



ATLANTIC COMMUNITY
CHARTER SCHOOL

Atlantic Community Charter School, Inc.

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

ATLANTIC COMMUNITY CHARTER SCHOOL
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INTRODUCTORY SECTION



**ATLANTIC COMMUNITY
CHARTER SCHOOL**

**112 South New York Road
Galloway, NJ 08205
Phone: 609.428.4300**

AtlanticCommunityCharter.com

February 11, 2019

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (the "CAFR") of the Atlantic Community Charter School (the "Charter School") for the fiscal year ended June 30, 2018. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board").

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

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

Charter School Organization

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

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

1. REPORTING ENTITY AND ITS SERVICES

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

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Eighth grade. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2017-18 school year with an enrollment of 385 students.

2. ECONOMIC CONDITION AND OUTLOOK

The Charter School opened in September 2014 with a four-year charter expiring on June 30, 2018. On January 11, 2018, the State of New Jersey Department of Education renewed the Charter School's charter for a period of five years through June 30, 2023. Enrollment at the Charter School has grown from an initial 150 students to 385 students for the school year ended June 30, 2018. Expected enrollment for 2018-19 school year is 400 students. Management is stable and the Charter School's finances support the anticipated growth of the student population.

3. MAJOR INITIATIVES

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

4. INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that:

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

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

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

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the county office of education. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

6. ACCOUNTING SYSTEM AND REPORTS

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

7. CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by State statute as detailed in "Notes to Financial Statements", Note 2. The Charter School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT

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

9. OTHER INFORMATION

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

10. ACKNOWLEDGEMENTS

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

Respectfully submitted,

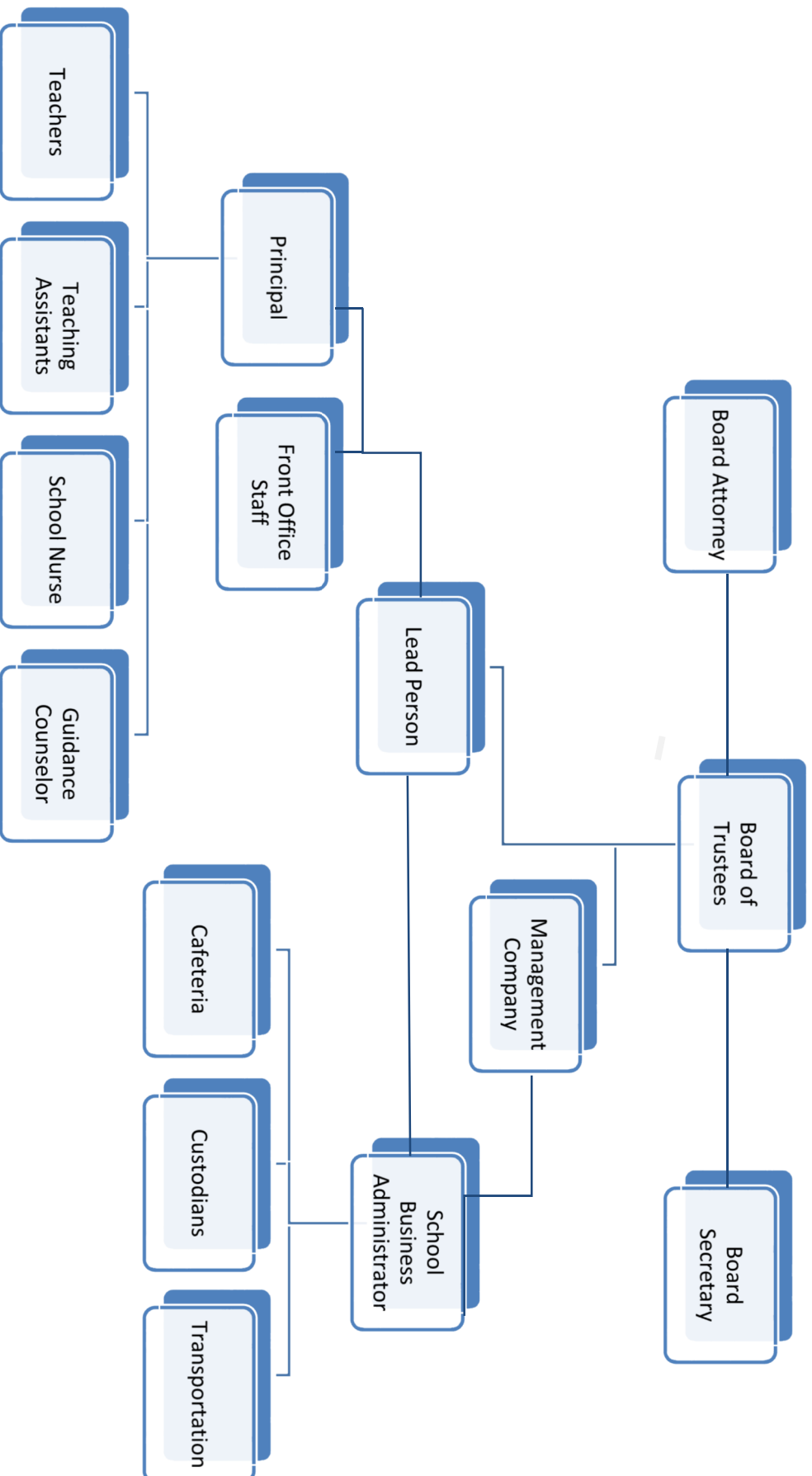


Dr. Joseph Cappello
Board Secretary



Mr. Edmund F. Cetrullo, Jr.
Lead Person

Atlantic Community Charter School Organizational Chart



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

**ROSTER OF OFFICIALS
June 30, 2018**

Members of the Board of Trustees

Officers:

Dr. Dominick Potena	President
Douglas B. Groff	Vice President

Board Members:

Matthew Heinle
Peter Damon Seltzer
Marlene D. Frayne
Linda A. Brand

Staff:

Jeanine Bethel	Principal
Dr. Jay Dugan	Lead Person
Dr. Joseph Cappello	School Business Administrator/Board Secretary

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

Consultants & Advisors

Management Company:

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

Board Secretary/School Business Administrator:

Dr. Joseph Cappello
MAP Educational Consultants, LLC
802 Main Street, Suite 3A
Toms River, NJ 08075

Certified Purchasing Agent:

James Shoop
MAP Educational Consultants, LLC
Main Street, Suite 3A
Toms River, NJ 08075

Audit Firm:

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

Attorney:

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

Official Depositories:

Fulton Bank of NJ
Suite 250
533 Fellowship Road
Mt. Laurel, NJ 08054

Insurance Broker:

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 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 audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic Community Charter School, Inc.'s basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019 on our consideration of the Atlantic Community Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Atlantic Community Charter School, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 11, 2019

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Atlantic Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Atlantic Community Charter School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Atlantic Community Charter School, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 11, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

(Unaudited)

As management of the Atlantic Community Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 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 information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain required comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is presented in the MD&A.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2018, the Charter School was required to implement Governmental Accounting Standard Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and GASB 71 and the effects on the financial statements.
- During the fiscal year ended June 30, 2018, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement; however due to the Charter School's timing of entrance into the plans, there was no effect to the financial statements.
- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources, totaled \$147,330 at the close of the current fiscal year all of which is for governmental activities. This included \$33,081 net investment in capital assets and an unrestricted balance of \$114,249. At June 30, 2017, net position was \$162,433.
- General revenues which included a loss on the disposal of a capital asset were \$5,974,151 or 92% of all revenues. Program specific revenues in the form of operating grants were \$540,132 or 8% of total revenues. Total revenues were \$6,514,283. Total revenues at June 30, 2017 were \$5,061,579.
- General Fund fund balance at June 30, 2018 was \$178,725. General Fund fund balance at June 30, 2017 was \$129,629.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Charter School as a Whole

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

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

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

Reporting the Charter School's Most Significant Funds

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

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

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

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

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

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Charter School's Most Significant Funds (Cont'd)

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

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

THE CHARTER SCHOOL AS A WHOLE

During fiscal year 2018, the Charter School's net position decreased by \$15,103, decreasing from \$162,433, in fiscal year 2017 to \$147,330 in fiscal year 2018. The analysis that follows focuses on the net position (Table A-1), the impact on net position from the implementation of GASB 68 (Table A-2) and changes in net position (Table A-3) of the Charter School's governmental activities. The net cost of governmental activities is shown in Table A-4.

Table A-1
STATEMENTS OF NET POSITION

	Governmental Activities	
	June 30, 2018	June 30, 2017
ASSETS:		
Cash and Cash Equivalents	\$ 1,046,085	\$ 1,018,479
Accounts Receivable, net	225,104	120,296
Prepaid Expenses	801	1,328
Restricted Cash and Cash Equivalents	263,962	143,800
Capital Assets, net	33,081	48,726
Total Assets	1,569,033	1,332,629
DEFERRED OUTFLOWS OF RESOURCES:		
Related to Pensions	240,776	
LIABILITIES:		
Accounts Payable and Accrued Expenses	1,141,848	1,051,895
Payable to Local Government	241,651	101,051
Noncurrent Liabilities:		
Due within One Year	21,735	17,250
Due beyond One Year	214,241	
Total Liabilities	1,619,475	1,170,196
DEFERRED INFLOWS OF RESOURCES:		
Related to Pensions	43,004	
NET POSITION		
Net Investment in Capital Assets	33,081	48,726
Unrestricted	114,249	113,707
Total Net Position	\$ 147,330	\$ 162,433

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2
STATEMENT OF NET POSITION - EFFECT OF PENSION RELATED ITEMS

	<u>June 30, 2018</u>
Deferred Outflows Related to Pensions	\$ 240,776
Less: Net Pension Liability	(214,241)
Less: Deferred Inflows Related to Pensions	<u>(43,004)</u>
	<u><u>\$ (16,469)</u></u>

Total assets increased by \$236,404 or 18%. In the Charter School's normal fiscal year operations, the overall cash position of the Charter School increased by \$147,768 and receivables increased by \$104,808. During fiscal year 2018, capital assets (net) decreased by \$15,645 as a result depreciation expense on existing capital assets and the disposal of a copier.

Deferred outflows increased \$240,776 as a result of the Charter School's implementation of GASB 68 for its participation in the Public Employees' Pension Plan.

Overall liabilities increased by \$449,279 or 38%. This increase is from increases in accounts payable and accrued expenses of \$89,953, payables to local governments of \$140,600, compensated absences of \$4,485 and net pension liability of \$214,241.

Deferred inflows of resources increased by \$43,004 as a result of the Charter School's implementation of GASB 68 for its participation in the Public Employees' Pension Plan.

One portion, \$33,081 or 22%, of the Charter School's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., equipment). This was \$48,726 at June 30, 2017. This component represents capital assets, net of accumulated depreciation. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

The Charter School has no restricted net position.

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Charter School's unrestricted net position at June 30, 2018 was \$114,249, or 78%. This was \$113,707 at June 30, 2017.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3
STATEMENTS OF ACTIVITIES

	<u>Governmental</u> <u>Activites</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ 540,132	\$ 369,626
General Revenues:		
Charter School Aid	5,499,386	4,285,952
State and Federal Aid - Not Restricted	471,996	405,995
Miscellaneous Income	4,352	6
Loss on Disposal of Capital Assets	<u>(1,583)</u>	
 Total Revenues	 <u>6,514,283</u>	 <u>5,061,579</u>
 Expenses:		
Regular Instruction	2,105,747	1,462,225
Special Education Instruction	440,649	344,073
Basic Skills Remedial Instruction		53,000
Bilingual Education Instruction	53,000	30,362
Before and After School Programs Instruction		51,000
Support Services and Undistributed Costs:		
Student and Instruction Related Services	409,292	267,535
School Administrative Services	424,984	471,835
Other Administrative Services	1,716,414	1,242,024
Plant Operations and Maintenance	682,007	585,200
Pupil Transportation	183,174	108,108
Unallocated Benefits	<u>514,119</u>	<u>382,708</u>
 Total Expenses	 <u>6,529,386</u>	 <u>4,998,070</u>
 Change in Net Position	 (15,103)	 63,509
 Net Position, July 1	 <u>162,433</u>	 <u>98,924</u>
 Net Position, June 30	 <u>\$ 147,330</u>	 <u>\$ 162,433</u>

During fiscal year 2018, the Charter School's total revenues increased by \$1,452,704, increasing from \$5,061,579 in fiscal year 2017 to \$6,514,283 in fiscal year 2018. The net increase in total revenues is attributable to increases in Charter School Aid \$1,213,434, operating grants and contributions \$170,506, Adjustment Aid \$66,001 and miscellaneous revenues \$4,346 offset by a decrease for a loss on the disposal of a capital asset (\$1,583).

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

The largest concentration of total revenues of the Charter School for fiscal year 2018 is Charter School Aid, which consisted of Local Levy Equalization Aid State and Local Share and Categorical Special Education and Security Aid. These total \$5,499,386 and represented 84.4% of total revenues, followed by operating grants \$540,132 or 8.3% and Adjustment Aid received directly from the State of New Jersey \$405,545 or 7.2%. Next is miscellaneous income \$4,352 at less than 1%. Revenues also include a loss on the disposal of a copier which had not been fully depreciated (\$1,583). Governmental activities rely heavily on the revenues coming from or passing through the student's district of residence, which are the Local Levy Equalization Aid State and Local Share and Categorical Aid, to fund general operations.

During fiscal year 2018, the Charter School's total expenses increased by \$1,531,316, increasing from \$4,998,070 in fiscal year 2017 to \$6,529,386 in fiscal year 2018. The net increase in total expenses resulted from increases in instruction \$658,736 or 34%, administrative services \$427,539 or 28%, student and instruction related services \$141,757 or 53%, employee benefits \$131,411 or 34%, plant operations and maintenance \$96,807 or 17%, and pupil transportation \$75,066 or 69%.

Table A-4
NET COST OF GOVERNMENTAL ACTIVITIES

	2018		2017	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Regular Instruction	\$ 2,105,747	\$ 1,862,244	\$ 1,462,225	1,271,681
Special Education Instruction	440,649	440,649	344,073	344,073
Basic Skills Remedial Instruction			53,000	53,000
Bilingual Education Instruction	53,000	53,000	30,362	30,362
Before and After School Programs Instruction			51,000	51,000
Support Services and Undistributed Costs:				
Student and Instruction Related Services	409,292	351,181	267,535	210,407
School Administrative Services	424,984	424,984	471,835	471,835
Other Administrative Services	1,716,414	1,716,414	1,242,024	1,242,024
Plant Operations and Maintenance	682,007	682,007	585,200	585,200
Pupil Transportation	183,174	183,174	108,108	108,108
Unallocated Benefits	514,119	275,601	382,708	260,754
Total Expenses	\$ 6,529,386	\$ 5,989,254	\$ 4,998,070	\$ 4,628,444

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds had a fund balance of \$178,725. At June 30, 2017, the fund balance was \$129,629.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School fund balance in the general fund was \$178,725.

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

- Total revenues (Table A-5) increased from fiscal year 2017 by \$1,541,371. The revenue sources primarily contributing to the increase were increases of State Sources that included Charter School Aid (Local Levy Equalization Aid – State and Local Share and Categorical Aid) \$1,213,434, Adjustment Aid \$66,451, TPAF Pension and Social Security \$257,590 and revenue from local sources \$4,346 offset by a decrease for revenues from Lead Testing for Schools Aid (\$450).
- Total expenditures (Table A-6) increased from fiscal year 2017 by \$1,586,272. The expenditures contributing to the increase were increases for instruction \$611,009, administrative services \$433,629, student and instruction related services \$139,657, plant operations and maintenance \$97,354, pupil transportation \$75,066 and the recognition of expenditures offsetting TPAF Pension and Social Security which increased \$257,590 offset by a decrease for employee benefits (\$28,033).

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Revenues:		
Local Sources:		
Unrestricted Miscellaneous Revenue	\$ 4,352	\$ 6
State Sources:		
Charter School Aid	5,499,386	4,285,952
Adjustment Aid	471,996	405,545
Lead Testing for Schools Aid		450
TPAF Pension and Social Security	346,392	88,802
Total State Sources	<u>6,317,774</u>	<u>4,780,749</u>
Total Revenues	<u>\$ 6,322,126</u>	<u>\$ 4,780,755</u>

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

Table A-6
SUMMARY OF GENERAL FUND EXPENDITURES

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Regular Instruction	\$ 1,852,987	1,251,811
Special Education Instruction	435,268	344,073
Basic Skills Remedial Instruction		53,000
Bilingual Education Instruction	53,000	30,362
Before and After School Programs Instruction		51,000
Support Services and Undistributed Costs:		
Student and Instruction Related Services	350,064	210,407
School Administrative Services	425,544	466,305
Other Administrative Services	1,715,414	1,241,024
Plant Operations and Maintenance	679,447	582,093
Pupil Transportation	183,174	108,108
Unallocated Benefits	231,740	259,773
TPAF Pension and Social Security	346,392	88,802
 Total General Fund Expenditures	 \$ 6,273,030	 \$ 4,686,758

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt or capital projects. Fiscal year 2018 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Title IV, Part A, and I.D.E.A. Part B, Basic. Total revenues equal to total expenditures were \$317,217 from these programs. In the previous fiscal year, these were \$280,824.

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$5,975,734, an increase of \$77,654 from the original budget estimate of \$5,898,080. Total budgeted revenues realized equaled \$6,322,126, which was \$346,392 in excess of the final budget estimate. This excess was as a result the recognition of revenues for TPAF Pension and Social Security, which were not budgeted.

The final budgetary basis expenditure appropriation estimate was \$5,955,738, which is an increase of \$74,128 over the original budget estimate of \$5,881,610. Actual expenditures of \$6,273,030 were in excess of the final budget estimate by \$317,292. This excess was primarily as a result the recognition of revenues for TPAF Pension and Social Security, which were not budgeted.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2018 amounted to a historical cost of \$72,711 or \$33,081 net of accumulated depreciation (see Table A-7). This balance of capital assets includes equipment. Net capital assets decreased by (\$15,645) in fiscal year 2018 from fiscal year 2017 because of depreciation expense on existing capital assets and the disposal of a copier.

Table A-7
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)
As of June 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Equipment	\$ 72,711	\$ 77,711
Less Accumulated Depreciation	(39,630)	(28,985)
Net Capital Assets	\$ 33,081	\$ 48,726

Long-Term Debt

The Charter School has no debt; however; at the end of the current fiscal year, the Charter School had the following noncurrent liabilities:

Compensated Absences. At the end of the current fiscal year, the Charter School had a \$21,735 liability for compensated absences, an increase of \$4,485 from the prior year balance of \$17,250. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused paid time off.

Net Pension Liability. At the end of the current fiscal year, the Charter School had a \$214,241 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System.

THE FUTURE OUTLOOK

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

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

The Charter School seeks to maximize its enrollment for the 2018-19 fiscal year.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Dr. Joseph Cappello, School Business Administrator, at Atlantic Community Charter School, Inc., 112 S New York Road, Galloway, New Jersey 08205.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 1,046,085
Accounts Receivable, net (Note 3)	225,104
Prepaid Expenses	801
Restricted Assets:	
Restricted Cash and Cash Equivalents	263,962
Capital Assets, net (Note 5)	33,081
Total Assets	1,569,033
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Penions (Note 9)	240,776
LIABILITIES:	
Accounts Payable and Accrued Expenses	1,141,848
Payable to Local Government	241,651
Noncurrent Liabilities (Note 7):	
Due within One Year	21,735
Due beyond One Year	214,241
Total Liabilities	1,619,475
DEFERRED INFLOWS OF RESOURCES:	
Related to Penions (Note 9)	43,004
NET POSITION:	
Net Investment in Capital Assets	33,081
Unrestricted	114,249
Total Net Position	\$ 147,330

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Statement of Activities

For the Fiscal Year Ended June 30, 2018

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Regular Instruction	\$ 2,105,747		\$ 243,503		\$ (1,862,244)	\$ (1,862,244)
Special Education Instruction	440,649				(440,649)	(440,649)
Bilingual Education Instruction	53,000				(53,000)	(53,000)
Support Services and Undistributed Costs:						
Student and Instruction Related Services	409,292		58,111		(351,181)	(351,181)
School Administrative Services	424,984				(424,984)	(424,984)
Other Administrative Services	1,716,414				(1,716,414)	(1,716,414)
Plant Operations and Maintenance	682,007				(682,007)	(682,007)
Pupil Transportation	183,174				(183,174)	(183,174)
Unallocated Benefits	514,119		238,518		(275,601)	(275,601)
Total Governmental Activities	6,529,386		540,132		(5,989,254)	(5,989,254)
Total Government	\$ 6,529,386	\$ -	\$ 540,132	\$ -	(5,989,254)	(5,989,254)
General Revenues and Loss on Disposal of Capital Assets:						
Charter School Aid				5,499,386	5,499,386	5,499,386
State and Federal Aid - Not Restricted				471,996	471,996	471,996
Miscellaneous Income				4,352	4,352	4,352
Loss on Disposal of Capital Asset				(1,583)	(1,583)	(1,583)
Total General Revenues and Loss on Disposal of Capital Assets				5,974,151	5,974,151	5,974,151
Change in Net Position				(15,103)	(15,103)	(15,103)
Net Position -- July 1				162,433	162,433	162,433
Net Position -- June 30				\$ 147,330	\$ 147,330	\$ 147,330

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

FUND FINANCIAL STATEMENTS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 1,046,085	\$ 263,962	\$ 1,310,047
Interfund Accounts Receivable:			
Fiduciary Fund	5,165		5,165
Accounts Receivable:			
Other	91		91
Intergovernmental Accounts Receivable:			
State	135,046		135,046
Federal		40,725	40,725
Other LEAs - State Aid	49,242		49,242
Total Assets	\$ 1,235,629	\$ 304,687	\$ 1,540,316
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 801,193	\$ 15,735	\$ 816,928
Accrued Expenses	14,060		14,060
Interfund Accounts Payable			
Fiduciary Fund		288,952	288,952
Intergovernmental Accounts Payable:			
Other LEA - State Aid	241,651		241,651
Total Liabilities	1,056,904	304,687	1,361,591
Fund Balances:			
Unassigned:			
General Fund	178,725		178,725
Total Fund Balances	178,725		178,725
Total Liabilities and Fund Balances	\$ 1,235,629	\$ 304,687	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.			
			801
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$72,711 and the accumulated depreciation is \$39,630.			
			33,081
Deferred outflows of resources related to pensions			
			240,776
Deferred inflows of resources related to pensions			
			(43,004)
Accounts payable related to the April 1, 2019 required PERS pension contribution that is not to be liquidated with current financial resources			
			(27,073)
Noncurrent liabilities, including compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
			(235,976)
			\$ 147,330

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources	\$ 4,352		\$ 4,352
State Sources	6,317,774		6,317,774
Federal Sources		\$ 317,217	317,217
Total Revenues	6,322,126	317,217	6,639,343
EXPENDITURES:			
Regular Instruction	1,852,987	243,503	2,096,490
Special Education Instruction	435,268		435,268
Bilingual Education Instruction	53,000		53,000
Support Services and Undistributed Costs:			
Student and Instruction Related Services	350,064	58,111	408,175
School Administrative Services	425,544		425,544
Other Administrative Services	1,715,414		1,715,414
Plant Operations and Maintenance	679,447		679,447
Pupil Transportation	183,174		183,174
Unallocated Benefits	231,740	15,603	247,343
TPAF Pension and Social Security	346,392		346,392
Total Expenditures	6,273,030	317,217	6,590,247
Net Change in Fund Balances	49,096		49,096
Fund Balance -- July 1	129,629		129,629
Fund Balance -- June 30	\$ 178,725	\$ -	\$ 178,725

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds \$ 49,096

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

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

This is the amount by which capital outlays exceeded depreciation in the period.
 Depreciation Expense (14,062)

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale if any increase financial resources. Thus, the change in net position will differ from the change in fund balance by the carrying value of the asset removed. (-)
(1,583)

In the statement of activities, certain operating expenses, (e.g., compensated absences; insurance) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).
(5,012)

Governmental funds report Charter School pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Charter School's pension contributions in the current period.
(43,542)

Change in Net Position of Governmental Activities \$ (15,103)

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Private-Purpose Trust Fund	Agency Fund
	Unemployment Compensation Trust Fund	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 5,165	\$ 19,243
Interfund Accounts Receivable: Special Revenue Fund		288,952
Total Assets	5,165	\$ 308,195
LIABILITIES:		
Payroll Deductions and Withholdings		\$ 4,091
Accrued Salaries and Benefits		304,104
Interfund Accounts Payable: General Fund	5,165	
Total Liabilities	5,165	\$ 308,195
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	\$ -	

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Private-Purpose Trust Fund
	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 5,155
Budget Appropriation	190
	5,345
Total Additions	5,345
DEDUCTIONS:	
Unemployment Claims Paid	6,644
Total Deductions	6,644
Change in Net Position	(1,299)
Net Position, July 1	1,299
Net Position, June 30	\$ -

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Atlantic Community Charter School, Inc. (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Charter School is a K-8 charter school located in the County of Atlantic, State of New Jersey. The original approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education was on January 18, 2011. As a charter school, the Atlantic Community Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of five members. All Board members are elected at the annual meeting of the Board and serve a term of three years. Trustees may be elected to serve for successive three year terms. The executive officers of the Charter School shall be chosen by the Board and shall be a Chairman/President, Vice Chairman/Vice President, Secretary, Treasurer and other officers and assistant officers as needed. The Chairman/President and the Secretary shall be a natural person of full age; however the Treasurer may be a Corporation, but if a natural person, shall be of full age. Officers shall hold their offices for a term of one year and need not be trustees and any number of offices may be held by the same person. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades K through 8th grade at its one school; however enrollment for the fiscal year ended June 30, 2018 was K through 7th grade. The Charter School has an approximate enrollment at June 30, 2018 of 385.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Charter School over which the Board exercises operating control.

Component Units

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

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

Based upon the application of these criteria, the Charter School has no component units.

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

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

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

Additionally, the Charter School reports the following fund types:

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

Additionally, the Charter School reports the following fund types:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The Charter School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Charter School maintains the following agency fund: payroll fund.

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

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

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

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

Tuition Receivable

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

Revenues from District of Residence, Region of Residence and Non-Resident Districts

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The Charter School had prepaid expenses for the fiscal year ended June 30, 2018 in the amount of \$801.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The Charter School does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Charter School is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans and postemployment benefit plans; however due to the Charter School's timing for entrance into the plans, there are no deferred outflows or inflows of resources for the postemployment benefits plans.

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

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

Accrued Salaries and Wages

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the Charter School's liability for these earned but undisbursed amounts and the associated employer tax liability was \$304,104 and have subsequently been disbursed to the individual employees' financial institution.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

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

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

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

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

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

Fund Balance

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

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

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

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

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

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

The Charter School's classifications, and policies for determining such classifications, are as follows (Cont'd):

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

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

Interfund Activity

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

Accounting Estimates

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

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

The Charter School implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the Charter School to include additional note disclosures (see note 10). Due to the Charter School's timing for entrance into the plans, the Charter School was not required to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the Charter School and was not required to report supplementary information related to postemployment benefits for the fiscal year ended June 30, 2018.

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the Charter School.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the Charter School's bank balances of \$1,427,816 were insured.

In addition, at June 30, 2018, \$263,962, the balance of cash in the Special Revenue Fund is restricted for specified purposes according to the specific revenue source.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Accounts Receivable	\$ 91		\$ 91
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 40,725	40,725
State Awards	135,046		135,046
Local Awards	49,242		49,242
	<u>\$ 184,379</u>	<u>\$ 40,725</u>	<u>\$ 225,104</u>

Note 4: INVENTORY

At June 30, 2018, the Charter School did not maintain any inventory.

Note 5: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 77,711		\$ (5,000)	\$ 72,711
Total Capital Assets, being Depreciated	<u>77,711</u>		<u>(5,000)</u>	<u>72,711</u>
Total Capital Assets, Cost	<u>77,711</u>		<u>(5,000)</u>	<u>72,711</u>
Less Accumulated Depreciation for:				
Equipment	(28,985)	\$ (14,062)	3,417	(39,630)
Total Accumulated Depreciation	<u>(28,985)</u>	<u>(14,062)</u>	<u>3,417</u>	<u>(39,630)</u>
Total Capital Assets, being Depreciated, Net	<u>48,726</u>	<u>(14,062)</u>	<u>(1,583)</u>	<u>33,081</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,726</u>	<u>\$ (14,062)</u>	<u>\$ (1,583)</u>	<u>\$ 33,081</u>

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

Governmental Activities:	
Instruction	\$ 12,082
Administration	1,000
Support Services	<u>980</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 14,062</u>

Note 6: SHORT-TERM OBLIGATIONS

On May 13, 2016, the Charter School entered into a business loan agreement with Fulton Bank to provide cash flow for operations. The line of credit was not utilized during the fiscal year and there is no outstanding balance at June 30, 2018. The business loan agreement authorized a line of credit in the amount of \$650,000 and a revision signed during the fiscal year extended the maturity until July 31, 2019.

Note 7: NONCURRENT LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Net Pension Liability		\$ 265,771	\$ (51,530)	\$ 214,241	
Compensated Absences	\$ 17,250	24,814	(20,329)	21,735	\$ 21,735
	<u>\$ 17,250</u>	<u>\$ 290,585</u>	<u>\$ (71,859)</u>	<u>\$ 235,976</u>	<u>\$ 21,735</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the Charter School's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The Charter School's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

On December 23, 2015, the Charter School entered into a lease agreement with Education Capital Solutions, LLC ("Landlord"). Under this agreement, the Landlord acquired, renovated and outfitted a property for a school facility at 112 South New York Road in Galloway Township, New Jersey. The Landlord's total contributions defined as the scope of work are the basis for the annual rental payments which commenced on July 1, 2016. On June 20, 2016, the Charter School received notice of the Landlord's total contributions which were \$4,304,000. This amount was modified in May 2017 to be \$3,487,156. The present value of the future minimum rental payments under this operating lease agreement is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 317,453 (a)
Option Periods (b)	

(a) For each lease year beginning July 1, 2017, rent is calculated as the amount of the previous lease year plus 2% per annum. For the lease year ended June 30, 2018, rent was \$311,229. Monthly rental payments in fiscal year 2019 are \$26,454.

(b) The initial fixed term lease expired at midnight on June 30, 2018. The term of the lease shall automatically extend for each successive option period which is defined as four successive separate periods of five (5) years each. Under the option periods, the annual fixed rent shall be an amount equal to the sum of the annual fixed rent for the previous lease year plus 2% per annum.

Note 8: OPERATING LEASES (CONT'D)

At June 30, 2018, the Charter School had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 8,808
2020	8,808
2021	4,607
	\$ 22,223

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$317,036.

Note 9: PENSION PLANS

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, Charter School employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and TPAF plan's fiduciary net position which can be obtained by writing to or at the following website:

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

General Information about the Pension Plans**Plan Descriptions**

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

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

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

Public Employees' Retirement System - 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 the PERS.

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

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

Teachers' Pension and Annuity Fund (Cont'd) - The Charter School commenced operations on January 1, 2014 and the enrollment process of Charter School employees in the TPAF began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2018 there are no contractual requirements to contribute. Timing of participation aside, the Charter School would not have been required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017 and the Charter School's participation in the pension plan, there was no State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$155,579.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2018 was 23.18% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$8,526, and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$9,126.

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

At June 30, 2018, the Charter School has no employees participating in this program.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At June 30, 2018, the Charter School reported a liability of \$214,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Charter School's proportion was 0.0009203435%. There was no proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of \$52,068, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 5,045	
Changes of Assumptions	43,162	\$ 43,004
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,459	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	164,037	
Charter School Contributions Subsequent to the Measurement Date	<u>27,073</u>	
	<u>\$ 240,776</u>	<u>\$ 43,004</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$27,073, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. 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 Ending June 30,			
2019	\$	41,658	
2020		44,226	
2021		41,227	
2022		30,481	
2023		13,107	
		<u>170,699</u>	
	\$	<u>170,699</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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
June 30, 2017	-	5.48
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	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

<u>PERS</u>	
Inflation	2.25%
Salary Increases:	
2012-2021	-
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. 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 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).

For PERS, 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 ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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:

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS. For PERS, the respective single blended discount rates 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 the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate for PERS 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. The State employer contributed 40% of the actuarially determined amount for PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 265,781	\$ 214,241	\$ 171,302

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 respective fiduciary net position of the PERS and additions to/deductions from PERS's respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)**

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u><u>366,078</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The Charter School commenced operations on January 1, 2014 and the enrollment process of Charter School employees in the various plans. As a result of the timing of participation into the plans, the State had no proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2018. Since the OPEB liability associated with the Charter School is 100% attributable to the State, had there been an OPEB liability, it would have been referred to as the total Non-Employer OPEB Liability.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$120,552, \$2,925, \$79,752, and \$801, respectively.

Note 12: RISK MANAGEMENT

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2018	\$ 190	\$ 5,155	None	\$ 6,644	
2017	15,816	4,090	None	19,259	\$ 1,299
2016	5,723	4,837	None	11,436	652

Note 13: COMPENSATED ABSENCES

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

Based on the position, Charter School employees are eligible for up to eleven sick days per fiscal school year. Unused sick time may be carried over; however not to exceed the annual limit. Charter School employees (non-teaching staff) receive up to ten vacation days per year based on their position. Vacation time may only be taken between the ending date of the school year and the start date of the following school year. Vacation time is not eligible to be carried forward.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$21,735.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 5,165	
Special Revenue		\$ 288,952
Fiduciary Funds	<u>288,952</u>	<u>5,165</u>
	<u>\$ 294,117</u>	<u>\$ 294,117</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

There were no transfers during the fiscal year ended June 30, 2018.

Note 15: CONTINGENCIES

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

Note 16: CONCENTRATIONS

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

For the fiscal year ended June 30, 2018, the Charter School depended on financial resources flowing from CSMI, LLC, the educational management organization engaged to provide certain management services to the Charter School. This funding is in accordance with the agreement between the Charter School and CSMI, LLC. These financial resources were the cancellation of management fees in the amount of \$156,061.

Note 17: FUND BALANCES**UNASSIGNED**

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

General Fund - As of June 30, 2018, \$178,725 of general fund balance was unassigned.

Note 18: SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Charter School entered into a lease purchase agreement with Municipal Leasing Consultants for the purchase of Chromebooks, Carts and Smart Televisions. The leased equipment in the amount of \$50,771 will be paid over four annual payments of \$14,122 which include interest at the rate of 6.70%. The first annual payment was paid prior to the September 30, 2018 due date.

On January 23, 2019, the Charter School adopted a resolution authorizing a new lease agreement for existing school facilities located at 112 S. New York Road in Galloway Township, New Jersey ("112 Property") and new school facilities to be located at 110 S. New York Road in Galloway Township, New Jersey ("110 Property"). The landlord, Galloway Education, LLC, will acquire the properties and coordinate the renovation and outfitting of the 110 Property for use by Atlantic Community Charter School, Inc. Rent payments for the 112 Property will commence upon the effective date of the new lease agreement. Once the renovations and outfitting of the 110 Property is complete, the initial fixed term commencement date will be established for the 110 Property and the Charter School will begin making monthly rent payments in accordance with the lease agreement for the 110 Property.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

GENERAL FUND

Required Supplementary Information
Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES					
Local Sources:					
Unrestricted Miscellaneous Revenues	\$	4,352 \$	4,352 \$	4,352	4,352
Total - Local Sources		4,352	4,352	4,352	
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:	\$	55,881	5,221,225	5,221,225	
State and Local Share					
Total - Local Levy/Equalization Aid		55,881	5,221,225	5,221,225	
Categorical Aid:					
Special Education Aid	111,985	31,308	143,293	143,293	
Security Aid	138,271	(3,403)	134,868	134,868	
Total Categorical Aid	250,256	27,905	278,161	278,161	
Total Charter School Aid	5,415,600	83,786	5,499,386	5,499,386	
Other State Sources:					
Adjustment Aid	482,480	(10,484)	471,996	471,996	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				79,752	\$ 79,752
Teacher's Pension and Annuity Fund				120,552	120,552
T.P.A.F. LTDI				801	801
T.P.A.F. Non-contributory Insurance				2,925	2,925
Reimbursed TPAF Social Security Contributions				142,362	142,362
Total - Other State Sources	482,480	(10,484)	471,996	818,388	346,392
Total - State Sources	5,898,080	73,302	5,971,382	6,317,774	346,392
Total Revenues	5,898,080	77,654	5,975,734	6,322,126	346,392

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

GENERAL FUND

Required Supplementary Information
Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:	\$ 165,161	\$ (22,386)	\$ 142,775	\$ 142,775	
Kindergarten		(134,995)	969,292	969,292	
Grades 1-5	1,104,287	(11,965)	104,445	104,445	
Grades 6-8	116,410				
Regular Programs - Undistributed					
Instruction:					
Purchased Professional - Educational Services	289,736	177,978	467,714	467,714	
Other Purchased Services (400-500 series)	26,165	(19,342)	6,823	6,823	
General Supplies	101,115	(56,548)	44,567	44,567	
Textbooks	153,200	(35,829)	117,371	117,371	
Total Regular Programs - Instruction	1,956,074	(103,087)	1,852,987	1,852,987	
Special Education Instruction:					
Cognitive - Mild:					
Salaries of Teachers	159,460	(130,947)	28,513	28,513	
General Supplies	2,000	(1,103)	897	897	
Total Cognitive - Mild	161,460	(132,050)	29,410	29,410	
Learning and/or Language Disabilities:					
Salaries of Teachers	66,800	77,889	144,689	144,689	
Total Learning and/or Language Disabilities	66,800	77,889	144,689	144,689	
Behavioral Disabilities:					
Salaries of Teachers	165,560	(82,171)	83,389	83,389	
Total Behavioral Disabilities	165,560	(82,171)	83,389	83,389	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Special Education Instruction (Cont'd):					
Resource Room:					
Salaries of Teachers	\$ 55,167	\$ 122,613	\$ 177,780	\$ 177,780	
Total Resource Room	55,167	122,613	177,780	177,780	
Total Special Education - Instruction	448,987	(13,719)	435,268	435,268	
Bilingual Education - Instruction:					
Salaries of Teachers		53,000	53,000	53,000	
Total Bilingual Education - Instruction		53,000	53,000	53,000	
School Sponsored Athletics - Instruction:					
Salaries of Teachers	4,200	(4,200)			
Total School Sponsored Athletics - Instruction	4,200	(4,200)			
Before and After School Programs:					
Salaries of Teachers	10,860	(10,860)			
Other Salaries for Instruction	30,408	(30,408)			
Purchased Professional and Technical Services					
Total Before and After School Programs	41,268	(41,268)			
Summer School Instruction:					
Salaries of Teachers	91,600	(91,600)			
Other Salaries for Instruction	6,615	(6,615)			
Purchased Professional and Technical Services	1,500	(1,500)			
Supplies and Materials	3,000	(3,000)			
Total Summer School Instruction	102,715	(102,715)			
Total Instruction	2,553,244	(211,989)	2,341,255	2,341,255	(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 162,423	\$ (80,800)	\$ 81,623	\$ 81,623	\$ 81,623
Other Purchased Services (400-500 Series)	106,356	(105,756)	600	600	600
General Supplies	2,700	(448)	2,252	2,252	2,252
Total Undistributed Expenditures - Attendance and Social Work	271,479	(187,004)	84,475	84,475	84,475
Undistributed Expenditures - Health Services:					
Salaries	8,700	46,379	46,379	46,379	46,379
Purchased Professional Services		11,925	20,625	20,625	20,625
Total Undistributed Expenditures - Health Services	8,700	58,304	67,004	67,004	67,004
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	3,250	59,503	62,753	62,753	62,753
Total Undistributed Expenditures -Speech, OT, PT and Related Services	3,250	59,503	62,753	62,753	62,753
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	94,960	(71,691)	23,269	23,269	23,269
Purchased Professional - Educational Services	21,000	13,043	34,043	34,043	34,043
General Supplies		1,374	1,374	1,374	1,374
Total Undistributed Expenditures - Child Study Teams	115,960	(57,274)	58,686	58,686	58,686
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Other Professional Staff	30,000	(4,835)	25,165	25,165	25,165
Purchased Professional - Educational Services	18,000	8,670	26,670	26,670	26,670
General Supplies	11,600	(10,050)	1,550	1,550	1,550
Total Undistributed Expenditures - Improvement of Instructional Services	59,600	(6,215)	53,385	53,385	53,385

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services	\$ 26,600	\$ (2,839)	\$ 23,761	\$ 23,761	
Total Undistributed Expenditures - Instructional Staff Training Services	26,600	(2,839)	23,761	23,761	
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	66,000	(10,344)	55,656	55,656	
Audit Services	27,000	(2,000)	25,000	25,000	
Other Purchased Professional Services	744,700	876,491	1,621,191	1,592,091	\$ 29,100
Communications / Telephone	17,700	(5,143)	12,557	12,557	
Supplies and Materials		160	160	160	
Total Undistributed Expenditures - Support Services - General Administration	855,400	859,164	1,714,564	1,685,464	29,100
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	123,601	20,232	143,833	143,833	
Salaries of Other Professional Staff	113,300	(2,473)	110,827	110,827	
Salaries of Secretarial and Clerical Assistants	65,910	(18,836)	47,074	47,074	
Other Salaries	157,350	(128,721)	28,629	28,629	
Other Purchased Services	15,006	12,994	28,000	28,000	
Supplies and Materials	25,140	42,041	67,181	67,181	
Other Objects	1,000	(1,000)			
Total Undistributed Expenditures - Support Services - School Administration	501,307	(75,763)	425,544	425,544	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

GENERAL FUND

Required Supplementary Information
Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 97,100	\$ (93,134)	\$ 3,966	\$ 3,966	
Purchased Professional Services	35,525	(12,235)	23,290	23,290	
Travel		81	81	81	
Supplies and Materials	15,700	(13,087)	2,613	2,613	
Interest on Current Loans	3,083	(3,083)			
Total Undistributed Expenditures - Central Services	151,408	(121,458)	29,950	29,950	
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	1,500	(1,500)			
Cleaning, Repair and Maintenance Services		4,794	4,794	4,794	
Total Undistributed Expenditures - Required Maintenance for School Facilities	1,500	3,294	4,794	4,794	
Undistributed Expenditures - Custodial Services:					
Salaries	34,479	(311)	34,168	34,168	
Cleaning, Repair and Maintenance Services	89,226	11,903	101,129	101,129	
Rental of Land and Buildings Other Than Lease Purchase	384,132	13,421	397,553	397,553	
Other Purchased Property Services		3,600	3,600	3,600	
Insurance	46,278	(7,073)	39,205	39,205	
General Supplies		11,774	11,774	11,774	
Energy - Natural Gas	20,050	(7,763)	12,287	12,287	
Energy - Electricity	49,500	1,710	51,210	51,210	
Total Undistributed Expenditures - Custodial Services	623,665	27,261	650,926	650,926	
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	46,517	(22,790)	23,727	23,727	
Total Undistributed Expenditures - Care and Upkeep of Grounds	46,517	(22,790)	23,727	23,727	
Total Undistributed Expenditures - Operation and Maintenance of Plant	671,682	7,765	679,447	679,447	

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

GENERAL FUND

Required Supplementary Information
Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D)					
General Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Regular Education Students) - Vendors	\$ 228,800	\$ (151,400)	\$ 77,400	\$ 77,400	
Contracted Services (Other than Between Home and School) - Vendors	13,933	(2,844)	11,089	11,089	
Miscellaneous Purchased Services		94,685	94,685	94,685	
Total Undistributed Expenditures - Student Transportation Services	242,733	(59,559)	183,174	183,174	
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	61,084	(24,532)	36,552	36,552	
Unemployment Compensation	32,000	(31,810)	190	190	
Workers' Compensation	27,445	9,048	36,493	36,493	
Health Benefits	220,500	(80,501)	139,999	139,999	
Tuition Reimbursement		9,133	9,133	9,133	
Other Employee Benefits	48,593	(39,220)	9,373	9,373	
Total Unallocated Benefits - Employee Benefits	389,622	(157,882)	231,740	231,740	
Non-Budget Expenditures:					
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				79,752	\$ (79,752)
Teacher's Pension and Annuity Fund				120,552	(120,552)
T.P.A.F. LTDI				801	(801)
T.P.A.F. Non-contributory Insurance				2,925	(2,925)
Reimbursed TPAF Social Security Contributions				142,362	(142,362)
Total On-behalf Contributions and Reimbursed TPAF Social Security Contributions				346,392	(346,392)
Total Undistributed Expenditures	3,297,741	316,742	3,614,483	3,931,775	(317,292)
Total General Current Expense	5,850,985	104,753	5,955,738	6,273,030	(317,292)

(Continued)

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction	\$ 27,625	\$ (27,625)			
Undistributed Expenditures - Non-Instruction	3,000	(3,000)			
Total Equipment	30,625	(30,625)			
Total Capital Outlay	30,625	(30,625)			
Total Expenditures	5,881,610	74,128	\$ 5,955,738	\$ 6,273,030	\$ (317,292)
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1	16,470	3,526	19,996	49,096	29,100
Fund Balances, June 30	129,629		129,629	129,629	
	\$ 146,099	\$ 3,526	\$ 149,625	\$ 178,725	\$ 29,100
Recapitulation:					
Unassigned Fund Balance				\$ 178,725	

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I	\$ 229,000	\$ (13,922)	\$ 215,078	\$ 215,078	
Title IIA		23,859	23,859	23,859	
Title IV		10,000	10,000	10,000	
I.D.E.A. Basic	40,000	28,334	68,334	68,280	\$ (54)
Total - Federal Sources	269,000	48,271	317,271	317,217	(54)
Total Revenues	269,000	48,271	317,271	317,217	(54)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	173,314	(127,090)	46,224	46,224	
Salaries of Other Professional Staff		7,393	7,393	7,393	
Other Salaries for Instruction		46,665	46,665	46,665	
Purchased Professional and Technical Services	32,000	43,698	75,698	75,698	
Other Purchased Services		4,750	4,750	4,750	
Transportation Services	15,000	(5,762)	9,238	9,238	
Instructional Supplies	6,265	47,270	53,535	53,535	
Total Instruction	226,579	16,924	243,503	243,503	
Support Services:					
Salaries of Other Professional Staff		22,212	22,212	22,211	1
Personal Services - Employee Benefits	42,421	(26,765)	15,656	15,603	53
Rental of Land and Buildings		2,200	2,200	2,200	
Other Purchased Services		32,149	32,149	32,149	
Travel		82	82	82	
General Supplies		1,469	1,469	1,469	
Total Support Services	42,421	31,347	73,768	73,714	54
Total Expenditures	269,000	48,271	317,271	317,217	54
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	<u>\$ 6,322,126</u>	<u>\$ 317,217</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 6,322,126</u></u>	<u><u>\$ 317,217</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 6,273,030</u>	<u>\$ 317,217</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 6,273,030</u></u>	<u><u>\$ 317,217</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last One Plan Year

	Measurement Date Ending June 30
	<u>2017</u>
Charter School's Proportion of the Net Pension Liability	0.0009203435%
Charter School's Proportionate Share of the Net Pension Liability	\$ 214,241
Charter School's Covered Payroll (Plan Measurement Period)	21,252
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	1008.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Required Supplementary Information
 Schedule of the Charter School's Contributions
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Fiscal Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 27,073	\$ 8,526
Contributions in Relation to the Contractually Required Contribution	<u>(27,073)</u>	<u>(8,526)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 116,805	\$ 133,412
Contributions as a Percentage of Charter School's Covered Payroll	23.18%	6.39%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	ESSA			I.D.E.A.	
	Title I	Title II A	Title IV	Basic	Total
REVENUES:					
Federal Sources	\$ 215,078	\$ 23,859	\$ 10,000	\$ 68,280	\$ 317,217
Total Revenues	215,078	23,859	10,000	68,280	317,217
EXPENDITURES:					
Instruction:					
Salaries of Teachers	46,224				46,224
Salaries of Other Professional Staff	7,393				7,393
Other Salaries for Instruction	46,665				46,665
Purchased Professional Educational Services	37,562			38,136	75,698
Other Purchased Services	4,750				4,750
Transportation Services	9,238				9,238
Instructional Supplies	53,294		241		53,535
Total Instruction	205,126		241	38136.00	243,503
Support Services:					
Salaries of Other Professional Staff				22,211	22,211
Personal Services - Employee Benefits	7,670			7,933	15,603
Rental of Land and Buildings	2,200				2,200
Other Purchased Services		23,400	8,749		32,149
Transportation Services	82				82
General Supplies		459	1,010		1,469
Total Support Services	9,952	23,859	9,759	30,144	73,714
Total Expenditures	215,078	23,859	10,000	68,280	317,217
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

FIDUCIARY FUNDS

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Private- Purpose Trust Fund	Agency Fund	
	Unemployment Compensation Trust Fund	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,165	\$ 19,243	\$ 24,408
Interfund Accounts Receivable: Special Revenue Fund		288,952	288,952
Total Assets	5,165	\$ 308,195	\$ 313,360
LIABILITIES:			
Payroll Deductions and Withholdings		\$ 4,091	4,091
Accrued Salaries and Benefits		304,104	304,104
Interfund Accounts Payable: General Fund	5,165		5,165
Total Liabilities	5,165	\$ 308,195	313,360
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	\$ -		\$ -

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	Private-Purpose Trust Fund
	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 5,155
Budget Appropriation	190
Total Additions	5,345
DEDUCTIONS:	
Unemployment Claims Paid	6,644
Total Deductions	6,644
Change in Net Position	(1,299)
Net Position, July 1	1,299
Net Position, June 30	\$ -

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 40,909	\$ 2,344,769	\$ 2,366,435	\$ 19,243
Interfund Accounts Receivable:				
General Fund	226,962		226,962	
Special Revenue Fund		288,952		288,952
Total Assets	<u>\$ 267,871</u>	<u>\$ 2,633,721</u>	<u>\$ 2,593,397</u>	<u>\$ 308,195</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 14,749	\$ 709,414	\$ 720,072	\$ 4,091
Accrued Salaries and Benefits	251,823	304,104	251,823	304,104
Net Payroll		1,620,203	1,620,203	
Interfund Accounts Payable:				
Due to Unemployment Trust Fund	1,299		1,299	
Total Liabilities	<u>\$ 267,871</u>	<u>\$ 2,633,721</u>	<u>\$ 2,593,397</u>	<u>\$ 308,195</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

	2018	Fiscal Year Ended June 30,		2015 (1)
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Unrestricted	<u>114,249</u>	<u>113,707</u>	<u>35,636</u>	<u>(2,758)</u>
Total Governmental Activities Net Position	<u>\$ 147,330</u>	<u>\$ 162,433</u>	<u>\$ 98,924</u>	<u>\$ 14,232</u>
Government-wide				
Net Investment in Capital Assets	\$ 33,081	\$ 48,726	\$ 63,288	\$ 16,990
Unrestricted	<u>114,249</u>	<u>113,707</u>	<u>35,636</u>	<u>(2,758)</u>
Total Government-wide Net Position	<u>\$ 147,330</u>	<u>\$ 162,433</u>	<u>\$ 98,924</u>	<u>\$ 14,232</u>

Source: Charter School's Records

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

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

	2018	Fiscal Year Ended June 30,		2015 (1)(2)
	2017	2016		
Expenses				
Governmental Activities				
Instruction				\$ 1,165,955
Administration				646,584
Support Services				956,934
Regular Instruction	\$ 2,105,747	\$ 1,462,225	\$ 1,319,616	
Special Education Instruction	440,649	344,073		
Basic Skills Remedial Instruction		53,000		
Bilingual Education Instruction	53,000	30,362		
Before and After School Programs Instruction		51,000		
Support Services and Undistributed Costs:				
Student and Instruction Related Services	409,292	267,535	87,994	
School Administrative Services	424,984	471,835	321,459	
Other Administrative Services	1,716,414	1,242,024	331,548	
Plant Operations and Maintenance	682,007	585,200	309,088	
Pupil Transportation	183,174	108,108	125,193	
Unallocated Benefits	514,119	382,708	242,009	
Total Governmental Activities Expenses	<u>6,529,386</u>	<u>4,998,070</u>	<u>2,736,907</u>	<u>2,769,473</u>
Total Government-wide Expenses	<u>\$ 6,529,386</u>	<u>\$ 4,998,070</u>	<u>\$ 2,736,907</u>	<u>\$ 2,769,473</u>
Program Revenues				
Governmental Activities:				
Operating Grants and Contributions	\$ 540,132	\$ 369,626	\$ 389,021	\$ 359,327
Capital Grants and Contributions			49,128	8,779
Total Governmental Activities Program Revenues	<u>540,132</u>	<u>369,626</u>	<u>438,149</u>	<u>368,106</u>
Total Governmental-wide Program Revenues	<u>\$ 540,132</u>	<u>\$ 369,626</u>	<u>\$ 438,149</u>	<u>\$ 368,106</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Charter School Aid	\$ 5,499,386	\$ 4,285,952	\$ 2,352,423	\$ 2,358,258
State and Federal Aid - Not Restricted	471,996	405,995		
Miscellaneous Income	4,352	6	31,027	57,341
Loss on Disposal of Capital Assets	(1,583)			
Total Governmental Activities	<u>5,974,151</u>	<u>4,691,953</u>	<u>2,383,450</u>	<u>2,415,599</u>
Total Government-wide	<u>\$ 5,974,151</u>	<u>\$ 4,691,953</u>	<u>\$ 2,383,450</u>	<u>\$ 2,415,599</u>
Net (Expense)/Revenue				
Governmental Activities	<u>\$ (15,103)</u>	<u>\$ 63,509</u>	<u>\$ 84,692</u>	<u>\$ 14,232</u>

Source: Charter School's Records

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

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

	2018	Fiscal Year Ended June 30,		2015 (1)
		2017	2016	
General Fund				
Committed	None	None	None	None
Assigned	None	None	None	None
Unassigned	\$ 178,725	\$ 129,629	\$ 35,632	None
All Other Governmental Funds	None	None	None	None
Total All Other Governmental Funds	None	None	None	None

Source: Charter School's Records

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

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015 (1)(2)
Revenues				
Local Sources	\$ 4,352	\$ 6	\$ 31,027	\$ 57,341
State Sources	6,317,774	4,780,749	2,418,881	2,422,294
Federal Sources	317,217	280,824	371,691	304,070
Total Revenue	6,639,343	5,061,579	2,821,599	2,783,705
Expenditures				
Instruction				1,163,755
Administration				579,126
Support Services				948,205
Regular Instruction	2,096,490	1,442,355	1,308,603	
Special Education Instruction	435,268	344,073		
Basic Skills Remedial Instruction		53,000		
Bilingual Education Instruction	53,000	30,362		
Before and After School Programs Instruction		51,000		
Support Services and Undistributed Costs:				
Student and Instruction Related Services	408,175	267,535	87,994	
School Administrative Services	425,544	466,305	323,156	
Other Administrative Services	1,715,414	1,241,024	330,548	
Plant Operations and Maintenance	679,447	582,093	310,533	
Pupil Transportation	183,174	108,108	125,193	
Unallocated Benefits	247,343	292,925	175,575	
TPAF Pension and Social Security	346,392	88,802	66,458	28,583
Capital Outlay			57,907	64,036
Total Expenditures	6,590,247	4,967,582	2,785,967	2,783,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,096	93,997	35,632	
Net Change in Fund Balances	\$ 49,096	\$ 93,997	\$ 35,632	\$ -
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A

Source: Charter School's Records

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

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015 (1)
Student Transportation Fees			\$ 444	
Donations and Contributions	\$ 2,000			
Miscellaneous Refunds/Other	2,352	\$ 6	583	
Revenues from Educational Management Organization			30,000	\$ 57,341
	<u>\$ 4,352</u>	<u>\$ 6</u>	<u>\$ 31,027</u>	<u>\$ 57,341</u>

Source: Charter School Records

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

Debt Capacity Information

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Ratios of Outstanding Debt by Type
 Last Four Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Obligation Bonds	Governmental Activities			Business-Type Activities		Total Charter School	Percentage of Personal Income	Per Capita
		Mortgages Payable	Capital Leases	Loan Payable	Capital Leases				
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015 (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Note: The Charter School does not have outstanding debt.

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (2)(6)</u>	<u>Personal Income (3)(6)</u>	<u>Atlantic County Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)(6)</u>
2018	Unavailable	Unavailable	Unavailable	Unavailable
2017	36,563	Unavailable	Unavailable	6.3%
2016	38,724	\$ 1,713,691,896	\$ 44,254	10.1%
2015	39,099	1,758,438,426	44,974	13.2%

Source:

- (1) Data provided for Atlantic County, New Jersey.
- (2) Population information is provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- (6) For 2015 and 2016, data is provided for the City of Atlantic City, the Charter School's previous location. Beginning with 2017, data is provided for Galloway Township, the Charter School's current location.

Operating Information

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

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

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1, 2)</u>
Regular Instruction	23	20	15.5	
Special Education Instruction	8	4		
Basic Skills Remedial Instruction		1		
Bilingual Education Instruction	1			
Student and Instruction Related Services	4	2		
School Administrative Services	3	4	1.5	
Other Administrative Services		2	1.5	
Plant Operations and Maintenance	1	1		
Instruction				14.38
Administration				3.00
Support Services				1.19
Total	40.00	34.00	18.50	18.57

Source: Charter School Personnel Records

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Operating Statistics
 Last Four Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio Elementary (K-5)	Elementary (6-7)	Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	385	\$ 6,590,247	\$ 17,118	4%	33.00	11.35 to 1	16.5 to 1	374.6	349.7	27.3%	93.35%
2017	301	4,967,582	16,504	-10%	27.00	10.8:1	15 to 1	294.2	266.7	98.8%	90.65%
2016	149.3	2,728,060	18,272	1%	15.50	9.63:1		148.0	138.0	0.2%	93.24%
2015 (4)	150	2,719,669	18,131	N/A	14.38	10:1		147.7	136.3	N/A	92.28%

Sources: Charter School Records

Note: Enrollment based on annual October enrollment count.

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

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

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2018

Unaudited

<u>Policy Level Information</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability		
Occurrence		
General Aggregate	\$ 2,000,000	
Products/Completed Oper. Aggr.	2,000,000	
Personal & Advertising Injury	1,000,000	
Rented To You Limit	100,000	
Medical Expense Limit (Any One Person)	5,000	
Each Occurrence	1,000,000	
Employee Benefits (each claim)	1,000,000	
Employee Benefits (agg limit)	1,000,000	
Abuse/Molestation (each occurrence)	1,000,000	
Abuse/Molestation (agg limit)	1,000,000	
Hired/Non-owned Auto Liability	1,000,000	
Electronic Data Processing		
Equipment/ Owned	50,000	\$ 2,500
Crime and Fidelity Coverage		
Employee Theft	25,000	500
Public Officials Bonds (Ohio Casualty Insurance Company)		
Treasurer	171,000	
School Business Administrator	162,500	
Professional Liability		
Each Act, Errors & Omissions	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
Directors & Officers/ Employment Practices Liability		
Each Claim	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
Workers Compensation		
Bodily Injury by Accident/ Each Accident	500,000	
Bodily Injury by Disease/ Policy Limit	500,000	
Bodily Injury by Disease/ Each Employee	500,000	
Property Coverage		
Building Limit 112 S. New York Avenue	4,240,000	5,000
Student Accident Coverage - Full Excess		
Basic - Accident Medical Expense Limit	1,000,000	
Catastrophic - Accident Medical Expense Limit	5,000,000	25,000
Umbrella		
Occurrence	8,000,000	10,000
Aggregate	8,000,000	10,000

Source: Charter School's Insurance Policies and Certificate of Insurance

Charter School Financial Framework - Financial Indicators

The New Jersey Department of Education (NJDOE) developed the comprehensive Performance Framework to ensure that each and every NJ charter school is serving students with a high-quality education. The Performance Framework - Financial Indicators set the fiscal standards by which all NJ public charter schools will be evaluated, informing both the NJDOE and individual school officials about school performance and sustainability. By utilizing the Performance Framework throughout the charter school's life cycle, NJDOE officials will expand the rigorous standards and metrics by which each and every public charter school is evaluated. Please refer to the following exhibit for the Charter School's Performance Framework Financial Indicators.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.

Charter School Performance Framework
 Financial Indicators - Fiscal Ratios
 Last Three Fiscal Years
 Unaudited

	2016		2017		2018		Source
	Audit	\$	Audit	\$	Audit	Audit	
Cash		346,102		1,162,279		1,310,047	Audit: Exhibit A-1
Current Assets		417,672		1,283,903		1,535,952	Audit: Exhibit A-1
Total Assets		480,960		1,332,629		1,569,033	Audit: Exhibit A-1
Current Liabilities		378,585		1,152,946		1,383,499	Audit: Exhibit A-1
Total Liabilities		382,036		1,170,196		1,619,475	Audit: Exhibit A-1
Net Position		98,924		162,433		147,330	Audit: Exhibit A-1
Total Revenue		2,383,450		4,691,953		5,974,151	Audit: Exhibit A-2
Total Expenses		2,298,758		4,628,444		5,989,254	Audit: Exhibit A-2
Change in Net Position		84,692		63,509		(15,103)	Audit: Exhibit A-2
Depreciation Expense		11,609		14,562		14,062	Financial Statements/Audit Workpapers
Interest Expense		N/A		N/A		N/A	Financial Statements/Audit Workpapers
Principal Payments		N/A		N/A		N/A	Financial Statements/Audit Workpapers
Interest Payments		N/A		N/A		N/A	Financial Statements/Audit Workpapers
Final Average Daily Enrollment		148.0		294.2		374.6	DOE Enrollment Reports
March 30th Budgeted Enrollment		150		150		370	Charter School Budget
R A T I O S A N A L Y S I S . . .							
Near Term Indicators		2016		2017		2018	3 YR CUM (1)
1a. Current Ratio		1.10		1.11		1.11	Current Assets/Current Liabilities
1b. Unrestricted Days Cash		54.95		91.66		79.84	Cash/(Total Expenses/365)
1c. Enrollment Variance		98.7%		196.1%		101.2%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default		N/A		N/A		N/A	Audit
Sustainability Indicators							
2a.** Cash Flow		207,299		816,177		147,768	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2b. Debt Service Coverage Ratio		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
 ** 2018 =2018 Cash - 2017 Cash; 2017 = 2017 Cash - 2016 Cash; 2016 =2016 Cash - 2015 Cash

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2018. The Charter School's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic Community Charter School, Inc.'s, in the County of Atlantic, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 11, 2019

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance July 1, 2017
					From	To	
Special Revenue Fund:							
U.S. Department of Education Passed-through State Department of Education:							
N.C.L.B. / E.S.S.A.:							
Title I, Part A (P.L. 103-382)	84.010	S010A170030	NCLB606018	\$ 215,078	7/1/2017	6/30/2018	_____
Total Title I, Part A							_____
Title II, Part A, Improving Teacher Quality	84.367A	S367A180029	NCLB606018	23,859	7/1/2017	6/30/2018	_____
Total Title II, Part A							_____
Title IV, Part A, Student Support & Academic Enrichment Grant (ESSA)	84.424	S424A180031	NCLB606018	10,000	7/1/2017	6/30/2018	_____
Total Title II, Part A							_____
I.D.E.A. Part B:							
Special Education Cluster:							
Basic	84.027	H027A170100	FT606018	33,762	7/1/2017	6/30/2018	_____
Total I.D.E.A. Part B Special Education Cluster							_____
Total Special Revenue Fund							_____
Total Federal Financial Assistance							<u>\$ -</u>

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

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 197,825	\$ (215,078)		\$ (215,078)			\$ (17,253)			
	197,825	(215,078)		(215,078)			(17,253)			
	21,009	(23,859)		(23,859)			(2,850)			
	21,009	(23,859)		(23,859)			(2,850)			
	6,788	(10,000)		(10,000)			(3,212)			
	6,788	(10,000)		(10,000)			(3,212)			
	50,870	(68,280)		(68,280)			(17,410)			
	50,870	(68,280)		(68,280)			(17,410)			
	276,492	(317,217)		(317,217)			(40,725)			
\$ -	\$ 276,492	\$ (317,217)	\$ -	\$ (317,217)	\$ -	\$ -	\$ (40,725)	\$ -	\$ -	

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

<u>State Grantor/ Program Title</u>	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017	
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Passed-Through Local Education Agencies:						
Current Expense:						
State Aid - Public Cluster:						
Charter School Aid:						
Local Levy Equalization Aid - State and Local Share	17-495-034-5120-078	\$ 4,087,292	7/1/16	6/30/17	\$ (25,356)	\$ 101,051
Local Levy Equalization Aid - State and Local Share	18-495-034-5120-078	5,221,225	7/1/17	6/30/18		
Categorical Special Education Aid	18-495-034-5120-089	143,293	7/1/17	6/30/18		
Categorical Security Aid	18-495-034-5120-084	134,868	7/1/17	6/30/18		
Total Passed-Through Local Education Agencies					<u>(25,356)</u>	<u>101,051</u>
State Aid - Public Cluster:						
Adjustment Aid	17-495-034-5120-085	405,545	7/1/16	6/30/17	(29,094)	
Adjustment Aid	18-495-034-5120-085	471,996	7/1/17	6/30/18		
Total Adjustment Aid					<u>(29,094)</u>	
Total State Aid - Public Cluster					<u>(54,450)</u>	<u>101,051</u>
Reimbursed T.P.A.F. Social Security Contributions						
Reimbursed T.P.A.F. Social Security Contributions	17-495-034-5094-003	88,802	7/1/16	6/30/17	(25,306)	
Reimbursed T.P.A.F. Social Security Contributions	18-495-034-5094-003	142,362	7/1/17	6/30/18		
Total Reimbursed TPAF Social Security Contributions					<u>(25,306)</u>	
Lead Testing for Schools Aid						
Lead Testing for Schools Aid	17-495-034-5120-104	450	7/1/16	6/30/17	(450)	
Total General Fund					<u>(80,206)</u>	<u>101,051</u>
Total State Financial Assistance subject to Major Program Determination for State Single Audit					<u>(80,206)</u>	<u>101,051</u>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of the Treasury:						
On-behalf Contributions:						
T.P.A.F. Post-Retirement Medical	18-495-034-5094-001	79,752	07/01/17	06/30/18		
Teacher's Pension and Annuity Fund	18-495-034-5094-002	120,552	07/01/17	06/30/18		
T.P.A.F. LTDI	18-495-034-5094-004	801	07/01/17	06/30/18		
T.P.A.F. Non-contributory Insurance	18-495-034-5094-004	2,925	07/01/17	06/30/18		
Total General Fund (Non-Cash Assistance)						
Total State Financial Assistance					<u>\$ (80,206)</u>	<u>\$ 101,051</u>

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

Carryover / (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
	\$ 25,356				\$ (101,051)					\$ 4,087,292
	5,413,634	\$ (5,221,225)				\$ (49,242)		\$ 241,651		5,221,225
	143,293	(143,293)								143,293
	134,868	(134,868)								134,868
	5,717,151	(5,499,386)			(101,051)	(49,242)		241,651		9,586,678
	29,094									405,545
	368,722	(471,996)				(103,274)				471,996
	397,816	(471,996)				(103,274)				877,541
	6,114,967	(5,971,382)			(101,051)	(152,516)		241,651		10,464,219
	25,306									88,802
	110,589	(142,362)				(31,773)				142,362
	135,895	(142,362)				(31,773)				231,164
	450									450
	6,251,312	(6,113,744)			(101,051)	(184,289)		241,651		10,695,833
	6,251,312	(6,113,744)			(101,051)	(184,289)		241,651		10,695,833
	79,752	(79,752)								79,752
	120,552	(120,552)								120,552
	801	(801)								801
	2,925	(2,925)								2,925
	204,030	(204,030)								204,030
\$ -	\$ 6,455,342	\$ (6,317,774)	\$ -	\$ -	\$ (101,051)	\$ (184,289)	\$ -	\$ 241,651	\$ -	10,899,863

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Atlantic Community Charter School, Inc. (hereafter referred to as the “Charter School”). The Charter School is defined in note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 6,113,744	\$ 6,113,744
Special Revenue	<u>\$ 317,217</u>	<u> </u>	<u>317,217</u>
Total Awards and Financial Assistance	<u>\$ 317,217</u>	<u>\$ 6,113,744</u>	<u>\$ 6,430,961</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the Charter School was the recipient of state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 6: MAJOR PROGRAMS

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

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards Not Applicable

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____ \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee? X yes _____ no

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2- Schedule of Financial Statement Findings

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

None.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

Not applicable.

ATLANTIC COMMUNITY CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

