paw Program rewarding outstanding student decorum.
- The continued relationship with Brookdale Community College and their Dual-Enrollment Program.
- All teachers completed SGOs. Their composite scores were calculated as follows: 60% Danielson rating / 40% student growth.
- The Board of Trustees continued the performance based pay salary structure which had been developed by a committee of teachers and administrators. This PBSS was effective through the 2017-2018 school year.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no amounts to be reappropriated at June 30, 2018.

ACCOUNTING SYSTEM AND REPORTS

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

DEBT ADMINISTRATION

At June 30, 2018 the Charter School had no outstanding debt.

FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

CASH MANAGEMENT

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

RISK MANAGEMENT

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

OTHER INFORMATION

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



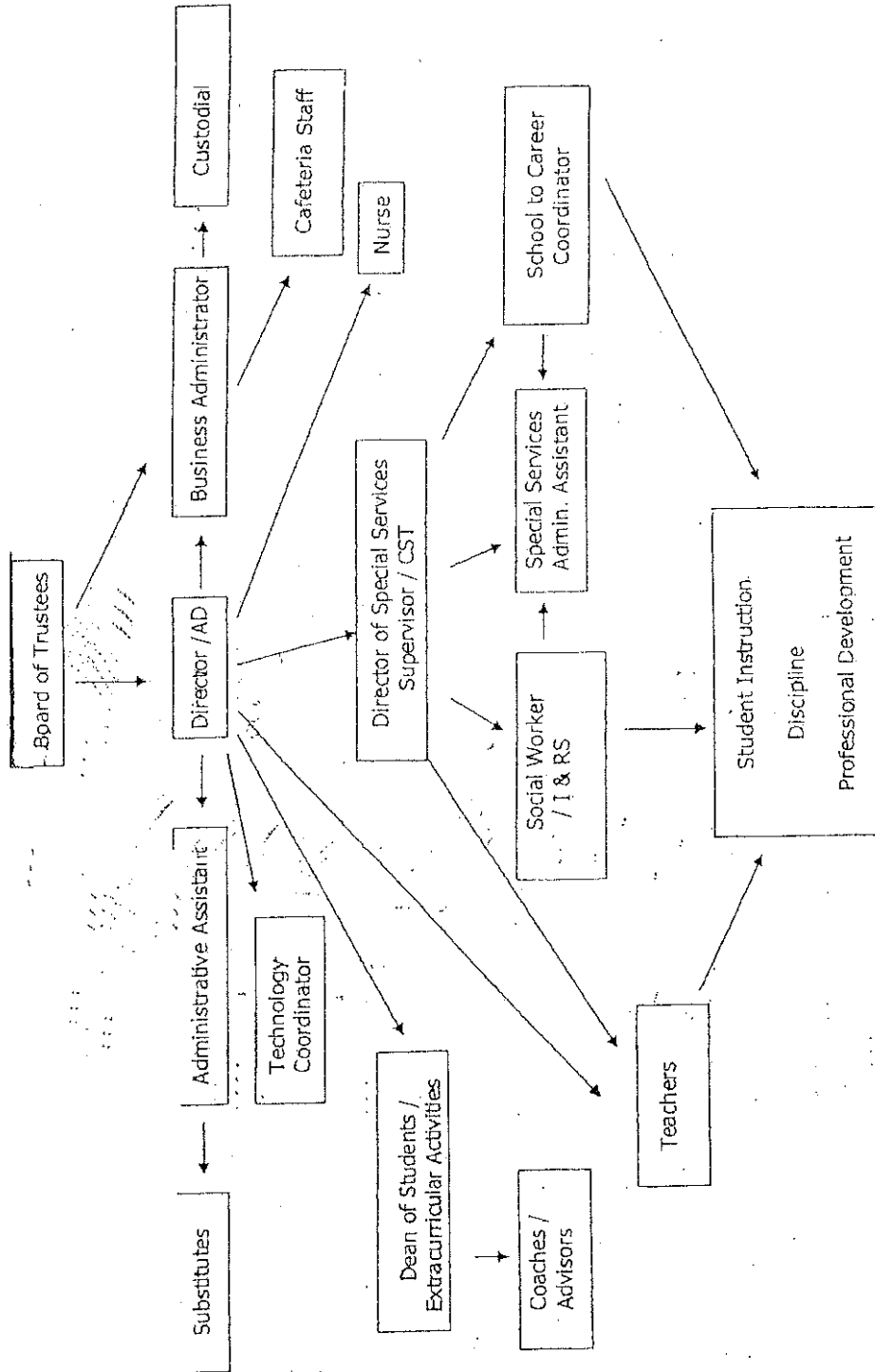
David P. Block
School Business Administrator



Shawn Heeter
Charter Lead Person

ACADEMY CHARTER HIGH SCHOOL

ORGANIZATIONAL STRUCTURE



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

Academy Charter High School
Lake Como, New Jersey

Roster of Officials
June 30, 2018

Members of the Board of Trustees

| | |
|---------------------------------|---------------------------------|
| Kimberly Brock, President | Community Member |
| Napier Humphrey, Vice President | Community Member |
| Ed Johnson | Higher Education Representative |
| Alyce Franklin-Owens | Community Member |
| Perry Lattiboudere | Community Member |
| Frankie Winrow | Community Member |
| Everett Mitchell | Parent Representative |
| Robertha Walters | Community Member |

Other Officials

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

Academy Charter High School
Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depositories

Wells Fargo Bank

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School in the County of Monmouth, State of New Jersey as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy Charter High School's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

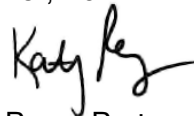
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2019 on our consideration of the Academy Charter High School in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy Charter High School in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

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



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

January 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Academy Charter High School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

Unaudited

The discussion and analysis of Academy Charter High School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for June 30, 2018 are as follows:

Net position totaled \$(167,849), which represents a 588.43 percent decrease from June 30, 2017.

General revenues accounted for \$3,382,266 in revenue or 90.87 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$339,920 or 9.13 percent of total revenues of \$3,722,186.

Total assets decreased by \$239,967 as current assets decreased by \$222,290 and capital assets, net decreased by \$17,677.

The Charter School had \$3,865,592 in expenses; only \$339,920 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,382,266 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,430,617 in revenues and \$3,594,994 in expenditures and transfers. The General Fund's balance decreased \$164,377 over June 30, 2017. The General Fund's balance is \$48,647.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the Charter School to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2018?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets, liabilities, deferred outflows of resources, deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statement

The Analysis of the Charter School's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The School Board as a Whole

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

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2018 and 2017.

Table 1

Net Position as of June 30, 2018 and June 30, 2017

| | June 30, 2018 | | | June 30, 2017 | | |
|--------------------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Current and other assets | \$ 56,474 | \$ 16,411 | \$ 72,885 | \$ 298,150 | \$ (2,975) | \$ 295,175 |
| Capital assets, net | 565,724 | - | 565,724 | 583,401 | - | 583,401 |
| Total assets | 622,198 | 16,411 | 638,609 | 881,551 | (2,975) | 878,576 |
| Deferred outflow of resources | 285,439 | - | 285,439 | 451,290 | - | 451,290 |
| Liabilities: | | | | | | |
| Current liabilities | 7,827 | 19,386 | 27,213 | 85,126 | - | 85,126 |
| Long-term liabilities outstanding | 772,962 | - | 772,962 | 1,210,375 | - | 1,210,375 |
| Total liabilities | 780,789 | 19,386 | 800,175 | 1,295,501 | - | 1,295,501 |
| Deferred inflow of resources | 291,722 | - | 291,722 | - | - | - |
| Net position: | | | | | | |
| Net investment in capital assets | 565,724 | - | 565,724 | 583,401 | - | 583,401 |
| Restricted | - | - | - | - | - | - |
| Unrestricted | (730,598) | (2,975) | (733,573) | (546,061) | (2,975) | (549,036) |
| Total Net Position | \$ (164,874) | \$ (2,975) | \$ (167,849) | \$ 37,340 | \$ (2,975) | \$ 34,365 |

The Charter School's combined net position was \$(167,849) on June 30, 2018. This is a change of (588.43)% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2018 and 2017.

Table 2

Changes in Net Position

| | June 30, 2018 | | | June 30, 2017 | | |
|--|-------------------------|--------------------------|------------------|-------------------------|--------------------------|------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ - | \$ 527 | \$ 527 | \$ - | \$ 668 | \$ 668 |
| Operating and capital grants and contributions | 251,795 | 87,598 | 339,393 | 242,826 | 88,425 | 331,251 |
| General revenues: | | | | | | |
| Tuition | 665,755 | - | 665,755 | 573,219 | - | 573,219 |
| Federal and state aid | 2,655,496 | - | 2,655,496 | 2,630,535 | - | 2,630,535 |
| Investment earnings | - | - | - | - | - | - |
| Miscellaneous | 61,015 | - | 61,015 | 62,542 | - | 62,542 |
| Total revenues | 3,634,061 | 88,125 | 3,722,186 | 3,509,122 | 89,093 | 3,598,215 |
| Expenses | | | | | | |
| Instructional services | 1,335,974 | - | 1,335,974 | 1,314,266 | - | 1,314,266 |
| Support services | 2,420,457 | 109,161 | 2,529,618 | 2,520,757 | 112,068 | 2,632,825 |
| Interest on long-term liabilities | - | - | - | - | - | - |
| Total expenses | 3,756,431 | 109,161 | 3,865,592 | 3,835,023 | 112,068 | 3,947,091 |
| Change in net position | (122,370) | (21,036) | (143,406) | (325,901) | (22,975) | (348,876) |
| Transfer | (21,036) | 21,036 | - | (20,000) | 20,000 | - |
| Net position - beginning | 37,340 | (2,975) | 34,365 | 383,241 | - | 383,241 |
| Net position (deficit) - ending | \$ (106,066) | \$ (2,975) | \$ (109,041) | \$ 37,340 | \$ (2,975) | \$ 34,365 |

Government Activities

The tuition portion paid by the sending district is made up 18.32% of revenues for governmental activities for the fiscal year 2017. The Charter School's total revenues were \$3,634,061 for the year ended June 30, 2018. Federal, state and local grants accounted for another 81.68%.

The total cost of all programs and services was \$3,756,431. Instruction and instruction direct support comprises 54.66% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2018

Business-Type Activities

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

Total Enterprise Fund expenses exceeded revenues by \$21,036.

Charges for services represent \$527 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$87,598.

Governmental Activities

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

Table 3

Governmental Activities

| | 2018 | | 2017 | |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Total Cost of <u>Services</u> | Net Cost of <u>Services</u> | Total Cost of <u>Services</u> | Net Cost of <u>Services</u> |
| Instruction | \$ 1,335,974 | \$ 1,335,974 | \$ 1,314,266 | \$ 1,314,266 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 717,143 | 465,348 | 699,155 | 456,329 |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | 1,697,914 | 1,697,914 | 1,811,347 | 1,811,347 |
| Pupil Transportation | 5,400 | 5,400 | 10,255 | 10,255 |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenses | \$ 3,756,431 | \$ 3,504,636 | \$ 3,835,023 | \$ 3,592,197 |

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

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

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

Interest expense relates to the mortgage the Charter school has on their building.

The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,634,061 and expenditures of \$3,739,630. The net negative change in fund balance for the year was most significant in the General Fund, with a decrease of \$164,377.

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 schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018.

| <u>Revenue</u> | <u>2018 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2017</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------|------------------------|-------------------------|---|--|
| Local Sources | \$ 726,770 | 20.00 % | \$ 91,009 | 14.31 % |
| State Sources | 2,703,847 | 74.40 | 27,337 | 1.02 |
| Federal Sources | <u>203,444</u> | <u>5.60</u> | <u>6,593</u> | <u>3.35</u> |
| Total | <u>\$ 3,634,061</u> | <u>100.00 %</u> | <u>\$ 124,939</u> | <u>3.56 %</u> |

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018.

| <u>Expenditures</u> | <u>2018 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2017</u> | <u>Percent of Increase/ (Decrease)</u> |
|----------------------------|------------------------|-------------------------|---|--|
| Current Expense: | | | | |
| Instruction | \$ 1,335,974 | 35.93 % | \$ 21,708 | 1.65 % |
| Undistributed Expenditures | 2,378,343 | 63.96 | (73,729) | (3.01) |
| Capital Outlay | <u>4,277</u> | <u>0.12</u> | <u>(3,643)</u> | <u>(46.00)</u> |
| Total | <u>\$ 3,718,594</u> | <u>100.01 %</u> | <u>\$ (55,664)</u> | <u>(1.47)%</u> |

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

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

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$149,000, the actual results for the year show a \$164,377 deficit.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2018, the School Board had \$565,724 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2018 and June 30, 2017

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|-------------------|--------------------------|-------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 367,000 | \$ 367,000 | \$ - | \$ - | \$ 367,000 | \$ 367,000 |
| Construction in Progress | - | - | - | - | - | - |
| Building and Improvements | 92,485 | 102,398 | - | - | 92,485 | 102,398 |
| Machinery and Equipment | 106,239 | 114,003 | - | - | 106,239 | 114,003 |
| Total | \$ 565,724 | \$ 583,401 | \$ - | \$ - | \$ 565,724 | \$ 583,401 |

During the current fiscal year, \$4,277 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental and business-type activities :

| | June 30, 2018 | June 30, 2017 |
|-----------------------------|-------------------|---------------------|
| Pension Liability-PERS | \$ <u>772,962</u> | \$ <u>1,210,375</u> |
| Total long-term liabilities | \$ <u>772,962</u> | \$ <u>1,210,375</u> |

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2017-2018 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 80.00% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 20.00% of total revenue is from local sources.

The \$(730,598) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2017-2018 budget was adopted in March 2017 based in part on the state education aid the Charter School anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates a slight increase in enrollment for the 2018-2019 fiscal year. If the Charter School were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board'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 School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Academy Charter High School, 1725 Main Street, Lake Como, NJ, 07719.

BASIC FINANCIAL STATEMENTS

ACADEMY CHARTER HIGH SCHOOL
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Receivables - other | 50,149 | - | 50,149 |
| Receivables - state | 6,325 | 168 | 6,493 |
| Receivables - federal | - | 16,243 | 16,243 |
| Capital assets, non-depreciable | 367,000 | - | 367,000 |
| Capital assets, depreciable, net: | 198,724 | - | 198,724 |
| Total assets | <u>622,198</u> | <u>16,411</u> | <u>638,609</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 285,439 | - | 285,439 |
| Total deferred outflows of resources | <u>285,439</u> | <u>-</u> | <u>285,439</u> |
| LIABILITIES | | | |
| Cash overdraft | 7,827 | 19,386 | 27,213 |
| Noncurrent liabilities: | | | |
| Due within one year | - | - | - |
| Due beyond one year | 772,962 | - | 772,962 |
| Total liabilities | <u>780,789</u> | <u>19,386</u> | <u>800,175</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 291,722 | - | 291,722 |
| Total deferred outflows of resources | <u>291,722</u> | <u>-</u> | <u>291,722</u> |
| NET POSITION | | | |
| Net investment in capital assets | 565,724 | - | 565,724 |
| Restricted for: | | | |
| Other purposes | - | - | - |
| Unrestricted | (730,598) | (2,975) | (733,573) |
| Total net position | <u>\$ (164,874)</u> | <u>\$ (2,975)</u> | <u>\$ (167,849)</u> |

ACADEMY CHARTER HIGH SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Current: | | | | | | | |
| Regular instruction | \$ 1,335,974 | \$ - | \$ - | \$ - | \$ (1,335,974) | \$ - | \$ (1,335,974) |
| Special education instruction | - | - | - | - | - | - | - |
| Other special instruction | - | - | - | - | - | - | - |
| Support services and undistributed costs: | | | | | | | |
| Instruction | 399,289 | - | - | - | (399,289) | - | (399,289) |
| Attendance and social work | - | - | - | - | - | - | - |
| Health services | 66,059 | - | - | - | (66,059) | - | (66,059) |
| Other support services | - | - | - | - | - | - | - |
| Improvement of instruction | - | - | - | - | - | - | - |
| Educational media services | - | - | - | - | - | - | - |
| Instructional staff training | - | - | - | - | - | - | - |
| General administrative services | 95,561 | - | - | - | (95,561) | - | (95,561) |
| School administrative services | 462,155 | - | - | - | (462,155) | - | (462,155) |
| School central services | - | - | - | - | - | - | - |
| School admin info technology | - | - | - | - | - | - | - |
| Allowed maintenance for school facilities | - | - | - | - | - | - | - |
| Other operation & maintenance of plant | 562,215 | - | - | - | (562,215) | - | (562,215) |
| Care & upkeep of grounds | - | - | - | - | - | - | - |
| Security | - | - | - | - | - | - | - |
| Student transportation services | 5,400 | - | - | - | (5,400) | - | (5,400) |
| Unallocated employee benefits | 577,983 | - | - | - | (577,983) | - | (577,983) |
| Non-budgeted expenditures | 251,795 | - | 251,795 | - | - | - | - |
| Interest expense | | | | | | | |
| Total governmental activities | <u>3,756,431</u> | <u>-</u> | <u>251,795</u> | <u>-</u> | <u>(3,504,636)</u> | <u>-</u> | <u>(3,504,636)</u> |
| Business-type activities: | | | | | | | |
| Food Service | 109,161 | 527 | 87,598 | - | - | (21,036) | \$ (21,036) |
| Total business-type activities | <u>109,161</u> | <u>527</u> | <u>87,598</u> | <u>-</u> | <u>-</u> | <u>(21,036)</u> | <u>(21,036)</u> |
| Total primary government | <u>\$ 3,865,592</u> | <u>\$ 527</u> | <u>\$ 339,393</u> | <u>\$ -</u> | <u>(3,504,636)</u> | <u>(21,036)</u> | <u>(3,525,672)</u> |
| General revenues: | | | | | | | |
| Tuition | | | | | 606,947 | - | 606,947 |
| Federal and state aid not restricted | | | | | 2,655,496 | - | 2,655,496 |
| Miscellaneous income | | | | | 61,015 | - | 61,015 |
| Total general revenues | | | | | <u>3,323,458</u> | <u>-</u> | <u>3,323,458</u> |
| Change in net position before transfers | | | | | (181,178) | (21,036) | (202,214) |
| Transfers | | | | | (21,036) | 21,036 | - |
| Change in net position after transfers | | | | | (202,214) | - | (202,214) |
| Net position—beginning | | | | | 37,340 | (2,975) | 34,365 |
| Net position—ending | | | | | <u>\$ (164,874)</u> | <u>\$ (2,975)</u> | <u>\$ (167,849)</u> |

ACADEMY CHARTER HIGH SCHOOL
Balance Sheet
Governmental Funds
June 30, 2018

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-----------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Receivables from other governments | 50,149 | - | 50,149 |
| Receivables from state | 6,325 | - | 6,325 |
| Receivables from federal | - | - | - |
| Total assets | 56,474 | - | 56,474 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Cash overdraft | 7,827 | - | 7,827 |
| Payable to other governments | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | 7,827 | - | 7,827 |
| Fund Balances: | | | |
| Restricted for: | | | |
| Unexpended additional spending proposal | | | |
| Capital reserve account | - | - | - |
| Maintenance reserve account | - | - | - |
| Emergency reserve account | - | - | - |
| Excess surplus - current year | - | - | - |
| Excess surplus -- designated for | | | |
| Subsequent year's expenditures | - | - | - |
| Special revenue fund | - | - | - |
| Assigned to: | | | |
| Other purposes | - | - | - |
| Designated by the BOE for subsequent year's expenditures | - | - | - |
| Unassigned to: | | | |
| General fund | 48,647 | - | 48,647 |
| Total fund balances | 48,647 | - | 48,647 |
| Total liabilities and fund balances | \$ 56,474 | \$ - | |

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

| | |
|--|--------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,095,659 and the accumulated depreciation is \$529,935. | 565,724 |
| Deferred outflows related to the PERS pension plan | 285,439 |
| Deferred inflows related to the PERS pension plan | (291,722) |
| Long-term liabilities, including pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (772,962) |
| Net position of governmental activities | \$ (164,874) |

ACADEMY CHARTER HIGH SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|------------------|----------------------------|--------------------------------|
| REVENUES | | | |
| Local sources: | | | |
| Tuition charges | \$ 665,755 | \$ - | \$ 665,755 |
| Prior year refunds | - | - | - |
| Miscellaneous | 61,015 | - | 61,015 |
| Total - Local sources | <u>726,770</u> | <u>-</u> | <u>726,770</u> |
| State sources | 2,703,847 | - | 2,703,847 |
| Federal sources | - | 203,444 | 203,444 |
| Total revenues | <u>3,430,617</u> | <u>203,444</u> | <u>3,634,061</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Regular instruction | 1,186,266 | 149,708 | 1,335,974 |
| Special education instruction | - | - | - |
| Other special instruction | - | - | - |
| Undistributed - current: | | | |
| Instruction | 345,553 | 53,736 | 399,289 |
| Attendance and social work | - | - | - |
| Health services | 66,059 | - | 66,059 |
| Other support services | - | - | - |
| Improvement of instruction | - | - | - |
| Educational media services | - | - | - |
| Instruction staff training | - | - | - |
| General administrative services | 95,561 | - | 95,561 |
| School administrative services | 462,155 | - | 462,155 |
| School central services | - | - | - |
| School admin info technology | - | - | - |
| Required maintenance for school facilities | - | - | - |
| Other operation & maintenance of plant | 540,261 | - | 540,261 |
| Care & upkeep of grounds | - | - | - |
| Security | - | - | - |
| Student transportation services | 5,400 | - | 5,400 |
| Unallocated employee benefits | 557,823 | - | 557,823 |
| Non-budgeted expenditures | 251,795 | - | 251,795 |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest and other charges | - | - | - |
| Capital outlay | 4,277 | - | 4,277 |
| Total expenditures | <u>3,515,150</u> | <u>203,444</u> | <u>3,718,594</u> |
| Excess (Deficiency) of revenues over expenditures | <u>(84,533)</u> | <u>-</u> | <u>(84,533)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Other financing uses | (58,808) | - | (58,808) |
| Transfers out | (21,036) | - | (21,036) |
| Total other financing sources and uses | <u>(79,844)</u> | <u>-</u> | <u>(79,844)</u> |
| Net change in fund balances | (164,377) | - | (164,377) |
| Fund balance—July 1 | 213,024 | - | 213,024 |
| Fund balance—June 30 | <u>\$ 48,647</u> | <u>\$ -</u> | <u>\$ 48,647</u> |

**ACADEMY CHARTER HIGH SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018**

Total net change in fund balances - governmental funds (from B-2) **\$ (164,377)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey (20,160)

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

This is the amount by which capital outlays exceeded depreciation in the period.

| | | | | |
|--|----------------------|--------------|-----------------|--|
| | Depreciation expense | \$ (21,954) | | |
| | Capital outlays | <u>4,277</u> | <u>(17,677)</u> | |

Change in net position of governmental activities **\$ (202,214)**

ACADEMY CHARTER HIGH SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2018

| | Business-type Activities - Enterprise Funds | |
|--------------------------------------|--|-------------------|
| | Food Service | Totals |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ (19,386) | \$ (19,386) |
| Investments | - | - |
| Receivables from state | 168 | 168 |
| Receivables from federal | 16,243 | 16,243 |
| Receivables from other government | - | - |
| Other receivables | - | - |
| Inventories | - | - |
| Total current assets | <u>(2,975)</u> | <u>(2,975)</u> |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | - | - |
| Furniture, machinery & equipment | - | - |
| Less accumulated depreciation | - | - |
| Total noncurrent assets | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ (2,975)</u> | <u>\$ (2,975)</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Interfund payable | - | - |
| Accrued salaries and benefits | - | - |
| Total current liabilities | <u>-</u> | <u>-</u> |
| Noncurrent Liabilities: | | |
| Compensated absences | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | - | - |
| Restricted for: | | |
| Other | - | - |
| Unrestricted | <u>(2,975)</u> | <u>(2,975)</u> |
| Total net position | <u>(2,975)</u> | <u>(2,975)</u> |
| Total liabilities and net position | <u>\$ (2,975)</u> | <u>\$ (2,975)</u> |

ACADEMY CHARTER HIGH SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

| | Business-type Activities - Enterprise Fund | |
|--|---|-----------------------------|
| | Food Service | Total Enterprise |
| Operating revenues: | | |
| Local sources: | | |
| Daily sales reimbursable programs | | |
| School breakfast | \$ - | \$ - |
| School lunch | 527 | 527 |
| Total daily sales reimbursable programs | <u>527</u> | <u>527</u> |
| Daily sales non-reimbursable programs | - | - |
| Special functions | - | - |
| Miscellaneous | - | - |
| Total operating revenues | <u>527</u> | <u>527</u> |
| Operating expenses: | | |
| Salaries | 12,000 | 12,000 |
| Supplies and materials | 4,894 | 4,894 |
| Cost of sales - reimbursable programs | 92,267 | 92,267 |
| Cost of sales - non-reimbursable programs | - | - |
| Total operating expenses | <u>109,161</u> | <u>109,161</u> |
| Operating income (loss) | <u>(108,634)</u> | <u>(108,634)</u> |
| Nonoperating revenues (expenses): | | |
| State sources: | | |
| Vending machine grant | | - |
| State school lunch program | 904 | 904 |
| Federal sources: | | |
| School breakfast program | 33,154 | 33,154 |
| National school lunch program | 53,540 | 53,540 |
| Food distribution program | - | - |
| Total nonoperating revenues (expenses) | <u>87,598</u> | <u>87,598</u> |
| Income (loss) before contributions & transfers | <u>(21,036)</u> | <u>(21,036)</u> |
| Transfers in (out) | <u>21,036</u> | <u>21,036</u> |
| Change in net position | - | - |
| Total net position—beginning | (2,975) | (2,975) |
| Total net position—ending | <u>\$ (2,975)</u> | <u>\$ (2,975)</u> |

ACADEMY CHARTER HIGH SCHOOL
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

| | Business-type Activities - Enterprise Funds | |
|--|--|---------------------|
| | Food Service | Total Enterprise |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and other funds | \$ 527 | \$ 527 |
| Payments to employees & benefits | (12,000) | (12,000) |
| Payments to suppliers | (97,161) | (97,161) |
| Net cash used in operating activities | <u>(108,634)</u> | <u>(108,634)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | - |
| State sources | 780 | 780 |
| Federal sources | 75,018 | 75,018 |
| Board interfund loans | 21,036 | 21,036 |
| Net cash provided by non-capital financing activities | <u>96,834</u> | <u>96,834</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Change in capital contributions | - | - |
| Purchases of capital assets | - | - |
| Gain/Loss on sale of fixed assets (proceeds) | - | - |
| Net cash provided by (used for) capital and related financing activities | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and dividends | - | - |
| Proceeds from sale/maturities of investments | - | - |
| Net cash provided by (used for) investing activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (11,800) | (11,800) |
| Balances—beginning of year | (7,586) | (7,586) |
| Balances—end of year | <u>\$ (19,386)</u> | <u>\$ (19,386)</u> |
| Reconciliation of operating income (loss) to net cash provided by (used) in operating activities: | | |
| Operating loss | \$ (108,634) | \$ (108,634) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities: | | |
| Depreciation and net amortization | - | - |
| Federal commodities | - | - |
| (Increase) decrease in accounts receivable, net | - | - |
| (Increase) decrease in inventories | - | - |
| Increase (decrease) in accounts payable | - | - |
| Increase (decrease) in accrued salaries benefits | - | - |
| Increase (decrease) in compensated absences | - | - |
| Total adjustments | <u>-</u> | <u>-</u> |
| Net cash used in operating activities | <u>\$ (108,634)</u> | <u>\$ (108,634)</u> |

ACADEMY CHARTER HIGH SCHOOL
Statement of Fiduciary Net Position
June 30, 2018

| | <u>Agency Fund</u> |
|-------------------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,620 |
| Total assets | <u>2,620</u> |
| LIABILITIES | |
| Payroll deductions and withholdings | - |
| Payable to student groups | 2,620 |
| Total liabilities | <u>2,620</u> |
| NET POSITION | |
| Reserved | - |
| Total net position | <u>-</u> |
| Total liabilities and net position | <u>\$ 2,620</u> |

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Description of the School District and Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

The financial statements of the Academy Charter High School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy Charter High School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do no conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

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

1. District-Wide Statements

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

A. Basis of Presentation (Cont'd)

1. District-Wide Statements (Cont'd)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

B. Fund Accounting (Cont'd)

1. Governmental Funds (Cont'd)

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Academy Charter High School's major governmental funds:

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

As required by the New Jersey State Department of Education, the Academy Charter High School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

2. Proprietary Funds

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

B. Fund Accounting (Cont'd)

2. Proprietary Fund (Cont'd)

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

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

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

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

3. Fiduciary Funds

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

C. Measurement Focus

1. Charter School-Wide Financial Statements

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

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

D. Basis of Accounting (Cont'd)

The Academy Charter High School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Academy Charter High School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Academy Charter High School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Academy Charter High School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable" or "(accounts payable)". At June 30, 2018, the Academy Charter High School had accounts payable of \$(84,951) that represented amounts that had not been repaid based upon the current year final enrollment count.

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

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

E. Budgets/Budgetary Control

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

E. Budgets/Budgetary Control (Cont'd)

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

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

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

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the Academy Charter High School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$- of encumbrances at June 30, 2018.

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

G. Cash, Cash Equivalents and Investments

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

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

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

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Prior to 2018, the District reported inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The District began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Board's simplification initiative. Under the prior method, "market", was replacement cost, subject to possible adjustments. Net realizable value is based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on earnings for 2018.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

I. Short-Term Interfund Receivables/Payables

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

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

K. Compensated Absences (Cont'd)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Position

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

N. Unearned Revenue

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

O. Fund Equity

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

P. Use of Estimates

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

3. Deposits and Investments

Deposits

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

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2018, the book value of the Board's deposits was in a credit balance of \$(27,213) and bank balances of the Academy Charter High School's cash and deposits amounted to \$111,441. Of the bank balances \$250,000 was covered by the FDIC. The Academy Charter High School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> |
|------------------------------|---------------------|
| Insured | \$ 111,441 |
| Uninsured and Collateralized | <u>-</u> |
| | <u>\$ 111,441</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018, \$111,441 of the Board's bank balances were not exposed to custodial credit risk. The remaining bank balances of \$- were.

Investments

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

As of June 30, 2018, the Academy Charter High School had no investments.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

4. Receivables

Receivables at June 30, 2018, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

| | Governmental Fund Financial Statements | District-Wide Financial Statements |
|------------------------------------|--|--|
| State aid | \$ 6,325 | \$ 6,493 |
| Federal aid | - | 16,243 |
| Other | 50,149 | 50,149 |
| Interfunds | - | - |
| | <u>56,474</u> | <u>72,885</u> |
| Less: allowance for uncollectibles | <u>-</u> | <u>-</u> |
| Total receivables, net | <u>\$ 56,474</u> | <u>\$ 72,885</u> |

5. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

| | Balance June 30, 2017 | Additions | Balance June 30, 2018 |
|--------------------------------|--------------------------|--------------------|--------------------------|
| Not being depreciated | | | |
| Building Deposit | \$ 367,000 | \$ - | \$ 367,000 |
| Being Depreciated: | | | |
| Site Improvements | 329,648 | - | 329,648 |
| Machinery and Equipment | <u>394,734</u> | <u>4,277</u> | <u>399,011</u> |
| | 1,091,382 | 4,277 | 1,095,659 |
| Less: Accumulated Depreciation | <u>(507,981)</u> | <u>(21,954)</u> | <u>(529,935)</u> |
| Net Assets | <u>\$ 583,401</u> | <u>\$ (17,677)</u> | <u>\$ 565,724</u> |

The proprietary fund type has no capital assets at June 30, 2018. Depreciation expense for governmental activities held assets was \$21,954 for 2018.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

6. Long-Term Obligations

Changes in Long-Term Obligations for the year ended June 30, 2018, are as follows:

| | <u>Balance</u> <u>July 01, 2017</u> | <u>Increases/</u> <u>Decreases</u> | <u>Balance</u> <u>June 30, 2018</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---------------------------------|--|---------------------------------------|--|--|
| <u>Governmental Activities:</u> | | | | |
| Pension Liability - PERS | 1,210,375 | (437,413) | 772,962 | \$ - |
| | <u>\$ 1,210,375</u> | <u>\$ (437,413)</u> | <u>\$ 772,962</u> | <u>\$ -</u> |

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

There are no serial bonds outstanding at June 30, 2018.

As of June 30, 2018, the Board had no bonds authorized.

7. Leasing Arrangements

The School leases its facility under a non-cancelable operating lease. The lease in the monthly amount of \$30,556 with an annual basic rent of \$366,672 is for the term of three years with three five year renewals subject to the school's charter renewal and terms of financing. The basic rent shall be increased each year of the initial term and each year of any applicable renewal year at a rate which will be the lesser of 3% or the change in the U.S. Department of Labor CPI. Total rental expense for the year ended June 30, 2018 was \$366,672.

8. Pension Plans

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

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.

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 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 |

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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 the 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 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At

June 30, 2018, the School District reported a liability of \$772,962 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was .0033205123%, which was a decrease of .0007662261% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$20,160 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 18,201 | \$ - |
| Changes of assumptions | 155,725 | 155,154 |
| Net difference between projected and actual earnings on pension plan investments | 5,263 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 72,948 | 136,568 |
| District contributions subsequent to the measurement date | 33,302 | - |
| Total | <u>\$ 285,439</u> | <u>\$ 291,722</u> |

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

\$33,302 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|------------|---------------------|-----------------|
| | Year ended June 30: | |
| 2018 | \$ | (29,969) |
| 2019 | | (45,224) |
| 2020 | | (27,403) |
| 2021 | | 36,447 |
| 2022 | | 26,564 |
| Thereafter | | - |
| Total | \$ | <u>(39,585)</u> |

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| Net Difference between projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 5.00 | - |
| June 30, 2015 | 5.00 | - |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

Actuarial Assumptions - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

| | |
|---------------------------|----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65% - 4.15% Based on Age |
| Thereafter | 2.65% - 5.15% Based on Age |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. In addition the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged 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 weighting 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation | 5.00 % | 5.51 % |
| Cash Equivalents | 5.50 % | 1.00 % |
| U.S. Treasuries | 3.00 % | 1.87 % |
| Investment Grade Credit | 10.00 % | 3.78 % |
| Public High Yield | 2.50 % | 6.82 % |
| Global Diversified Credit | 5.00 % | 7.10 % |
| Credit Oriented Hedge Funds | 1.00 % | 6.60 % |
| Debt Related Private Equity | 2.00 % | 10.63 % |
| Debt Related Real Estate | 1.00 % | 6.61 % |
| Private Real Asset | 2.50 % | 11.83 % |
| Equity Related Real Estate | 6.25 % | 9.23 % |
| U.S. Equity | 30.00 % | 8.19 % |
| Non-U.S. Developed Markets Equity | 11.50 % | 9.00 % |
| Emerging Markets Equity | 6.50 % | 11.64 % |
| Buyouts/Venture Capital | 8.25 % | 13.08 % |

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
|---|------------------------------------|--|------------------------------------|
| District's proportionate share of the net pension liability | 958,912 | 772,962 | 618,043 |

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

| | <u>6/30/18</u> | <u>6/30/17</u> |
|---|----------------|----------------|
| Collective Deferred Outflows of Resources | 723,829,861 | 7,815,204,785 |
| Collective Deferred Inflows of Resources | - | - |
| Collective Net Pension Liability | 23,278,401,588 | 29,617,131,759 |
| School District's Portion | .0033205123% | .0040867384% |

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

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

The vesting and benefit provisions are set by N.J.S.A 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 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 |

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

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the School District is 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 School District does 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 School District.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$9,542,592. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .0141531921%, which was an increase of .0135218129% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$224,920 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Actuarial Assumptions - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

| | |
|---------------------------|----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 2012-2021 | Varies Based on Experience |
| Thereafter | Varies Based on Experience |
| Investment Rate of Return | 7.00% |

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged 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 weighting 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's target asset allocation as of June 30, 2017 are summarized in the following table:

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation | 5.00 % | 5.51 % |
| Cash Equivalents | 5.50 % | 1.00 % |
| U.S. Treasuries | 3.00 % | 1.87 % |
| Investment Grade Credit | 10.00 % | 3.78 % |
| Public High Yield | 2.50 % | 6.82 % |
| Global Diversified Credit | 5.00 % | 7.10 % |
| Credit Oriented Hedge Funds | 1.00 % | 6.60 % |
| Debt Related Private Equity | 2.00 % | 10.63 % |
| Debt Related Real Estate | 1.00 % | 6.61 % |
| Private Real Asset | 2.50 % | 11.83 % |
| Equity Related Real Estate | 6.25 % | 9.23 % |
| U.S. Equity | 30.00 % | 8.19 % |
| Non-U.S. Developed Markets Equity | 11.50 % | 9.00 % |
| Emerging Markets Equity | 6.50 % | 11.64 % |
| Buyouts/Venture Capital | 8.25 % | 13.08 % |

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (3.25%) | Current Discount Rate (4.25%) | 1% Increase (5.25%) |
|---|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | 11,378,364 | 9,577,495 | 8,093,931 |

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

9. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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. 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

Plan description and benefits provided (cont'd)

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. (GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees covered by benefit terms

At June 30, 2016, the following employees were covered by the benefit terms:

| | |
|---|-----------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 142,331 |
| Active plan members | <u>223,747</u> |
| Total | <u><u>366,078</u></u> |

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified returned PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation Rate | 2.5% |
| Salary Increases through 2026 | PERS 2.15%-4.15% PFRS 2.1%-8.98% TPAF 1.55%-4.55% |
| Salary Increases after 2026 | PERS 3.15%-5.15% PFRS 3.1%-9.98% TPAF 2.0%-5.45% |
| Discount Rate | 3.58% |
| Healthcare Cost Trend Rates | 4.5%-5.9% |
| Retirees' Share of Benefit Related Costs | 1.5% of projected health insurance premiums for retirees |

Preretirement mortality rates were based on the RP-2014 Headcount-weighted Healthy Employee Male/Female Mortality Table with Fully Generational Mortality Improvement projections from the central year using Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

Changes in the Total OPEB Liability reported by the State of New Jersey

| | |
|--------------------------------------|--------------------------|
| Balance at June 30, 2016 | \$ 57,831,784,184 |
| Changes for the year: | |
| Service cost | 2,391,878,884 |
| Interest on the total OPEB liability | 1,699,441,736 |
| Changes in assumptions | (7,086,599,129) |
| Gross benefit payments by the state | (1,242,412,566) |
| Contributions from members | <u>45,748,749</u> |
| Net changes | <u>(4,191,942,326)</u> |
| Balance at June 30, 2017 | <u>\$ 53,639,841,858</u> |

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Discount rate

The discount rate was 2.85% percent in 2016 and 3.58% percent in 2017. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. The source is 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.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (<u>2.58%</u>) | Current Discount Rate (<u>3.58%</u>) | 1% Increase (<u>4.58%</u>) |
|---|------------------------------------|--|------------------------------------|
| Total OPEB Liability of the State for School Retirees | \$63,674,362,200 | \$53,639,841,858 | \$45,680,364,953 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$4,536,252 | \$3,821,379 | \$3,254,335 |

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1%</u> <u>Decrease</u> | <u>Trend Rate</u> | <u>1%</u> <u>Increase</u> |
|---|------------------------------|-------------------|------------------------------|
| Total OPEB Liability of the State for School Retirees | \$44,113,584,560 | \$53,639,841,858 | \$66,290,599,457 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$3,142,702 | \$3,821,379 | \$4,722,637 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$476,715 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Academy Charter High School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Post-Retirement Benefits (cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|---|--|--|
| Differences between expected and actual experience | | |
| Changes of assumptions | \$ - | \$ 6,343,769,032 |
| Contributions made in fiscal year ending 2018 after June 30, 2017 measurement date | <u>1,190,373,242</u> | <u>-</u> |
| Total | <u>\$ 1,190,373,242</u> | <u>\$ 6,343,769,032</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|---------------------------|
| 2018 | \$ (742,830,097) |
| 2019 | (742,830,097) |
| 2020 | (742,830,097) |
| 2021 | (742,830,097) |
| 2022 | (742,830,097) |
| Thereafter | <u>(2,629,618,547)</u> |
| Total | <u>\$ (6,343,769,032)</u> |

10. Economic Dependency

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

11. Deferred Compensation

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Risk Management

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

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

13. Interfund/Internal Balances and Transfers

There were no interfund balances at June 30, 2018.

14. Fund Balance Appropriated

General Fund - Of the \$42,322 General Fund balance at June 30, 2018, \$- of encumbrances is assigned to other purposes, \$- has been classified as assigned fund balance designated for subsequent year expenditures and \$42,322 is unassigned.

15. Contingent Liabilities

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

16. Subsequent Events

The Academy Charter High School has evaluated all subsequent events occurring through the date of the independent auditor's report, January 31, 2019. No such disclosures were required.

17. Uncertain Tax Positions

The district had no unrecognized tax benefits. Furthermore, the district had no unrecognized tax benefits at June 30, 2018. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open years prior to June 30, 2015.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2018

18. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ACADEMY CHARTER HIGH SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local Tax Levy | \$ 694,752 | (28,204) | \$ 666,548 | \$ 665,755 | \$ (793) |
| Tuition charges | - | - | - | - | - |
| Prior year refunds | - | - | - | - | - |
| Miscellaneous | 70,000 | - | 70,000 | 61,015 | (8,985) |
| Total - local sources | <u>764,752</u> | <u>(28,204)</u> | <u>736,548</u> | <u>726,770</u> | <u>(9,778)</u> |
| State sources: | | | | | |
| Equalization aid (Local levies - state share) | 2,103,184 | (261,811) | 1,841,373 | 1,791,385 | (49,988) |
| Special Education Aid | 108,371 | (18,381) | 89,990 | 87,256 | (2,734) |
| Security aid | 76,019 | (8,074) | 67,945 | 65,678 | (2,267) |
| Adjustment aid | 428,800 | (33,640) | 395,160 | 479,977 | 84,817 |
| Non-public transportation | - | 27,752 | 27,752 | 27,756 | 4 |
| TPAF LTDI (on-behalf - Non-budgeted) | - | - | - | 958 | 958 |
| TPAF post-retirement medical (on-behalf - Non-budgeted) | - | - | - | 145,271 | 145,271 |
| Teacher's pension and annuity fund (on-behalf - Non-budgeted) | - | - | - | 224,920 | 224,920 |
| TPAF social security (reimbursed - Non-budgeted) | - | - | - | 105,566 | 105,566 |
| Total state sources | <u>2,716,374</u> | <u>(294,154)</u> | <u>2,422,220</u> | <u>2,928,767</u> | <u>506,547</u> |
| Federal sources: | | | | | |
| ARRA-ESF | - | - | - | - | - |
| ARRA-GSF | - | - | - | - | - |
| Education jobs fund program | - | - | - | - | - |
| Other federal aids-SEMI | - | - | - | - | - |
| Total Federal sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>3,481,126</u> | <u>(322,358)</u> | <u>3,158,768</u> | <u>3,655,537</u> | <u>496,769</u> |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular programs - instruction | | | | | |
| Grades 9-12 - salaries of teachers | 1,110,379 | (23,280) | 1,087,099 | 1,085,576 | 1,523 |
| Other grades 9-12 - instruction | 5,250 | 4,064 | 9,314 | 9,314 | - |
| Purchased professional and technical support | 23,000 | (2,778) | 20,222 | 20,222 | - |
| Purchased Prof Consultant | 3,750 | 2,000 | 5,750 | 5,252 | 498 |
| Other purchased services | 29,252 | (9,965) | 19,287 | 18,941 | 346 |
| General supplies | 48,975 | (12,425) | 36,550 | 36,155 | 395 |
| Textbooks | 27,000 | (26,700) | 300 | 250 | 50 |
| Miscellaneous expenses | 12,500 | 3,963 | 16,463 | 10,556 | 5,907 |
| Total regular programs - instruction | <u>1,260,106</u> | <u>(65,121)</u> | <u>1,194,985</u> | <u>1,186,266</u> | <u>8,719</u> |
| Health services | | | | | |
| Salaries | 67,163 | (310) | 66,853 | 66,059 | 794 |
| Salaries of social services coordinators | - | - | - | - | - |
| Total health services | <u>67,163</u> | <u>(310)</u> | <u>66,853</u> | <u>66,059</u> | <u>794</u> |
| Other support services - students - regular | | | | | |
| Salaries of other professional staff | 187,508 | 2,728 | 190,236 | 188,350 | 1,886 |
| Total other support service - students - regular | <u>187,508</u> | <u>2,728</u> | <u>190,236</u> | <u>188,350</u> | <u>1,886</u> |
| Other support services - students - special | | | | | |
| Salaries of other professional staff | 149,385 | 8,969 | 158,354 | 157,203 | 1,151 |
| Total other support services - students - special | <u>149,385</u> | <u>8,969</u> | <u>158,354</u> | <u>157,203</u> | <u>1,151</u> |
| Support services - general administration | | | | | |
| Legal services | 12,000 | 2,174 | 14,174 | 14,060 | 114 |
| Other purchased prof. services | 21,020 | 272 | 21,292 | 21,003 | 289 |
| Purchased technical services | 4,500 | (733) | 3,767 | 3,767 | - |
| Auditor | 14,000 | (1,500) | 12,500 | 12,500 | - |
| Communications/telephone | 67,518 | (33,803) | 33,715 | 33,116 | 599 |
| General supplies | 8,400 | 18 | 8,418 | 8,418 | - |
| Miscellaneous expenditures | 2,000 | 1,000 | 3,000 | 2,697 | 303 |
| Total support services - general administration | <u>129,438</u> | <u>(32,572)</u> | <u>96,866</u> | <u>95,561</u> | <u>1,305</u> |
| Support services - school admin. | | | | | |
| Salaries of principals/asst. principals | 275,235 | (6,295) | 268,940 | 268,940 | - |
| Salaries of other professional staff | 69,275 | (337) | 68,938 | 68,938 | - |
| Salaries of secr. And clerical assts. | - | - | - | - | - |
| Other salaries | 123,863 | 414 | 124,277 | 124,277 | - |
| Total support services - school admin. | <u>468,373</u> | <u>(6,218)</u> | <u>462,155</u> | <u>462,155</u> | <u>-</u> |
| Other operation & maint. of plant services | | | | | |
| Salaries | 23,659 | - | 23,659 | 23,486 | 173 |
| Purchased prof. and tech. services | 23,120 | (17,267) | 5,853 | - | 5,853 |
| Other purchased services | 6,150 | 7,933 | 14,083 | 12,696 | - |
| Cleaning, repair, and maint. services | 80,604 | (19,716) | 60,888 | 60,137 | 751 |
| Rental of land and blgs. - other than lease purch. Agreements | 369,672 | (3,000) | 366,672 | 366,672 | - |
| Insurance | 68,056 | (15,406) | 52,650 | 52,580 | 70 |
| General supplies | 24,100 | 1,145 | 25,245 | 24,690 | 555 |
| Other objects | - | - | - | - | - |
| Miscellaneous expenses | 1,000 | (1,000) | - | - | - |
| Total other operation & maint. of plant services | <u>596,361</u> | <u>(47,311)</u> | <u>549,050</u> | <u>540,261</u> | <u>7,402</u> |

ACADEMY CHARTER HIGH SCHOOL
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Student transportation services | | | | | |
| Other undist. expend. Student transportation | \$ 22,000 | \$ (8,000) | \$ 14,000 | \$ 5,400 | \$ 8,600 |
| Total student transportation services | <u>22,000</u> | <u>(8,000)</u> | <u>14,000</u> | <u>5,400</u> | <u>8,600</u> |
| Unallocated benefits | | | | | |
| Other retirement contributions - Other | - | - | - | - | - |
| Other retirement contributions - PERS | 38,949 | (7,408) | 31,541 | 31,541 | - |
| Other employee benefits | 36,000 | 414 | 36,414 | 26,152 | 10,262 |
| Unemployment compensation | 25,000 | (9,000) | 16,000 | 15,311 | 689 |
| Health benefits | 540,000 | (52,630) | 487,370 | 484,819 | 2,551 |
| Total unallocated benefits | <u>639,949</u> | <u>(68,624)</u> | <u>571,325</u> | <u>557,823</u> | <u>13,502</u> |
| On-behalf contributions: | | | | | |
| On-behalf TPAF LTDI (non-budgeted) | - | - | - | 958 | (958) |
| On-behalf TPAF OPEB (post-retirement med) (non-budgeted) | - | - | - | 145,271 | (145,271) |
| On-behalf TPAF Pension Contributions (non-budgeted) | - | - | - | 224,920 | (224,920) |
| Reimbursed TPAF Social Security contributions (non-budgeted) | - | - | - | 105,566 | (105,566) |
| Total on-behalf contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>476,715</u> | <u>(476,715)</u> |
| TOTAL UNDISTRIBUTED EXPENDITURES | <u>2,260,177</u> | <u>(151,338)</u> | <u>2,108,839</u> | <u>2,549,527</u> | <u>(440,688)</u> |
| TOTAL GENERAL CURRENT EXPENSE | <u>3,520,283</u> | <u>(216,459)</u> | <u>3,303,824</u> | <u>3,735,793</u> | <u>(431,969)</u> |
| CAPITAL OUTLAY | | | | | |
| Non-instructional equipment | 3,960 | (3,960) | - | - | - |
| Building maintenance | 10,000 | (5,723) | 4,277 | 4,277 | - |
| Other objects | 2,200 | (2,200) | - | - | - |
| Total budgeted capital outlay | <u>16,160</u> | <u>(11,883)</u> | <u>4,277</u> | <u>4,277</u> | <u>-</u> |
| Total general fund | <u>3,536,443</u> | <u>(228,342)</u> | <u>3,308,101</u> | <u>3,740,070</u> | <u>(431,969)</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | <u>(55,317)</u> | <u>(94,016)</u> | <u>(149,333)</u> | <u>(84,533)</u> | <u>64,800</u> |
| Other Financing Sources / Uses: | | | | | |
| Deductions for outstanding tuition overpayments | - | - | - | (58,808) | 58,808 |
| Operating transfer out - deficit in food service | - | - | - | (21,036) | 21,036 |
| Total Other Financing Sources: | <u>-</u> | <u>-</u> | <u>-</u> | <u>(79,844)</u> | <u>21,036</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources | | | | | |
| Over (Under) Expenditures and Other Financing Sources (Uses) | <u>(55,317)</u> | <u>(94,016)</u> | <u>(149,333)</u> | <u>(164,377)</u> | <u>85,836</u> |
| Fund Balance, July 1 | 213,024 | - | 213,024 | 213,024 | - |
| Fund Balance, June 30 | <u>\$ 157,707</u> | <u>\$ (94,016)</u> | <u>\$ 63,691</u> | <u>\$ 48,647</u> | <u>\$ 85,836</u> |
| Recapitulation: | | | | | |
| Assigned Fund Balance: | | | | | |
| Year-end encumbrances | | | | - | |
| Designated for subsequent year's expenditures | | | | 48,647 | |
| Unrestricted/undesignated | | | | <u>48,647</u> | |

**ACADEMY CHARTER HIGH SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | 203,269 | - | 203,269 | 203,269 | - |
| Total Revenues | <u>203,269</u> | <u>-</u> | <u>203,269</u> | <u>203,269</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Personal services-salaries | 36,862 | - | 36,862 | 36,862 | - |
| Purchased professional and technical services | - | - | - | - | - |
| General supplies | 79,063 | 5,000 | 84,063 | 84,063 | - |
| Tuition | - | - | - | - | - |
| Other objects | 28,783 | - | 28,783 | 28,783 | - |
| Total instruction | <u>144,708</u> | <u>5,000</u> | <u>149,708</u> | <u>149,708</u> | <u>-</u> |
| Support services: | | | | | |
| Personal services - salaries | 24,000 | - | 24,000 | 24,000 | - |
| Purchased professional and technical services | 22,841 | - | 22,841 | 22,841 | - |
| Other purchased services | 5,000 | (5,000) | - | - | - |
| Employee benefits | 6,720 | - | 6,720 | 6,720 | - |
| Travel | - | - | - | - | - |
| Supplies- materials | - | - | - | - | - |
| Total support services | <u>58,561</u> | <u>(5,000)</u> | <u>53,561</u> | <u>53,561</u> | <u>-</u> |
| Total expenditures | <u>203,269</u> | <u>-</u> | <u>203,269</u> | <u>203,269</u> | <u>-</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018**

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

| | | General Fund | | Special Revenue Fund |
|---|-------|-------------------------|-------|-------------------------------------|
| Sources/inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 3,655,537 | [C-2] | \$ 203,269 |
| Difference - budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | | 175 |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (224,920) | | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | - | | - |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | - | | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | \$ 3,430,617 | [B-2] | \$ 203,444 |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 3,819,914 | [C-2] | \$ 203,269 |
| Differences - budget to GAAP: | | | | |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (224,920) | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | - | | 175 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 3,594,994 | [B-2] | \$ 203,444 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 0.0036651539% | 0.0040255577% | 0.0040867384% | 0.0033205123% |
| District's proportionate share of the net pension liability | \$ 686,217 | \$ 939,963 | \$ 1,210,375 | \$ 772,962 |
| District's covered-employee payroll | \$ 113,694 | \$ 230,051 | \$ 222,960 | \$ - |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 603.56% | 408.59% | 18.42% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.89% | 61.84% | 45.35% | 58.18% |

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

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

**ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|---------------|---------------|---------------|--------------------|
| Contractually required contributions | \$ 30,215 | \$ 34,609 | \$ 36,612 | \$ - |
| Contributions in relation to the contractually required contribution | <u>30,215</u> | <u>34,609</u> | <u>36,612</u> | <u>31,541</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (31,541)</u> |
| District's covered-employee payroll | \$ - | \$ 113,694 | \$ 230,051 | \$ 222,960 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 30.44% | 15.91% | \$ - |

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

**ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 0.0136540839% | 0.0316862728% | 0.0135218129% | 0.0141531921% |
| District's proportionate share of the net pension liability | \$ 7,297,663 | \$ 8,650,309 | \$ 10,686,141 | \$ 9,542,592 |
| District's covered-employee payroll | \$ 1,832,447 | \$ 1,503,980 | \$ 1,467,756 | \$ - |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 398.25% | 575.16% | 13.74% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% | 25.41% |

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

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

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

ACADEMY CHARTER HIGH SCHOOL
 Required Supplementary Information
 Schedule of Changes in the Total OPEB Liability and Related Ratios
 For the Fiscal Year Ended June 30, 2018
 (Unaudited)

Last 10 Fiscal Years*

| | 2018 |
|--|--------------|
| Total OPEB liability | |
| Service cost | \$ 349,040 |
| Interest cost | 123,365 |
| Changes in assumptions | (587,642) |
| Member contributions | 3,259 |
| Gross benefit payments | (88,511) |
| Net change in total OPEB liability | (200,489) |
| Total OPEB liability - beginning | 4,021,868 |
| Total OPEB liability - ending | \$ 3,821,379 |
| District's covered employee payroll | \$ 2,016,702 |
| Total OPEB liability as a percentage of covered employee payroll | 189% |

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

Academy Charter High School

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2018

Notes for TPAF Pension Schedules

Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|--------------------------------|-------------------------------|
| Inflation Rate | 2.25 % |
| Salary increases: 2012-2021 | 1.65 - 4.15 % based on age |
| Thereafter | 2.65 - 5.15 % based on age |
| Investment rate of return | 7.00 % |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Notes to OPEB Schedule

Benefit changes: None

Changes in assumptions: The increase in the liability from June 30, 2015 to June 30, 2016 is due to the decrease in the assumed discount rate from 3.8% as of June 30, 2015 to 2.85% as of June 30, 2016. The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

ACADEMY CHARTER HIGH SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

| | Title I 17/18 | Title II Part A 17/18 | I.D.E.A Regular Program Part B 17/18 | Total 2018 |
|--|-------------------|-----------------------------|--|-------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | <u>142,663</u> | <u>10,703</u> | <u>49,903</u> | <u>203,269</u> |
| Total revenues | <u>142,663</u> | <u>10,703</u> | <u>49,903</u> | <u>203,269</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Salaries | 28,500 | 8,362 | - | 36,862 |
| Purchased professional services | - | - | - | - |
| General supplies | 73,663 | - | 10,400 | 84,063 |
| Tuition | - | - | - | - |
| Other Objects | <u>25,000</u> | <u>-</u> | <u>3,783</u> | <u>28,783</u> |
| Total instruction | <u>127,163</u> | <u>8,362</u> | <u>14,183</u> | <u>149,708</u> |
| Support services: | | | | |
| Other support services - students - special: | | | | |
| Salaries | - | - | 24,000 | 24,000 |
| Purchased prof. and tech. services | 15,500 | 2,341 | 5,000 | 22,841 |
| Other purchased services | - | - | - | - |
| Employee benefits | - | - | 6,720 | 6,720 |
| Travel | - | - | - | - |
| Supplies and materials | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other support services - students - special | <u>15,500</u> | <u>2,341</u> | <u>35,720</u> | <u>53,561</u> |
| Total support services | <u>15,500</u> | <u>2,341</u> | <u>35,720</u> | <u>53,561</u> |
| Equipment: | | | | |
| Regular programs instruction | - | - | - | - |
| Non-instructional equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 142,663</u> | <u>\$ 10,703</u> | <u>\$ 49,903</u> | <u>\$ 203,269</u> |

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds

ACADEMY CHARTER HIGH SCHOOL
Enterprise Funds
Combining Statement of Net Position
June 30, 2018

| | Business-type Activities - Enterprise Funds | |
|--|--|---------------------|
| | Food Service | Total Enterprise |
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ (19,386) | \$ (19,386) |
| Accounts receivable: | | |
| State | 168 | 168 |
| Federal | 16,243 | 16,243 |
| Other government | - | - |
| Interfund | - | - |
| Inventories | - | - |
| Total current assets | (2,975) | (2,975) |
| Fixed assets: | | |
| Equipment | - | - |
| Buildings and improvements | - | - |
| Accumulated depreciation | - | - |
| Total fixed assets | - | - |
| Total assets | \$ (2,975) | \$ (2,975) |
| Liabilities and Fund Equity: | | |
| Liabilities: | | |
| Accounts payable | - | - |
| Accrued salaries and benefits | - | - |
| Compensated absences | - | - |
| Interfund payable | - | - |
| Total liabilities | - | - |
| Net position: | | |
| Net investment in capital assets | - | - |
| Restricted for other purposes | - | - |
| Unrestricted net position | (2,975) | (2,975) |
| Total fund equity | (2,975) | (2,975) |
| Total liabilities and fund equity | \$ (2,975) | \$ (2,975) |

ACADEMY CHARTER HIGH SCHOOL
Enterprise Funds
Combined Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year ended June 30, 2018

| | Business-type Activities - Enterprise Funds | |
|---|--|---------------------|
| | Food Service | Total Enterprise |
| Operating revenues: | | |
| Local sources: | | |
| Daily sales-reimbursable programs: | | |
| School breakfast program | \$ - | \$ - |
| School lunch program | 527 | 527 |
| | <u>527</u> | <u>527</u> |
| Total-daily sales-reimbursable programs | 527 | 527 |
| Daily sales non-reimbursable programs | - | - |
| Special functions | - | - |
| Miscellaneous | - | - |
| | <u>-</u> | <u>-</u> |
| Total operating revenues | <u>527</u> | <u>527</u> |
| Operating expenses: | | |
| Salaries | 12,000 | 12,000 |
| Supplies and materials | 4,894 | 4,894 |
| Cost of sales - reimbursable programs | 92,267 | 92,267 |
| Cost of sales - non-reimbursable programs | - | - |
| | <u>-</u> | <u>-</u> |
| Total operating expenses | <u>109,161</u> | <u>109,161</u> |
| Operating income (loss) | <u>(108,634)</u> | <u>(108,634)</u> |
| Nonoperating revenues: | | |
| State sources: | | |
| State school lunch program | 904 | 904 |
| Federal sources: | | |
| National school lunch program | 53,540 | 53,540 |
| National school breakfast program | 33,154 | 33,154 |
| Food distribution program | - | - |
| | <u>-</u> | <u>-</u> |
| Total nonoperating revenues | <u>87,598</u> | <u>87,598</u> |
| Change in net position before transfers | (21,036) | (21,036) |
| Transfers in (out) | 21,036 | 21,036 |
| | <u>21,036</u> | <u>21,036</u> |
| Change in net position | - | - |
| Total unrestricted net position beginning | (2,975) | (2,975) |
| | <u>(2,975)</u> | <u>(2,975)</u> |
| Total unrestricted net position ending | <u>\$ (2,975)</u> | <u>\$ (2,975)</u> |

ACADEMY CHARTER HIGH SCHOOL
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

| | Business-type Activities - Enterprise Funds | |
|--|--|---------------------|
| | Food Service | Total Enterprise |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and other funds | \$ 527 | \$ 527 |
| Payments to employees & benefits | (12,000) | (12,000) |
| Payments to suppliers | (97,161) | (97,161) |
| Net cash used in operating activities | <u>(108,634)</u> | <u>(108,634)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State sources | 780 | 780 |
| Federal sources | 75,018 | 75,018 |
| Board interfund loans | 21,036 | 21,036 |
| Net cash provided by non-capital financing activities | <u>96,834</u> | <u>96,834</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Change in capital contributions | - | - |
| Purchases of capital assets | - | - |
| Gain/Loss on sale of fixed assets (proceeds) | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and dividends | - | - |
| Proceeds from sale/maturities of investments | - | - |
| Net cash provided by (used for) investing activities | - | - |
| Net increase (decrease) in cash and cash equivalents | <u>(11,800)</u> | <u>(11,800)</u> |
| Balances—beginning of year | <u>(7,586)</u> | <u>(7,586)</u> |
| Balances—end of year | <u>\$ (19,386)</u> | <u>\$ (19,386)</u> |
| Reconciliation of operating income (loss) to net cash provided by (used) in operating activities: | | |
| Operating loss | \$ (108,634) | \$ (108,634) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities: | | |
| Depreciation and net amortization | - | - |
| Federal commodities | - | - |
| (Increase) decrease in accounts receivable, net | - | - |
| (Increase) decrease in inventories | - | - |
| Increase (decrease) in accounts payable | - | - |
| Increase (decrease) in accrued salaries benefits | - | - |
| Increase (decrease) in compensated absences | - | - |
| Total adjustments | <u>-</u> | <u>-</u> |
| Net cash used in operating activities | <u>\$ (108,634)</u> | <u>\$ (108,634)</u> |

H. Fiduciary Funds

ACADEMY CHARTER HIGH SCHOOL
Combining Statement of Fiduciary Net Position
June 30, 2018

| | <u>Agency</u> | | <u>Total</u> |
|-------------------------------------|-------------------------|-----------------------|-----------------|
| | <u>Student Activity</u> | <u>Payroll Agency</u> | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,620 | \$ - | \$ 2,620 |
| Investments | - | - | - |
| Intrafund receivable | - | - | - |
| Total assets | <u>2,620</u> | <u>-</u> | <u>2,620</u> |
| LIABILITIES | | | |
| Payroll deductions and withholdings | - | - | - |
| Payable to student groups | 2,620 | - | 2,620 |
| Interfund payable | - | - | - |
| Intrafund payable | - | - | - |
| Total liabilities | <u>2,620</u> | <u>-</u> | <u>2,620</u> |
| Net Position | | | |
| Reserved | - | - | - |
| Total net position | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and net position | <u>\$ 2,620</u> | <u>\$ -</u> | <u>\$ 2,620</u> |

ACADEMY CHARTER HIGH SCHOOL
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2018

| | <u>Balance</u> <u>July 1, 2017</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2018</u> |
|--------------------------|---------------------------------------|-----------------|----------------------|--|
| Student Activities Funds | \$ 2,925 | \$ 1,344 | \$ 1,649 | \$ 2,620 |

ACADEMY CHARTER HIGH SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
|--|---------------------------------|---------------------|---------------------|----------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ - | \$ 2,124,958 | \$ 2,124,958 | \$ - |
| Total assets | <u>-</u> | <u>2,124,958</u> | <u>2,124,958</u> | <u>-</u> |
| LIABILITIES: | | | | |
| Payroll deductions and withholdings | - | 2,124,958 | 2,124,958 | - |
| Total liabilities | <u>\$ -</u> | <u>\$ 2,124,958</u> | <u>\$ 2,124,958</u> | <u>\$ -</u> |

I. Long-Term Debt
Not Applicable

STATISTICAL SECTION

**ACADEMY CHARTER HIGH SCHOOL
Statistical Section**

J series

Contents

Page

Financial Trends

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

90-95

Revenue Capacity

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

N/A

Debt Capacity

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

N/A

Demographic and Economic Information

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

N/A

Operating Information

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

96-99

Performance Framework

100

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

ACADEMY CHARTER HIGH SCHOOL
Net Assets/Positions by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 506,264 | \$ 606,483 | \$ 634,117 | \$ 655,526 | \$ 666,141 | \$ 640,631 | \$ 615,121 | \$ 605,184 | \$ 583,401 | \$ 565,724 |
| Restricted | - | - | - | 97,904 | 171,687 | 217,823 | 280,684 | 204,616 | - | - |
| Unrestricted | - | - | - | - | 138,520 | 224,469 | (478,569) | (426,559) | (546,061) | (730,598) |
| Total governmental activities net position | <u>506,264</u> | <u>606,483</u> | <u>634,117</u> | <u>753,430</u> | <u>976,348</u> | <u>1,082,923</u> | <u>417,236</u> | <u>383,241</u> | <u>37,340</u> | <u>(164,874)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | (10,235) | - | (2,975) | (2,975) |
| Total business-type activities net position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,235)</u> | <u>-</u> | <u>(2,975)</u> | <u>(2,975)</u> |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | 506,264 | 606,483 | 634,117 | 655,526 | 666,141 | 640,631 | 615,121 | 605,184 | 583,401 | 565,724 |
| Restricted | - | - | - | 97,904 | 171,687 | 217,823 | 280,684 | 204,616 | - | - |
| Unrestricted | - | - | - | - | 138,520 | 224,469 | (488,804) | (426,559) | (549,036) | (733,573) |
| Total district net position | <u>\$ 506,264</u> | <u>\$ 606,483</u> | <u>\$ 634,117</u> | <u>\$ 753,430</u> | <u>\$ 976,348</u> | <u>\$ 1,082,923</u> | <u>\$ 407,001</u> | <u>\$ 383,241</u> | <u>\$ 34,365</u> | <u>\$ (167,849)</u> |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 1,618,455 | \$ 1,621,418 | \$ 1,722,801 | \$ 2,186,401 | \$ 1,673,809 | \$ 1,343,028 | \$ 1,258,888 | \$ 1,254,919 | \$ 1,314,266 | \$ 1,335,974 |
| Support Services: | | | | | | | | | | |
| School Support services | 560,840 | 624,951 | 569,667 | 665,166 | 624,030 | 710,993 | 481,085 | 291,139 | 456,329 | 465,348 |
| Pupil transportation | - | - | - | - | - | 27,121 | 22,413 | 16,695 | 10,255 | 5,400 |
| General administration | 620,024 | 592,284 | 494,714 | 466,884 | 1,286,626 | 1,387,791 | 1,523,335 | 1,716,256 | 1,811,347 | 1,697,914 |
| Non-budgeted expenditures | - | - | - | - | - | 248,147 | 211,393 | 237,750 | 242,826 | 251,795 |
| Total governmental activities expenses | <u>2,799,319</u> | <u>2,838,653</u> | <u>2,787,182</u> | <u>3,318,451</u> | <u>3,584,465</u> | <u>3,717,080</u> | <u>3,497,114</u> | <u>3,516,759</u> | <u>3,835,023</u> | <u>3,756,431</u> |
| Business-type activities: | | | | | | | | | | |
| Food service | - | - | - | - | - | 113,113 | 111,998 | 113,295 | 112,068 | 109,161 |
| Total business-type activities expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>113,113</u> | <u>111,998</u> | <u>113,295</u> | <u>112,068</u> | <u>109,161</u> |
| Total district expenses | <u><u>2,799,319</u></u> | <u><u>2,838,653</u></u> | <u><u>2,787,182</u></u> | <u><u>3,318,451</u></u> | <u><u>3,584,465</u></u> | <u><u>3,830,193</u></u> | <u><u>3,609,112</u></u> | <u><u>3,630,054</u></u> | <u><u>3,947,091</u></u> | <u><u>3,865,592</u></u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | 211,554 | 137,955 | 102,242 | 399,411 | 162,468 | 485,209 | 406,153 | 439,537 | 242,826 | 251,795 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities program revenues | <u>211,554</u> | <u>137,955</u> | <u>102,242</u> | <u>399,411</u> | <u>162,468</u> | <u>485,209</u> | <u>406,153</u> | <u>439,537</u> | <u>242,826</u> | <u>251,795</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | 10,947 | 14,033 | 15,601 | 1,960 | 1,068 | 994 | 4,414 | 558 | 668 | 527 |
| Child Care | 24,246 | 29,238 | 30,022 | 69,710 | 109,994 | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | - | 5,538 | 75,349 | 82,033 | 88,425 | 87,598 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | 20,000 | 21,036 |
| Total business type activities program revenues | <u>35,193</u> | <u>43,271</u> | <u>45,623</u> | <u>71,670</u> | <u>111,062</u> | <u>6,532</u> | <u>79,763</u> | <u>82,591</u> | <u>109,093</u> | <u>109,161</u> |
| Total district program revenues | <u><u>246,747</u></u> | <u><u>181,226</u></u> | <u><u>147,865</u></u> | <u><u>471,081</u></u> | <u><u>273,530</u></u> | <u><u>491,741</u></u> | <u><u>485,916</u></u> | <u><u>522,128</u></u> | <u><u>351,919</u></u> | <u><u>360,956</u></u> |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (2,587,765) | (2,700,698) | (2,684,940) | (2,919,040) | (3,421,997) | (3,717,080) | (3,497,114) | (3,516,759) | (3,835,023) | (3,756,431) |
| Business-type activities | 35,193 | 43,271 | 45,623 | (70,921) | - | (113,113) | (111,998) | (113,295) | (112,068) | (109,161) |
| Total district-wide net expense | <u>(2,552,572)</u> | <u>(2,657,427)</u> | <u>(2,639,317)</u> | <u>(2,989,961)</u> | <u>(3,421,997)</u> | <u>(3,830,193)</u> | <u>(3,609,112)</u> | <u>(3,630,054)</u> | <u>(3,947,091)</u> | <u>(3,865,592)</u> |
| General Revenues and Other Changes in Net Assets/Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Tuition charges | 1,288,310 | 1,355,756 | 1,442,956 | 3,013,087 | 826,275 | 719,454 | 703,843 | 663,415 | 573,219 | 606,947 |
| Unrestricted grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Federal and State Aid Restricted | 1,266,685 | 1,479,585 | 1,096,175 | 399,411 | 2,755,353 | 2,530,762 | 2,426,736 | 2,309,608 | 2,630,535 | 2,655,496 |
| Miscellaneous income | 15,012 | 26,767 | 36,522 | 23,501 | 63,287 | 194,811 | 52,444 | 111,143 | 62,542 | 61,015 |
| Transfers | - | - | - | - | - | - | - | - | (20,000) | (21,036) |
| Total governmental activities | <u>2,570,007</u> | <u>2,862,108</u> | <u>2,575,653</u> | <u>3,435,999</u> | <u>3,644,915</u> | <u>3,445,027</u> | <u>3,183,023</u> | <u>3,084,166</u> | <u>3,246,296</u> | <u>3,302,422</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total district-wide | <u>2,570,007</u> | <u>2,862,108</u> | <u>2,575,653</u> | <u>3,435,999</u> | <u>3,644,915</u> | <u>3,445,027</u> | <u>3,183,023</u> | <u>3,084,166</u> | <u>3,246,296</u> | <u>3,302,422</u> |
| Change in Net Assets/Position | | | | | | | | | | |
| Governmental activities | (17,758) | 161,410 | (109,287) | 516,959 | 222,918 | 213,156 | 92,062 | 6,944 | (345,901) | (202,214) |
| Business-type activities | 35,193 | 43,271 | 45,623 | (70,921) | - | (106,581) | (32,235) | (30,704) | (2,975) | - |
| Total district | <u>\$ 17,435</u> | <u>\$ 204,681</u> | <u>\$ (63,664)</u> | <u>\$ 446,038</u> | <u>\$ 222,918</u> | <u>\$ 106,575</u> | <u>\$ 59,827</u> | <u>\$ (23,760)</u> | <u>\$ (348,876)</u> | <u>\$ (202,214)</u> |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | 213,024 | 48,647 |
| Unreserved | 143,401 | 152,379 | 209,207 | 97,904 | 310,307 | 224,469 | 261,574 | 293,544 | - | - |
| Reserved | - | - | - | - | - | 217,823 | 280,684 | 204,616 | - | - |
| Total general fund | <u>143,401</u> | <u>152,379</u> | <u>209,207</u> | <u>97,904</u> | <u>310,307</u> | <u>442,292</u> | <u>542,258</u> | <u>498,160</u> | <u>213,024</u> | <u>48,647</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Restricted | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Tuition charges | \$ 1,442,956 | \$ 1,419,080 | \$ 1,400,343 | \$ 1,396,289 | \$ 826,275 | \$ 719,454 | \$ 703,843 | \$ 663,415 | \$ 573,219 | \$ 665,755 |
| Interest earnings | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 36,522 | 10,268 | 25,795 | 33,263 | 63,287 | 194,811 | 52,444 | 111,143 | 62,542 | 61,015 |
| Local sources | 6,385 | 60,375 | 37,361 | 19,182 | - | - | - | - | - | - |
| State sources | 1,180,557 | 1,178,053 | 1,204,502 | 1,471,523 | 2,755,354 | 2,778,909 | 2,638,129 | 2,547,358 | 2,676,510 | 2,703,847 |
| Federal sources | 95,857 | 67,736 | 111,840 | 85,338 | 162,468 | 237,062 | 194,760 | 201,787 | 196,851 | 203,444 |
| Total revenue | <u>2,762,277</u> | <u>2,735,512</u> | <u>2,779,841</u> | <u>3,005,595</u> | <u>3,807,384</u> | <u>3,930,236</u> | <u>3,589,176</u> | <u>3,523,703</u> | <u>3,509,122</u> | <u>3,634,061</u> |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 1,353,432 | 1,275,553 | 1,255,771 | 1,321,201 | 1,286,957 | 1,343,028 | 1,258,888 | 1,254,919 | 1,314,266 | 1,335,974 |
| Support Services: | | | | | | | | | | |
| Instruction support services | 521,160 | 558,419 | 546,029 | 639,786 | 955,239 | 585,865 | 382,893 | 203,655 | 392,098 | 399,289 |
| Health Services | - | - | - | - | - | - | 61,742 | 62,098 | 64,231 | 66,059 |
| Other support services | - | - | - | - | - | - | 36,450 | 25,386 | - | - |
| Pupil transportation | - | - | - | - | - | 27,121 | 22,413 | 16,695 | 10,255 | 5,400 |
| General administrative services | 790,278 | 770,041 | 766,265 | 769,983 | 1,289,632 | 1,387,791 | 914,736 | 1,148,358 | 1,183,562 | 1,115,539 |
| Operation and maintenance of grounds | - | - | - | - | - | - | 550,050 | 559,977 | 559,100 | 540,261 |
| Non-budgeted expenditures | - | - | - | - | - | 248,147 | 211,393 | 237,750 | 242,826 | 251,795 |
| Capital outlay | 84,259 | 98,702 | 95,973 | 168,434 | 29,232 | 99,618 | 28,645 | 18,024 | 7,920 | 4,277 |
| Total expenditures | <u>2,749,129</u> | <u>2,702,715</u> | <u>2,664,038</u> | <u>2,899,404</u> | <u>3,561,060</u> | <u>3,691,570</u> | <u>3,467,210</u> | <u>3,526,862</u> | <u>3,774,258</u> | <u>3,718,594</u> |
| Excess (Deficiency) of revenues over (under) expenditures | 13,148 | 32,797 | 115,803 | 106,191 | 246,324 | 238,666 | 121,966 | (3,159) | (265,136) | (84,533) |
| Other Financing sources (uses) | | | | | | | | | | |
| Other financing uses | - | - | - | - | - | - | - | - | - | (58,808) |
| Transfers out | - | - | - | - | (34,021) | (106,581) | (22,000) | (40,939) | (20,000) | (21,036) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(34,021)</u> | <u>(106,581)</u> | <u>(22,000)</u> | <u>(40,939)</u> | <u>(20,000)</u> | <u>(79,844)</u> |
| Net change in fund balances | <u>\$ 13,148</u> | <u>\$ 32,797</u> | <u>\$ 115,803</u> | <u>\$ 106,191</u> | <u>\$ 212,303</u> | <u>\$ 132,085</u> | <u>\$ 99,966</u> | <u>\$ (44,098)</u> | <u>\$ (285,136)</u> | <u>\$ (164,377)</u> |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

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

| Fiscal Year Ending June 30, | Book Fines and Graduation Fees | Donations | Prior Year Refunds | E-Rate | Use of Facilities | Miscellaneous | Annual Totals |
|--------------------------------------|---|-----------|-----------------------|--------|----------------------|---------------|------------------|
| 2009 | - | - | - | - | - | 48,141 | 48,141 |
| 2010 | - | - | - | - | - | 36,726 | 36,726 |
| 2011 | - | - | - | - | - | 79,363 | 79,363 |
| 2012 | - | - | - | - | - | 23,501 | 23,501 |
| 2013 | 4,168 | 715 | 20,943 | 4,868 | 9,255 | 23,338 | 63,287 |
| 2014 | - | - | 127,513 | - | - | 67,298 | 194,811 |
| 2015 | - | 22,500 | - | 13,284 | 11,050 | 5,610 | 52,444 |
| 2016 | 5,161 | 2,000 | - | 2,839 | 16,250 | 84,893 | 111,143 |
| 2017 | 1,899 | 22,393 | 2,327 | 13,943 | 11,860 | 10,120 | 62,542 |
| 2018 | 4,208 | - | - | 20,697 | 10,013 | 26,097 | 61,015 |

Source: District records

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

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction | | | | | | | | | | |
| Regular | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Special education | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Other special education | | | | | | | | | | |
| Vocational | | | | | | | | | | |
| Other instruction | | | | | | | | | | |
| Nonpublic school programs | | | | | | | | | | |
| Adult/continuing education programs | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | | | | | | | | | | |
| General administration | | | | | | | | | | |
| School administrative services | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Other administrative services | | | | | | | | | | |
| Central services | | | | | | | | | | |
| Administrative Information Technology | | | | | | | | | | |
| Plant operations and maintenance | | | | | | | | | | |
| Pupil transportation | | | | | | | | | | |
| Other support services | | | | | | | | | | |
| Special Schools | | | | | | | | | | |
| Food Service | | | | | | | | | | |
| Child Care | | | | | | | | | | |
| Total | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> | <u>38.0</u> |

Source: District Personnel Records

ACADEMY CHARTER HIGH SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|-------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Senior High School | | | | | |
| 2009 | 195.0 | 3,288,385 | 16,864 | 30.60% | 30.0 | 30.0 | 184.0 | 186.0 | -8.00% | 101.09% | |
| 2010 | 220.0 | 3,187,421 | 14,488 | -14.09% | 30.0 | 30.0 | 184.0 | 200.0 | 0.00% | 108.70% | |
| 2011 | 219.0 | 3,403,939 | 15,543 | 7.28% | 30.0 | 30.0 | 185.0 | 200.0 | 54.00% | 108.11% | |
| 2012 | 200.0 | 3,318,451 | 16,592 | 6.75% | 30.0 | 30.0 | 186.0 | 190.0 | 54.00% | 102.15% | |
| 2013 | 200.0 | 3,369,360 | 16,847 | 8.39% | 30.0 | 30.0 | 206.0 | 189.0 | 11.35% | 91.75% | |
| 2014 | 211.0 | 3,312,942 | 15,701 | 1.02% | 30.0 | 30.0 | 193.7 | 195.0 | 4.14% | 100.67% | |
| 2015 | 211.0 | 3,039,057 | 14,403 | -7.33% | 30.0 | 30.0 | 193.7 | 195.0 | 4.14% | 100.67% | |
| 2016 | 186.0 | 3,046,386 | 16,378 | 5.37% | 30.0 | 30.0 | 180.9 | 167.4 | -2.74% | 92.54% | |
| 2017 | 166.0 | 3,314,581 | 19,967 | 28.47% | 30.0 | 5.5 | 170.0 | 170.0 | -8.60% | 100.00% | |
| 2018 | 190.0 | 3,242,319 | 17,065 | 9.79% | 30.0 | 6.3 | 180.0 | 180.0 | -3.23% | 100.00% | |

Sources: District records

Note: Enrollment based on annual October district count ASSA 10/13/17 count for FYE 2018.

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

ACADEMY CHARTER HIGH SCHOOL
 School Building Information
 Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Building</u> | | | | | | | | | | |
| <u>High School</u> | | | | | | | | | | |
| Academy Charter High School | | | | | | | | | | |
| Square Feet | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Capacity (students) | 212 | 212 | 212 | 212 | 212 | 212 | 212 | 212 | 212 | 212 |
| Enrollment | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| <u>Other</u> | | | | | | | | | | |
| Square Feet | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 | 7,662 |
| Number of Schools at June 30, 2017 | | | | | | | | | | |
| Senior High School = 1 | | | | | | | | | | |

Source: Charter School Records

**ACADEMY CHARTER HIGH SCHOOL
Insurance Schedule
June 30, 2018**

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

Source: Charter school records

ACADEMY CHARTER HIGH SCHOOL
Fiscal Performance/Fiscal Ratios
Last Four Years

| | 2014 Audit | 2015 Audit | 2016 Audit | 2017 Audit | 2018 Audit |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 554,746 | 407,977 | 519,123 | 285,339 | - |
| Current Assets | 95,380 | 44,700 | 15,396 | 4,567 | 16,243 |
| Total Assets | 1,275,295 | 1,357,438 | 1,401,957 | 1,329,866 | 924,048 |
| Current Liabilities | 103,189 | 223,325 | 100,530 | 85,126 | 27,213 |
| Total Liabilities | 103,189 | 950,437 | 1,018,716 | 1,295,501 | 1,091,897 |
| Net Position | 1,189,498 | 407,001 | 383,241 | 34,365 | (167,849) |
| | | | | | |
| Total Revenue | 3,451,559 | 3,668,939 | 3,606,294 | 3,598,215 | 3,663,378 |
| Total Expenses | 3,319,474 | 3,609,112 | 3,630,054 | 3,947,091 | 3,865,592 |
| Change in Net Assets | 132,085 | 59,827 | (23,760) | (348,876) | (202,214) |
| | | | | | |
| Depreciation Expense | 25,510 | 25,510 | 26,330 | 21,783 | 21,954 |
| Interest Expense | - | - | - | - | - |
| Principal Payments | - | - | - | - | - |
| Interest Payments | - | - | - | - | - |
| | | | | | |
| Final Average Daily Enrollment | 190 | 193 | 181 | - | 180 |
| March 30th Budgeted Enrollment | N/A | N/A | N/A | N/A | N/A |

RATIO ANALYSIS

Near Term Indicators

| | | | | | |
|---------------------------|-------|-------|-------|------|---------|
| 1a Current Ratio | 6.30 | 2.03 | 5.32 | 3.41 | 0.60 |
| 1b Unrestricted Days Cash | 37.05 | 19.23 | 30.30 | 6.24 | (20.57) |
| 1c Enrollment Variance | N/A | N/A | N/A | N/A | N/A |
| 1d* Default | No | No | No | No | No |

Sustainability Indicators

| | | | | | |
|--------------------------------|---------|--------|---------|-----------|-----------|
| 2a Total Margin | 4% | 2% | -1% | -10% | -6% |
| 2b Debt to Asset | 0.08 | 0.70 | 0.73 | 0.97 | 1.18 |
| 2c** Cash Flow | 223,262 | 76,493 | 111,146 | (233,784) | (285,339) |
| 2d Debt Service Coverage Ratio | N/A | N/A | N/A | N/A | N/A |

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

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy Charter High School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy Charter High School basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy Charter High School in the County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy Charter High School in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Academy Charter High 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Academy Charter High School's Response to the Finding

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

Purpose of this Report

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

Respectfully Submitted

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



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

January 31, 2019

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

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

Report on Compliance for Each Major State Program

We have audited Academy Charter High School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Academy Charter High School's major state programs for the year ended June 30, 2018. Academy Charter High School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Academy Charter High School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Academy Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, Academy Charter High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

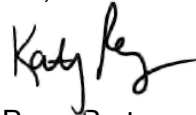
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey State OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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

A handwritten signature in black ink, appearing to read "Kathy Perry", written in a cursive style.

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

January 31, 2019

ACADEMY CHARTER HIGH SCHOOL
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year ended June 30, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Period | Award Amount | Balance at June 30, 2017 | Cash Received | Budgetary Expenditures | Deferred Revenue at June 30, 2018 | Accounts Receivable at June 30, 2018 | Due to Grantor at June 30, 2018 |
|---|---------------------|----------------|--------------|--------------------------|---------------|------------------------|-----------------------------------|--------------------------------------|---------------------------------|
| U.S. Department of Education Passed-through State Department of Education: | | | | | | | | | |
| Title I, Basic Allocation | 84.010 | 7/1/17-6/30/18 | \$ 142,663 | \$ - | \$ 142,663 | \$ (142,663) | \$ - | \$ - | \$ - |
| Title II - Part A | 84.367 | 7/1/17-6/30/18 | 10,703 | - | 10,703 | (10,703) | - | - | - |
| Special Education Cluster: | | | | | | | | | |
| I.D.E.A. Part B Basic | 84.027 | 7/1/17-6/30/18 | 49,903 | - | 49,903 | (49,903) | - | - | - |
| Subtotal of Special Education Cluster | | | | - | 49,903 | (49,903) | - | - | - |
| Total Special Revenue Fund | | | | - | 203,269 | (203,269) | - | - | - |
| U.S. Department of Agriculture Passed-through State Department of Education: | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | |
| School Breakfast Program | 10.553 | 7/1/16-6/30/17 | 32,303 | (2,009) | 2,009 | - | - | - | - |
| National School Lunch Program | 10.555 | 7/1/16-6/30/17 | 55,161 | (2,558) | 2,558 | - | - | - | - |
| School Breakfast Program | 10.553 | 7/1/17-6/30/18 | 33,154 | - | 26,677 | (33,154) | - | (6,477) | - |
| National School Lunch Program | 10.555 | 7/1/17-6/30/18 | 53,540 | - | 43,774 | (53,540) | - | (9,766) | - |
| Subtotal of Child Nutrition Cluster | | | | (4,567) | 75,018 | (86,694) | - | (16,243) | - |
| Total Enterprise (Food Service) Fund | | | | (4,567) | 75,018 | (86,694) | - | (16,243) | - |
| Total Expenditures of Federal Awards | | | | \$ (4,567) | \$ 278,287 | \$ (289,963) | \$ - | \$ (16,243) | \$ - |

See accompanying notes to schedules of expenditures.

ACADEMY CHARTER HIGH SCHOOL
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year ended June 30, 2018

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2017 | Cash Received | Budgetary Expenditures | Deferred Revenue at June 30, 2018 | (Accounts Receivable) at June 30, 2018 | Due to Grantor at June 30, 2018 |
|--|----------------------------------|-----------------|-----------------|-----------------------------|---------------------|---------------------------|--------------------------------------|---|------------------------------------|
| New Jersey Department of Education | | | | | | | | | |
| General Fund: | | | | | | | | | |
| Special Education Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 87,256 | - | 87,256 | (87,256) | - | - | - |
| Equalization Aid | 18-495-034-5120-078 | 7/1/17-6/30/18 | 1,791,385 | - | 1,791,385 | (1,791,385) | - | - | - |
| Categorical Security Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | 65,678 | - | 65,678 | (65,678) | - | - | - |
| Adjustment Aid | 18-100-034-5120-085 | 7/1/17-6/30/18 | 479,977 | - | 479,977 | (479,977) | - | - | - |
| Non Public Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 27,756 | - | 27,756 | (27,756) | - | - | - |
| On-Behalf TPAF Pension Contribution | 18-100-034-5095-002 | 7/1/17-6/30/18 | 224,920 | - | 224,920 | (224,920) | - | - | - |
| On-Behalf TPAF Post-Retirement Medical | 18-100-034-5095-001 | 7/1/17-6/30/18 | 145,271 | - | 145,271 | (145,271) | - | - | - |
| On-Behalf TPAF Long-Term Disability Insurance | 18-100-034-5095-004 | 7/1/17-6/30/18 | 958 | - | 958 | (958) | - | - | - |
| Reimbursed TPAF Social Security Tax Contribution | 17-495-034-5094-003 | 7/1/16-6/30/17 | 109,012 | (5,225) | 5,225 | - | - | - | - |
| Reimbursed TPAF Social Security Tax Contribution | 18-495-034-5094-003 | 7/1/17-6/30/18 | 105,566 | - | 105,566 | (105,566) | - | - | - |
| Total General Fund | | | | <u>(5,225)</u> | <u>2,933,992</u> | <u>(2,928,767)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Enterprise Fund: | | | | | | | | | |
| State School Lunch Program | 17-100-010-3360-067 | 7/1/16-6/30/17 | 961 | (44) | 44 | - | - | - | - |
| State School Lunch Program | 18-100-010-3360-067 | 7/1/17-6/30/18 | 904 | - | 736 | (904) | - | (168) | - |
| Total Enterprise Fund | | | | <u>(44)</u> | <u>780</u> | <u>(904)</u> | <u>-</u> | <u>(168)</u> | <u>-</u> |
| Total State Expenditures Subject to Single Audit Determination | | | | <u>\$ (5,269)</u> | <u>\$ 2,934,772</u> | <u>\$ (2,929,671)</u> | <u>\$ -</u> | <u>\$ (168)</u> | <u>\$ -</u> |
| State Expenditures Not Subject to Major Program Determination | | | | <u>-</u> | <u>371,149</u> | <u>(371,149)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures of State Awards Subject to Major Program Determination | | | | <u>\$ (5,269)</u> | <u>\$ 2,563,623</u> | <u>\$ (2,558,522)</u> | <u>\$ -</u> | <u>\$ (168)</u> | <u>\$ -</u> |

See accompanying notes to schedules of expenditures.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance

June 30, 2018

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$224,920) for the general fund and \$175 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 2,697,522 | \$ 2,697,522 |
| Special Revenue Fund | 203,444 | - | 203,444 |
| Food Service Fund | <u>86,694</u> | <u>904</u> | <u>87,598</u> |
| Total awards and financial assistance | <u>\$ 290,138</u> | <u>\$ 2,698,426</u> | <u>\$ 2,988,564</u> |

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2018.

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

6. Indirect Costs

The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section - N/A

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Circular the Uniform Guidance? yes no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

Academy Charter High School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

Section I - Summary of Auditor's Results (continued)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? yes X no

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|--------------------------|-----------------------------------|
| State Aid-Public Cluster | |
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-084 | Security Aid |
| 495-034-5120-089 | Special Education Categorical Aid |
| 495-034-5120-085 | Adjustment Aid |

Academy Charter High School
Summary of Findings and Questioned Costs
June 30, 2018

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2018.

Prior Year Audit Findings - N/A

Section III - State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2018.

Academy Charter High School
Summary Schedule of Prior Audit Findings
June 30, 2018

Prior year findings:

None