

Academy Charter High School
of Monmouth County

Academy Charter High School
Lake Como, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Academy Charter High School
of Monmouth County

Lake Como, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

David P. Block
School Business Administrator

OUTLINE FOR ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

Academy Charter High School

1725 Main Street

Lake Como, New Jersey 07719

Phone (732) 681-8377

December 5, 2023

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

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Academy Charter High School (the “Charter School”) for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2023 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter (designed to complement Management’s Discussion and Analysis and should be read in conjunction with it), the Charter School’s organizational chart, a list of principal officials and independent auditors and advisors. The Financial Section includes the basic financial statements and schedules and related footnotes, as well as the auditors’ report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations” and the New Jersey OMB Circular 04-04 “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.” Information related to this single audit, including the auditors’ report on the internal control over compliance and on compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

MAJOR INITIATIVES

- Worked closely with local school administrations to build strong relationships that can help to recruit and bolster our student population.
- Worked continuously to beautify and enhance the school building and grounds.
- The continuation of the ACHS Panther Paw Program rewarding outstanding student decorum.
- The continued relationship with Brookdale Community College and Seton Hall University for Dual-Enrollment Program offerings.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no amounts to be reappropriated at June 30, 2023.

ACCOUNTING SYSTEM AND REPORTS

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

DEBT ADMINISTRATION

At June 30, 2023 the Charter School had no outstanding debt.

FINANCIAL INFORMATION AT FISCAL YEAR-END

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

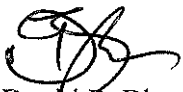
OTHER INFORMATION

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

ACKNOWLEDGEMENTS

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

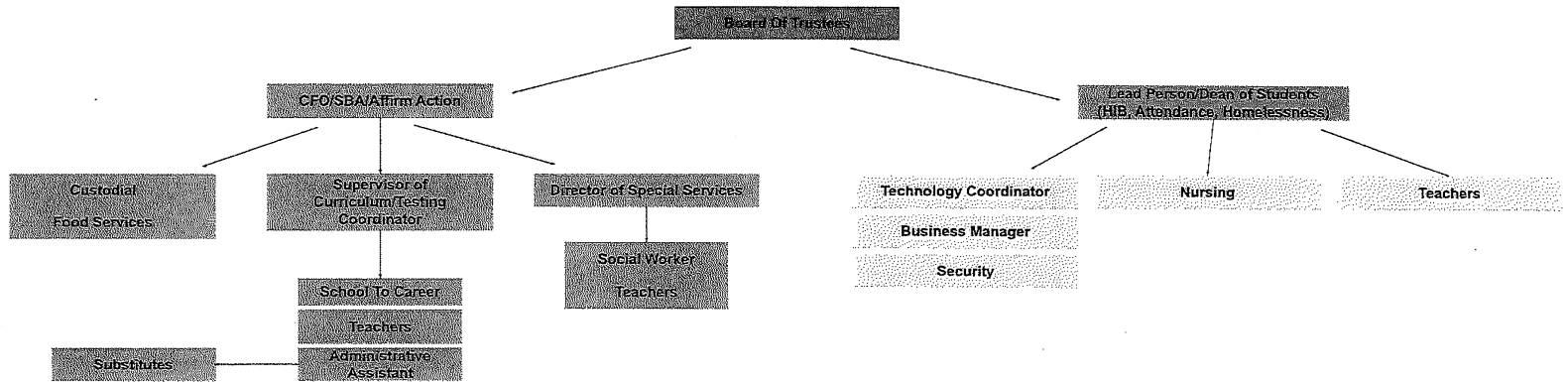
Respectfully submitted,



David P. Block
Chief Financial Officer



Shawn Heeter
Charter School Lead Person



Academy Charter High School
Lake Como, New Jersey

Roster of Officials
June 30, 2023

Members of the Board of Trustees

Michael Forcella, President	Higher Education Member
Perry Lattiboudere, Vice resident	Community Member
Everett Mitchell	Community Member
Alyce Franklin-Owens	Higher Education Member
Timothy Brennan	Community Member
Jessica Perez	Parent Member
Nicholas Marco	Community Member

Other Officials

Shawn Heeter, Lead Person
David P. Block, School Business Administrator
Klarissa Martin, Chief Academic Officer

Academy Charter High School
Consultants and Advisors

Audit Firm

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

Attorney

Hanlon Neimann & Wright
3499 Route 9 North, Suite 1-F
Freehold, New Jersey 07728

Official Depositories

Wells Fargo Bank
Manasquan Bank

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Academy Charter High School in the County of Monmouth, State of New Jersey as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Academy Charter High School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Academy Charter High School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Academy Charter High School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Academy Charter High School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules related to accounting and reporting for pensions and the schedules related to accounting and reporting for postemployment benefits other than pensions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Academy Charter High School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of Academy Charter High School'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 Academy Charter High School internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy Charter High School's internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.
Toms River, New Jersey


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

December 5, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Academy Charter High School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

Unaudited

The discussion and analysis of Academy Charter High School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for June 30, 2023 are as follows:

Net position totaled \$165,513, which represents a 114.24 percent increase from June 30, 2022.

General revenues accounted for \$4,370,878 in revenue or 91.99 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$380,676 or 8.01 percent of total revenues of \$4,751,554.

Total assets decreased by \$145,292 as current assets increased by \$122,411, capital assets decreased by \$22,241 and leased assets decreased by \$245,462.

The Charter School had \$4,663,297 in expenses; only \$380,676 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$4,370,878 were adequate to provide for these programs.

Among major funds, the General Fund had \$4,010,480 in revenues and \$3,991,720 in expenditures and transfers. The General Fund's balance increased \$18,760 over June 30, 2022. The General Fund's balance is \$834,374.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School and are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in net position. The change in net position is important because it informs the reader that the financial position of the Charter School has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the Charter School's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statement

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

Governmental Funds

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

Enterprise Fund

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

The Charter School as a Whole

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

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2023 and 2022.

Table 1

Net Position as of June 30, 2023 and June 30, 2022

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 1,136,471	\$ 19,562	\$ 1,156,033	\$ 1,006,370	\$ 27,252	\$ 1,033,622
Capital assets, net	462,271	-	462,271	484,512	-	484,512
Leased assets, net	1,227,305	-	1,227,305	1,472,767	-	1,472,767
Total assets	2,826,047	19,562	2,845,609	2,963,649	27,252	2,990,901
Deferred outflow of resources	284,811	-	284,811	350,796	-	350,796
Liabilities:						
Current liabilities	297,527	-	297,527	188,392	-	188,392
Long-term liabilities outstanding	2,486,283	-	2,486,283	2,658,199	-	2,658,199
Total liabilities	2,783,810	-	2,783,810	2,846,591	-	2,846,591
Deferred inflow of resources	181,097	-	181,097	417,850	-	417,850
Net position:						
Net investment in capital assets	(39,558)	-	(39,558)	(57,762)	-	(57,762)
Restricted	5,645	-	5,645	2,364	-	2,364
Unrestricted	179,864	19,562	199,426	105,402	27,252	132,654
Total Net Position	\$ 145,951	\$ 19,562	\$ 165,513	\$ 50,004	\$ 27,252	\$ 77,256

The Charter School's combined net position was \$165,513 on June 30, 2023. This is a change of 114.24% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2023 and 2022.

Table 2

Changes in Net Position

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 5,540	\$ -	\$ 5,540	\$ 3,998	\$ -	\$ 3,998
Operating and capital grants and contributions	267,924	107,212	375,136	249,375	150,861	400,236
General revenues:						
Tuition	1,544,260	-	1,544,260	1,033,727	-	1,033,727
Federal and state aid	2,777,838	-	2,777,838	3,115,923	-	3,115,923
Investment earnings	-	-	-	-	-	-
Miscellaneous	48,780	-	48,780	44,018	-	44,018
Total revenues	4,644,342	107,212	4,751,554	4,447,041	150,861	4,597,902
Expenses						
Instructional services	1,632,788	-	1,632,788	1,690,774	-	1,690,774
Support services	2,775,797	151,619	2,927,416	2,306,874	129,676	2,436,550
Interest on long-term liabilities	103,093	-	103,093	94,681	-	94,681
Total expenses	4,511,678	151,619	4,663,297	4,092,329	129,676	4,222,005
Change in net position before transfer	132,664	(44,407)	88,257	354,712	21,185	375,897
Transfer	(36,717)	36,717	-	354,712	21,185	375,897
Change in net position	\$ 95,947	\$ (7,690)	\$ 88,257	\$ 354,712	\$ 21,185	\$ 375,897

Government Activities

The tuition portion paid by the sending district is made up 33.21% of revenues for governmental activities for the fiscal year 2023. The Charter School's total revenues were \$4,649,529 for the year ended June 30, 2023. Federal, state and local grants accounted for another 66.79%.

The total cost of all programs and services was \$4,511,678. Instruction and instruction direct support comprises 59.55% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2023

Business-Type Activities

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

Total Enterprise Fund expenses exceeded revenues by \$44,407 requiring the general fund to transfer \$36,717 to assist in its operations.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches was \$107,212.

Governmental Activities

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

Table 3

Governmental Activities

	2023		2022	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 1,632,788	\$ 1,632,788	\$ 1,690,774	\$ 1,690,774
Support Services:				
Pupils and Instructional Staff	1,054,059	780,595	906,878	653,505
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,613,816	1,613,816	1,345,175	1,345,175
Pupil Transportation	107,922	107,922	54,821	54,821
Interest and Fiscal Charges	<u>103,093</u>	<u>103,093</u>	<u>94,681</u>	<u>94,681</u>
Total Expenses	<u>\$ 4,511,678</u>	<u>\$ 4,238,214</u>	<u>\$ 4,092,329</u>	<u>\$ 3,838,956</u>

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

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

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

Interest expense relates to the lease the Charter school has for their building.

The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$4,649,529 and expenditures of \$4,628,563. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$20,966.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedule presents a summary of General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2023.

<u>Revenue</u>	<u>2023 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,603,767	34.50 %	\$ 522,024	48.26 %
State Sources	2,449,604	52.68	(239,638)	(8.91)
Federal Sources	<u>596,158</u>	<u>12.82</u>	<u>(79,898)</u>	<u>(11.82)</u>
Total	<u>\$ 4,649,529</u>	<u>100.00 %</u>	<u>\$ 202,488</u>	<u>4.55 %</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2023.

<u>Expenditures</u>	<u>2023 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 1,632,788	35.27 %	\$ (57,986)	(3.43)%
Undistributed Expenditures	2,832,461	61.20	374,084	15.22
Capital Outlay	126,597	2.74	26,092	25.96
Transfers	<u>36,717</u>	<u>0.79</u>	<u>36,717</u>	<u>100.00</u>
Total	<u>\$ 4,628,563</u>	<u>100.00 %</u>	<u>\$ 378,907</u>	<u>8.92 %</u>

General Fund Budgeting Highlights

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

During the course of the fiscal year 2023, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

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

While the Charter School final budget for the General Fund anticipated that revenues would exceed expenditures by approximately \$24,000, the actual results for the year show a \$18,760 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2023, the Charter School had \$462,271 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2023 and June 30, 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 367,000	\$ 367,000	\$ -	\$ -	\$ 367,000	\$ 367,000
Construction in Progress	-	-	-	-	-	-
Building and Improvements	59,934	65,928	-	-	59,934	65,928
Machinery and Equipment	35,337	51,584	-	-	35,337	51,584
Total	\$ 462,271	\$ 484,512	\$ -	\$ -	\$ 462,271	\$ 484,512

During the current fiscal year, the Charter School did not capitalize any capital assets.

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

	June 30, 2023	June 30, 2022
Leases payable	\$ 1,729,134	\$ 4,302,073
Pension Liability-PERS	<u>757,149</u>	<u>643,158</u>
Total long-term liabilities	<u>\$ 2,486,283</u>	<u>\$ 4,945,231</u>

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

Economic Factors and Next Year's Budget

For the 2022-2023 school year, the Charter School was able to sustain its budget through the state education aid and local revenue sources. Approximately 65.50% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 34.50% of total revenue is from local sources.

The \$179,864 in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2022-2023 budget was adopted in March 2022 based in part on the state education aid the Charter School anticipated receiving. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates a slight increase in enrollment for the 2023-2024 fiscal year. If the Charter School were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Academy Charter High School, 1725 Main Street, Lake Como, New Jersey, 07719.

BASIC FINANCIAL STATEMENTS

ACADEMY CHARTER HIGH SCHOOL
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 333,981	\$ -	\$ 333,981
Receivables - other	201,346	-	201,346
Receivables - state	183,894	660	184,554
Receivables - federal	417,250	18,902	436,152
Capital assets, non-depreciable	367,000	-	367,000
Capital assets, depreciable, net:	95,271	-	95,271
Leased assets, net	1,227,305	-	1,227,305
Total assets	<u>2,826,047</u>	<u>19,562</u>	<u>2,845,609</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	284,811	-	284,811
Total deferred outflows of resources	<u>284,811</u>	<u>-</u>	<u>284,811</u>
LIABILITIES			
Accounts payable	-	-	-
Payable to state government	297,527	-	297,527
Noncurrent liabilities:			
Due within one year	312,204	-	312,204
Due beyond one year	2,174,079	-	2,174,079
Total liabilities	<u>2,783,810</u>	<u>-</u>	<u>2,783,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	181,097	-	181,097
Total deferred outflows of resources	<u>181,097</u>	<u>-</u>	<u>181,097</u>
NET POSITION			
Net investment in capital assets	1,187,747	-	1,187,747
Restricted for:			
Scholarships	1,365	-	1,365
Student activities	3,205	-	3,205
Other purposes	1,075	-	1,075
Unrestricted	(1,047,441)	19,562	(1,027,879)
Total net position	<u>\$ 145,951</u>	<u>\$ 19,562</u>	<u>\$ 165,513</u>

ACADEMY CHARTER HIGH SCHOOL
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 1,632,788	\$ -	\$ -	\$ -	\$ (1,632,788)	\$ -	\$ (1,632,788)
Support services and undistributed costs:							
Instruction	624,118	-	-	-	(624,118)	-	(624,118)
Health services	141,417	-	-	-	(141,417)	-	(141,417)
Other support services	20,600	5,540	-	-	(15,060)	-	(15,060)
General administrative services	89,749	-	-	-	(89,749)	-	(89,749)
School administrative services	437,214	-	-	-	(437,214)	-	(437,214)
Other operation & maintenance of plant	530,217	-	-	-	(530,217)	-	(530,217)
Student transportation services	107,922	-	-	-	(107,922)	-	(107,922)
Unallocated employee benefits	556,636	-	-	-	(556,636)	-	(556,636)
Non-budgeted expenses	267,924	-	267,924	-	-	-	-
Interest expense	103,093	-	-	-	(103,093)	\$ -	(103,093)
Total governmental activities	<u>4,511,678</u>	<u>5,540</u>	<u>267,924</u>	<u>-</u>	<u>(4,238,214)</u>	<u>-</u>	<u>(4,238,214)</u>
Business-type activities:							
Food Service	151,619	-	107,212	-	-	(44,407)	(44,407)
Total business-type activities	<u>151,619</u>	<u>-</u>	<u>107,212</u>	<u>-</u>	<u>-</u>	<u>(44,407)</u>	<u>(44,407)</u>
Total primary government	<u>\$ 4,663,297</u>	<u>\$ 5,540</u>	<u>\$ 375,136</u>	<u>\$ -</u>	<u>\$ (4,238,214)</u>	<u>\$ (44,407)</u>	<u>\$ (4,282,621)</u>
General revenues:							
					1,544,260	-	1,544,260
					2,777,838	-	2,777,838
					48,780	-	48,780
Total general revenues					<u>4,370,878</u>	<u>-</u>	<u>4,370,878</u>
Change in net position before transfers					132,664	(44,407)	88,257
Transfers					<u>(36,717)</u>	<u>36,717</u>	<u>-</u>
Change in net position after transfers					95,947	(7,690)	88,257
Net position—beginning (restated)					50,004	27,252	77,256
Net position—ending					<u>\$ 145,951</u>	<u>\$ 19,562</u>	<u>\$ 165,513</u>

ACADEMY CHARTER HIGH SCHOOL
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 753,321	\$ (419,340)	\$ 333,981
Receivables from other governments	201,346	-	201,346
Receivables from state	177,234	6,660	183,894
Receivables from federal	-	417,250	417,250
Total assets	1,131,901	4,570	1,136,471
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Payable to state government	297,527	-	297,527
Total liabilities	297,527	-	297,527
Fund Balances:			
Restricted for:			
Scholarships	-	1,365	1,365
Student activities	-	3,205	3,205
Assigned to:			
Other purposes	1,075	-	1,075
Designated by the BOE for subsequent year's expenditures	-	-	-
Unassigned to:			
General fund	833,299	-	833,299
Total fund balances	834,374	4,570	838,944
Total liabilities and fund balances	\$ 1,131,901	\$ 4,570	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	462,271
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	1,227,305
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds.	
Deferred outflows	284,811
Deferred inflows	(181,097)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(757,149)
Long-term liabilities, including bonds payable, leases payable and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,729,134)
Net position of governmental activities	\$ 145,951

ACADEMY CHARTER HIGH SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Tuition charges	\$ 1,549,447	\$ -	\$ 1,549,447
Miscellaneous	48,514	5,806	54,320
Total - Local sources	1,597,961	5,806	1,603,767
State sources	2,412,519	37,085	2,449,604
Federal sources	-	596,158	596,158
Total revenues	4,010,480	639,049	4,649,529
EXPENDITURES			
Current:			
Regular instruction	1,413,614	219,174	1,632,788
Undistributed - current:			
Instruction	409,203	214,915	624,118
Health services	74,201	67,216	141,417
Other support services	-	20,600	20,600
General administrative services	89,749	-	89,749
School administrative services	437,214	-	437,214
Other operation & maintenance of plant	524,917	-	524,917
Student transportation services	107,922	-	107,922
Unallocated employee benefits	613,413	-	613,413
Non-budgeted expenditures	267,924	-	267,924
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	11,659	114,938	126,597
Total expenditures	3,949,816	636,843	4,586,659
Excess (Deficiency) of revenues over expenditures	60,664	2,206	62,870
OTHER FINANCING SOURCES (USES)			
Other financing uses	(5,187)	-	(5,187)
Transfers out	(36,717)	-	(36,717)
Total other financing sources and uses	(41,904)	-	(41,904)
Net change in fund balances	18,760	2,206	20,966
Fund balance—July 1	815,614	2,364	817,978
Fund balance—June 30	\$ 834,374	\$ 4,570	\$ 838,944

**ACADEMY CHARTER HIGH SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023**

Total net change in fund balances - governmental funds (from B-2)	\$	20,966
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		56,777
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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	\$ (22,241)	
	Capital outlays	<u>-</u>	(22,241)

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

	Amortization expense	\$ (245,462)	
	Lease asset additions	<u>-</u>	(245,462)

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		<u>285,907</u>
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Change in net position of governmental activities	\$	<u>95,947</u>
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ACADEMY CHARTER HIGH SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Receivables from state	660	660
Receivables from federal	18,902	18,902
Total current assets	19,562	19,562
Total assets	\$ 19,562	\$ 19,562
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Total current liabilities	-	-
NET POSITION		
Unrestricted	19,562	19,562
Total net position	19,562	19,562
Total liabilities and net position	\$ 19,562	\$ 19,562

ACADEMY CHARTER HIGH SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
Total daily sales reimbursable programs	<u>-</u>	<u>-</u>
Operating expenses:		
Salaries	12,000	12,000
Supplies and materials	44,328	44,328
Cost of sales - reimbursable programs	95,291	95,291
Cost of sales - non-reimbursable programs	-	-
Total operating expenses	<u>151,619</u>	<u>151,619</u>
Operating income (loss)	<u>(151,619)</u>	<u>(151,619)</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	1,893	1,893
State school breakfast program	2,019	2,019
Federal sources:		
School breakfast program	37,072	37,072
National school lunch program	66,228	66,228
Total nonoperating revenues (expenses)	<u>107,212</u>	<u>107,212</u>
Income (loss) before contributions & transfers	<u>(44,407)</u>	<u>(44,407)</u>
Transfers in (out)	36,717	36,717
Change in net position	<u>(7,690)</u>	<u>(7,690)</u>
Total net position—beginning	27,252	27,252
Total net position—ending	<u>\$ 19,562</u>	<u>\$ 19,562</u>

ACADEMY CHARTER HIGH SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ -	\$ -
Payments to employees & benefits	(12,000)	(12,000)
Payments to suppliers	(139,619)	(139,619)
Net cash provided by (used in) operating activities	<u>(151,619)</u>	<u>(151,619)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	3,384	3,384
Federal sources	91,580	91,580
Net cash provided by (used in) non-capital financing activities	<u>131,681</u>	<u>131,681</u>
Net increase (decrease) in cash and cash equivalents	(19,938)	(19,938)
Balances—beginning of year	19,938	19,938
Balances—end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (151,619)	\$ (151,619)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and net amortization	-	-
(Increase) decrease in accounts receivable, net	-	-
Increase (decrease) in accounts payable	-	-
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (151,619)</u>	<u>\$ (151,619)</u>

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Description of the Charter School and Reporting Entity

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

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities.

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

2. Summary of Significant Accounting Policies

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

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

1. Charter School-Wide Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the Statement of Activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

A. Basis of Presentation (Cont'd)

1. Charter School-Wide Statements (Cont'd)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

B. Fund Accounting (Cont'd)

1. Governmental Funds (Cont'd)

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

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

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

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

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

2. Proprietary Funds

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

B. Fund Accounting (Cont'd)

2. Proprietary Funds (Cont'd)

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

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

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

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

3. Fiduciary Funds

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others if applicable .

C. Measurement Focus

1. Charter School-Wide Financial Statements

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

C. Measurement Focus (Cont'd)

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

D. Basis of Accounting (Cont'd)

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable" or "(accounts payable)". At June 30, 2023, the Charter School had accounts receivable of \$366,959 that represented amounts that had not been repaid based upon the current year final enrollment count.

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

E. Budgets/Budgetary Control

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

E. Budgets/Budgetary Control (Cont'd)

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

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

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were no encumbrances at June 30, 2023 in special revenue fund.

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.

G. Cash, Cash Equivalents and Investments

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

G. Cash, Cash Equivalents and Investments (Cont'd)

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

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

H. Inventories and Prepaid Expenses

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

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

I. Short-Term Interfund Receivables/Payables

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

J. Capital Assets

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

J. Capital Assets (Cont'd)

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

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-40 years
Furniture and Equipment	5-10 years
Vehicles	3-5 years

K. Lease Assets

Intangible right-to-use lease assets are assets which the Charter School leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the Charter School's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

L. Compensated Absences

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

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

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

M. Accrued Liabilities, Long-Term Obligations and Lease Payable

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

M. Accrued Liabilities, Long-Term Obligations and Lease Payable (Cont'd)

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

In the Charter School-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

N. Net Position

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

O. Unearned Revenue

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

P. Fund Balances

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3) Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the Charter School 's highest level of decision-making authority.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

P. Fund Balances (Cont'd)

4) Assigned - amounts intended to be used by the Charter School for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

5) Unassigned - includes all spendable amounts not contained in the other classifications.

Q. Use of Estimates

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

S. Change in Accounting Principles

On June 30, 2023, the Charter School implemented the Governmental Accounting Standards Boards Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. These changes were reviewed for the Charter School's June 30, 2023 financial statements and had no effect on the beginning net position of the Charter School. The Charter School did not have any subscriptions that rose to an amount that required disclosure. The Charter School will review new subscriptions annually to determine proper disclosure.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

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

T. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

Statement No. 100, *Accounting Changes and Error Corrections - An Amendment GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decision or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

3. Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-414 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the ACT, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2023, the Charter School's bank balance of \$464,098 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 464,098
Uninsured and Collateralized	<u>-</u>
	<u>\$ 464,098</u>

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

3. Deposits and Investments (Cont'd)

Investments

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

As of June 30, 2023, the Charter School had no investments.

4. Receivables

Receivables at June 30, 2023, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial <u>Statements</u>	Charter School-Wide Financial <u>Statements</u>
State aid	\$ 183,894	\$ 184,554
Federal aid	417,250	436,152
Other	<u>201,346</u>	<u>201,346</u>
	802,490	822,052
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>
Total receivables, net	<u>\$ 802,490</u>	<u>\$ 822,052</u>

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2023

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:			
Not Being Depreciated			
Building Deposit	\$ 367,000	\$ -	\$ 367,000
Being Depreciated:			
Site Improvements	329,648	-	329,648
Machinery and Equipment	<u>406,178</u>	<u>-</u>	<u>406,178</u>
	1,102,826	-	1,102,826
Less Accumulated Depreciation for:			
Site Improvements	(263,720)	(5,994)	(269,714)
Machinery and Equipment	<u>(354,594)</u>	<u>(16,247)</u>	<u>(370,841)</u>
	<u>(618,314)</u>	<u>(22,241)</u>	<u>(640,555)</u>
Governmental Activities Capital Assets, Net	<u>\$ 484,512</u>	<u>\$ (22,241)</u>	<u>\$ 462,271</u>

Depreciation expense was charged to functions as follows:

Operation and maintenance	\$ <u>22,241</u>
Total	\$ <u>22,241</u>

The proprietary fund type has no capital assets at June 30, 2023.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Lease Assets

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Building	\$ <u>4,909,235</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,909,235</u>
Total Lease Assets Being Amortized	<u>4,909,235</u>	<u>-</u>	<u>-</u>	<u>4,909,235</u>
Governmental Activities Lease Assess	<u>4,909,235</u>	<u>-</u>	<u>-</u>	<u>4,909,235</u>
Less Accumulated Amortization for:				
Building	<u>(3,436,468)</u>	<u>(245,462)</u>	<u>-</u>	<u>(3,681,930)</u>
	<u>(3,436,468)</u>	<u>(245,462)</u>	<u>-</u>	<u>(3,681,930)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ <u><u>1,472,767</u></u>	\$ <u><u>(245,462)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,227,305</u></u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ <u>245,462</u>
	\$ <u><u>245,462</u></u>

Academy Charter High School
Notes to Financial Statements
For the Year Ended June 30, 2023

7. Long-Term Obligations

Changes in Long-Term Obligations for the year ended June 30, 2023, are as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases/ Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>				
Leases Payable	\$ 2,015,041	\$ (285,907)	\$ 1,729,134	312,204
Pension Liability - PERS	<u>643,158</u>	<u>113,991</u>	<u>757,149</u>	<u>-</u>
	<u>\$ 2,658,199</u>	<u>\$ (171,916)</u>	<u>\$ 2,486,283</u>	<u>312,204</u>

For governmental activities, lease payable and the pension liability - PERS are liquidated by the Charter School's general fund.

A. Bonds Payable

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

There are no serial bonds outstanding at June 30, 2023.

B. Bonds Authorized Not Issued

As of June 30, 2023, the Board had no bonds authorized.

C. Leases Payable

The Charter School had leases outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Building	11/01/2008	Monthly	10/31/2028	5.00%	\$ 1,729,134

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Long-Term Obligations (Cont'd)

C. Leases payable (cont'd)

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Year ended June 30,	Principal	Interest
2024	\$ 312,204	\$ 88,466
2025	328,177	72,493
2026	344,967	55,703
2027	362,617	38,053
2028	<u>381,169</u>	<u>19,501</u>
Total	<u>\$ 1,729,134</u>	<u>\$ 274,216</u>

8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2023, the Charter School reported a liability of \$757,149 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Charter School's proportion measured as of June 30, 2022, was .0050170968%, which was a decrease of .0004119971% from its proportion measured as of June 30, 2021.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

For the year ended June 30, 2023, the Charter School recognized full accrual pension expense of \$69,448 in the charter school-wide financial statements consisting of employer contributions of \$63,268 and non-employer contributions of \$6,180. This pension expense was based on the pension plans June 30, 2022 measurement date. At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 5,465	\$ 4,819
Changes of assumptions	2,346	113,375
Net difference between projected and actual earnings on pension plan investments	31,338	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	182,394	62,903
Charter School contributions subsequent to the measurement date	<u>63,268</u>	<u>-</u>
Total	<u>\$ 284,811</u>	<u>\$ 181,097</u>

\$63,268 reported as deferred outflows of resources resulting from Charter School contributions subsequent to the measurement date is estimated based on unadjusted 2022-2023 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2024 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 33,232
2024	16,930
2025	8,256
2026	(18,013)
2027	41
Thereafter	-
Total	<u>\$ 40,446</u>

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00
June 30, 2021	5.00	5.00
June 30, 2022	5.00	5.00

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:	2.75% - 6.55%
	Based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.12 %
Non-U.S. Developed Markets Equity	13.50 %	8.83 %
Emerging Markets Equity	5.50 %	10.33 %
Private Equity	13.00 %	11.80 %
Real Estate	8.00 %	11.19 %
Real Assets	3.00 %	7.60 %
High Yield	4.00 %	4.95 %
Private Credit	8.00 %	8.10 %
Investment Grade Credit	7.00 %	3.38 %
Cash Equivalents	4.00 %	1.75 %
U.S. Treasuries	4.00 %	1.75 %
Risk Mitigation Strategies	3.00 %	4.91 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	980,953	757,149	578,553

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/23</u>	<u>6/30/22</u>
Collective Deferred Outflows of Resources	1,660,772,008	1,164,738,169
Collective Deferred Inflows of Resources	3,236,303,935	8,339,123,762
Collective Net Pension Liability	15,219,184,920	11,972,782,878
Charter School's Portion	.0050170968%	.0054290939%

B. Teachers' Pension and Annuity (TPAF)

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

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the Charter School as of June 30, 2022 was \$7,075,786. The Charter School's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Charter School was based on projection of the State's long-term contributions to the pension plan associated with the Charter School relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State proportionate share of the TPAF net pension liability attributable to the Charter School was .0137142478%, which was an increase of .00014021570% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized a pension expense in the amount of \$550,966 for the State's proportionate share of the TPAF pension expense attributable to the Charter School. This pension expense was based on the pension plans June 30, 2022 measurement date.

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.12 %
Non-U.S. Developed Markets Equity	13.50 %	8.83 %
Emerging Markets Equity	5.50 %	10.33 %
Private Equity	13.00 %	11.80 %
Real Estate	8.00 %	11.19 %
Real Assets	3.00 %	7.60 %
High Yield	4.00 %	4.95 %
Private Credit	8.00 %	8.10 %
Investment Grade Credit	7.00 %	3.38 %
Cash Equivalents	4.00 %	1.75 %
U.S. Treasuries	4.00 %	1.75 %
Risk Mitigation Strategies	3.00 %	4.91 %

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions to the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Pension Plans (cont'd)

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	8,039,723	7,075,786	6,057,111

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

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/23</u>	<u>6/30/22</u>
Collective Deferred Outflows of Resources	5,004,259,312	6,373,530,834
Collective Deferred Inflows of Resources	19,682,774,794	27,363,797,906
Collective Net Pension Liability	51,676,578,303	48,165,991,182
Charter School's Portion	.0137142478%	.0123120908%

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan 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 State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits (cont'd)

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not prefund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits (cont'd)

Employees covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	151,669
Active plan members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.54%
Salary Increases through 2026	PERS 2.75%-6.55% PFRS 3.25%-16.25% TPAF 2.75%-4.25%
Discount Rate	3.54%
Healthcare Cost Trend Rates	4.5%-5.25%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits (cont'd)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the June 30, 2022 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability of the State for School Retirees	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$6,345,587	\$5,398,686	\$4,639,792

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits (cont'd)

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

The following presents the June 30, 2022 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$4,462,344	\$5,398,686	\$6,628,628

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

Balance at at June 30, 2021	\$ 60,007,650,970
Changes for the year:	
Service cost	2,770,618,025
Interest on the total OPEB liability	1,342,187,139
Changes of benefit terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes in assumptions	(13,586,368,097)
Gross benefit payments by the state	(1,329,476,059)
Contributions from members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of \$144,737 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Post-Retirement Benefits (cont'd)

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

In accordance with GASB 75, the Academy Charter High School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,042,402,619	\$ 15,462,950,679
Changes of assumptions	8,765,620,577	17,237,289,230
Contributions made in fiscal year ending 2022 after June 30, 2021 measurement date	TBD	-
Total	<u>\$ 17,808,023,196</u>	<u>\$ 32,700,239,909</u>

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

Year ended June 30:	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
Total	<u>\$ (14,892,216,713)</u>

10. Economic Dependency

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

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

11. Deferred Compensation

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

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; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. See J-20.

13. Interfund/Internal Balances and Transfers

There were no interfund receivables or interfund payables balances at June 30, 2023.

Interfund transfers for the year ended June 30, 2023 were as follows:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ 36,717
Enterprise Fund	36,717	-
	<u>\$ 36,717</u>	<u>\$ 36,717</u>

14. Fund Balance Appropriated

General Fund - of the \$834,374 General Fund balance at June 30, 2023, \$1,075 of encumbrances is assigned to other purposes and \$833,299 is unassigned.

Special Revenue Fund - of the \$4,570 Special Revenue Fund balance at June 30, 2023, \$1,365 is restricted for scholarship and \$3,205 is restricted for student activities.

Academy Charter High School

Notes to Financial Statements

For the Year Ended June 30, 2023

15. Contingent Liabilities

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

16. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 5, 2023. No such disclosures were required.

17. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits. Furthermore, the Charter School had no unrecognized tax benefits at June 30, 2023. The Charter School files tax returns in the U.S. federal jurisdiction and New Jersey. The Charter School has no open years prior to June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ACADEMY CHARTER HIGH SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local Tax Levy	\$ 1,454,439	\$ 117,401	\$ 1,571,840	\$ 1,549,447	\$ (22,393)
Miscellaneous	15,000	5,000	20,000	48,514	28,514
Total - local sources	<u>1,469,439</u>	<u>122,401</u>	<u>1,591,840</u>	<u>1,597,961</u>	<u>6,121</u>
State sources:					
Equalization aid (Local levies - state share)	1,739,825	(59,238)	1,680,587	1,643,168	(37,419)
Special Education Aid	156,970	(25,437)	131,533	123,379	(8,154)
Security aid	73,626	4,970	78,596	76,405	(2,191)
Adjustment aid	233,625	(23,565)	210,060	210,060	-
Non-public transportation	-	90,396	90,396	90,388	(8)
State Reimbursement for Lead Testing of Drinking Water	-	-	-	1,195	1,195
TPAF LTDI (on-behalf - Non-budgeted)	-	-	-	435	435
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	144,737	144,737
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	550,966	550,966
TPAF social security (reimbursed - Non-budgeted)	-	-	-	122,752	122,752
Total state sources	<u>2,204,046</u>	<u>(12,874)</u>	<u>2,191,172</u>	<u>2,963,485</u>	<u>772,313</u>
Total revenues	<u>3,673,485</u>	<u>109,527</u>	<u>3,783,012</u>	<u>4,561,446</u>	<u>778,434</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Grades 9-12 - salaries of teachers	1,142,859	105,500	1,248,359	1,248,359	-
Grades 9-12 - other instruction	43,150	8,718	51,868	51,868	-
Purchased professional and technical support	16,400	4,277	20,677	20,677	-
Purchased Prof Consultant	8,875	(5,654)	3,221	3,221	-
Other purchased services	22,452	18,741	41,193	41,193	-
General supplies	39,380	(23,968)	15,412	15,412	-
Textbooks	17,000	(15,264)	1,736	1,736	-
Miscellaneous expenses	22,000	9,148	31,148	31,148	-
Total regular programs - instruction	<u>1,312,116</u>	<u>101,498</u>	<u>1,413,614</u>	<u>1,413,614</u>	<u>-</u>
Health services					
Salaries	75,214	(1,013)	74,201	74,201	-
Total health services	<u>75,214</u>	<u>(1,013)</u>	<u>74,201</u>	<u>74,201</u>	<u>-</u>
Other support services - students - regular					
Salaries of other professional staff	206,068	73,445	279,513	279,513	-
Total other support service - students - regular	<u>206,068</u>	<u>73,445</u>	<u>279,513</u>	<u>279,513</u>	<u>-</u>
Other support services - students - special					
Salaries of other professional staff	129,690	-	129,690	129,690	-
Total other support services - students - special	<u>129,690</u>	<u>-</u>	<u>129,690</u>	<u>129,690</u>	<u>-</u>
Support services - general administration					
Legal services	5,000	2,500	7,500	7,500	-
Other purchased prof. services	25,360	(7,961)	17,399	17,399	-
Purchased technical services	13,000	(8,777)	4,223	4,223	-
Auditor	17,000	1,613	18,613	18,613	-
Communications/telephone	35,898	(9,709)	26,189	26,189	-
General supplies	16,500	(3,418)	13,082	13,082	-
Miscellaneous expenditures	8,000	(5,257)	2,743	2,743	-
Total support services - general administration	<u>120,758</u>	<u>(31,009)</u>	<u>89,749</u>	<u>89,749</u>	<u>-</u>
Support services - school admin.					
Salaries of principals/asst. principals	221,993	1	221,994	221,993	1
Salaries of other professional staff	77,994	-	77,994	77,994	-
Other salaries	137,227	1	137,228	137,227	1
Total support services - school admin.	<u>437,214</u>	<u>2</u>	<u>437,216</u>	<u>437,214</u>	<u>2</u>
Other operation & maint. of plant services					
Salaries	28,147	(2)	28,145	25,854	2,291
Other purchased services	18,274	(6,695)	11,579	11,579	-
Cleaning, repair, and maint. services	98,670	(55,352)	43,318	43,318	-
Rental of land and blgs. - other than lease purch. Agreements	366,672	-	366,672	366,672	-
Insurance	70,721	(7,344)	63,377	63,377	-
General supplies	17,400	(3,282)	14,118	14,117	1
Total other operation & maint. of plant services	<u>599,884</u>	<u>(72,675)</u>	<u>527,209</u>	<u>524,917</u>	<u>2,292</u>

ACADEMY CHARTER HIGH SCHOOL
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Other undist. expend. Student transportation	\$ 75,000	\$ 32,922	\$ 107,922	\$ 107,922	\$ -
Total student transportation services	<u>75,000</u>	<u>32,922</u>	<u>107,922</u>	<u>107,922</u>	<u>-</u>
Unallocated benefits					
Social security contributions	50,000	130,000	180,000	112,770	67,230
Other retirement contributions - PERS	70,000	(6,732)	63,268	63,268	-
Other employee benefits	20,000	(4,197)	15,803	15,800	3
Unemployment compensation	10,000	(7,142)	2,858	2,858	-
Health benefits	470,000	(51,283)	418,717	418,717	-
Total unallocated benefits	<u>620,000</u>	<u>60,646</u>	<u>680,646</u>	<u>613,413</u>	<u>67,233</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	435	(435)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	144,737	(144,737)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	550,966	(550,966)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	122,752	(122,752)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>818,890</u>	<u>(818,890)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>2,263,828</u>	<u>62,318</u>	<u>2,326,146</u>	<u>3,075,509</u>	<u>(749,363)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>3,575,944</u>	<u>163,816</u>	<u>3,739,760</u>	<u>4,489,123</u>	<u>(749,363)</u>
CAPITAL OUTLAY					
Non-instructional equipment	13,759	-	13,759	11,659	2,100
Total capital outlay	<u>13,759</u>	<u>-</u>	<u>13,759</u>	<u>11,659</u>	<u>2,100</u>
Total general fund	<u>3,589,703</u>	<u>163,816</u>	<u>3,753,519</u>	<u>4,500,782</u>	<u>(747,263)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>83,782</u>	<u>(54,289)</u>	<u>29,493</u>	<u>60,664</u>	<u>(31,171)</u>
Other Financing Sources / Uses:					
Deductions for outstanding tuition overpayments	-	(5,187)	(5,187)	(5,187)	-
Operating transfer out - deficit in food service	(23,500)	18,246	(5,254)	(36,717)	31,463
Total Other Financing Sources:	<u>(23,500)</u>	<u>18,246</u>	<u>(5,254)</u>	<u>(41,904)</u>	<u>31,463</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>60,282</u>	<u>(36,043)</u>	<u>24,239</u>	<u>18,760</u>	<u>292</u>
Fund Balance, July 1	<u>815,614</u>	<u>-</u>	<u>815,614</u>	<u>815,614</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 875,896</u>	<u>\$ (36,043)</u>	<u>\$ 839,853</u>	<u>\$ 834,374</u>	<u>\$ 292</u>
Recapitulation:					
Assigned Fund Balance:					
Year-end encumbrances				1,075	
Designated for subsequent year's expenditures				-	
Unrestricted/undesignated				<u>\$ 833,299</u>	

ACADEMY CHARTER HIGH SCHOOL
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 5,806	\$ 5,806
State sources	-	37,085	37,085	37,085	-
Federal sources	-	596,158	596,158	596,158	-
Total Revenues	<u>-</u>	<u>633,243</u>	<u>633,243</u>	<u>639,049</u>	<u>5,806</u>
EXPENDITURES					
Instruction:					
Personal services-salaries	-	100,545	100,545	100,545	-
Purchased professional and technical services	-	29,203	29,203	29,203	-
General supplies	-	81,426	81,426	81,426	-
Tuition	-	-	-	-	-
Other objects	-	8,000	8,000	8,000	-
Total instruction	<u>-</u>	<u>219,174</u>	<u>219,174</u>	<u>219,174</u>	<u>-</u>
Support services:					
Personal services - salaries	-	83,560	83,560	83,560	-
Purchased professional and technical services	-	131,355	131,355	131,355	-
Other purchased services	-	17,000	17,000	17,000	-
Employee benefits	-	67,216	67,216	67,216	-
Travel	-	-	-	-	-
Supplies- materials	-	-	-	-	-
Scholarships awarded	-	-	-	-	-
Student Activities	-	-	-	3,600	(3,600) Note 1
Total support services	<u>-</u>	<u>299,131</u>	<u>299,131</u>	<u>302,731</u>	<u>(3,600)</u>
EXPENDITURES:					
Facilities acquisition and const. serv.:					
Instructional equipment	-	114,938	114,938	114,938	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>114,938</u>	<u>114,938</u>	<u>114,938</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>633,243</u>	<u>633,243</u>	<u>636,843</u>	<u>(3,600)</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,206</u>	<u>\$ 2,206</u>
Fund Balance, July 1				<u>2,364</u>	
Fund Balance, June 30				<u>\$ 4,570</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 1,365	
Student Activities				3,205	
Total Fund Balance				<u>\$ 4,570</u>	

Note 1 - Not required to budget for these funds.

ACADEMY CHARTER HIGH SCHOOL
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to Required Supplementary Information
 For the Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 4,561,446	[C-2] \$ 639,049
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(550,966)	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 4,010,480	[B-2] \$ 639,049
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,542,686	[C-2] \$ 636,843
Differences - budget to GAAP:		
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(550,966)	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 3,991,720	[B-2] \$ 636,843

REQUIRED SUPPLEMENTARY INFORMATION - PART III

ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of the Net Pension Liability-PERS
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Charter School's proportion of the net pension liability	0.0036651539%	0.0040255577%	0.0040867384%	0.0033205123%	0.0033171575%	0.0042768343%	0.0048285590%	0.0054290939%	0.0050170968%
Charter School's proportionate share of the net pension liability	\$ 686,217	\$ 939,963	\$ 1,210,375	\$ 772,962	\$ 653,132	\$ 770,621	\$ 787,412	\$ 643,158	\$ 757,149
Charter School's covered-employee payroll	\$ -	\$ -	\$ 113,694	\$ 230,051	\$ 222,960	\$ 349,421	\$ 393,460	\$ 376,485	\$ 422,392
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	1064.59%	336.00%	186.92%	220.54%	200.13%	170.83%	179.25%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the Charter School Contributions-PERS
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions	\$ 30,215	\$ 34,609	\$ 36,612	\$ 31,541	\$ 33,202	\$ 41,908	\$ 52,822	\$ 63,581	\$ 63,268
Contributions in relation to the contractually required contribution	30,215	34,609	36,612	31,541	33,202	41,908	52,822	63,581	63,268
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ -	\$ 113,694	\$ 230,051	\$ 222,960	\$ 349,421	\$ 393,460	\$ 376,485	\$ 422,392	\$ 533,353
Contributions as a percentage of covered-employee payroll	0.00%	30.44%	15.91%	14.15%	9.50%	10.65%	14.03%	15.05%	11.86%

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

ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
State's proportion of the net pension liability associated with the District	0.0136540839%	0.0316862728%	0.0135218129%	0.0141531921%	0.0149113369%	0.0142764554%	0.0148564645%	0.0123120908%	0.0137142478%
State's proportionate share of the net pension liability associated with the District	\$ 7,297,663	\$ 8,650,309	\$ 10,686,141	\$ 9,542,592	\$ 9,486,272	\$ 8,761,595	\$ 9,782,803	\$ 5,919,061	\$ 7,075,786
Charter School's covered-employee payroll	\$ 1,832,447	\$ 1,503,980	\$ 1,467,756	\$ 1,593,728	\$ 1,334,393	\$ 1,483,408	\$ 1,522,400	\$ 1,505,052	\$ 1,719,700
Proportionate share of the net pension liability as a percentage of Charter School's covered-employee payroll	398.25%	575.16%	728.06%	0.00%	710.91%	590.64%	642.59%	393.28%	411.45%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

The Charter School has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the ACFR. The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School's fiscal year end.

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

ACADEMY CHARTER HIGH SCHOOL
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023
(Unaudited)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
State's proportion of the OPEB liability associated with the Charter School						
Service cost	\$ 349,040	\$ 288,372	\$ 260,874	\$ 301,875	\$ 477,604	\$ 436,757
Interest cost	123,365	144,918	194,303	169,183	176,664	143,071
Changes of benefit terms	-	-	-	-	(7,249)	-
Differences between expected and actual experiences	-	1,251,493	(627,356)	446,256	(307,233)	(405,927)
Changes in assumptions	(587,642)	(553,986)	68,394	1,205,290	6,719	(1,448,246)
Member contributions	3,259	4,461	4,174	3,482	4,516	4,546
Gross benefit payments	(88,511)	(129,087)	(140,811)	(114,872)	(139,162)	(141,716)
Net change in total OPEB liability	(200,489)	1,006,171	(240,422)	2,011,214	211,859	(1,411,515)
State's Total OPEB liability - beginning	<u>4,021,868</u>	<u>3,821,379</u>	<u>4,827,550</u>	<u>4,587,128</u>	<u>6,598,342</u>	<u>6,810,201</u>
State's Total OPEB liability - ending	<u>\$ 3,821,379</u>	<u>\$ 4,827,550</u>	<u>\$ 4,587,128</u>	<u>\$ 6,598,342</u>	<u>\$ 6,810,201</u>	<u>\$ 5,398,686</u>
Charter School's covered employee payroll	<u>\$ 2,016,702</u>	<u>\$ 1,976,309</u>	<u>\$ 2,089,574</u>	<u>\$ 1,979,370</u>	<u>\$ 2,248,035</u>	<u>\$ 2,442,801</u>
Total State's OPEB liability as a percentage of covered employee payroll	189%	244%	220%	333%	303%	221%

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

Academy Charter High School

Notes to the Required Supplementary Information - Part III

For the Year Ended June 30, 2023

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2021, to 7.00% as of June 30, 2022.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2021, to 7.00% as of June 30, 2022.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

ACADEMY CHARTER HIGH SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	Title I 22/23	Title II Part A 22/23	I.D.E.A Regular Program Part B 22/23	Scholarship 22/23	Student Activity 22/23
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ 266	\$ 5,540
State sources	-	-	-	-	-
Federal sources	111,383	8,055	53,978	-	-
Total revenues	<u>111,383</u>	<u>8,055</u>	<u>53,978</u>	<u>266</u>	<u>5,540</u>
Expenditures:					
Instruction:					
Salaries	25,000	8,055	-	-	-
Purchased professional services	10,000	-	-	-	-
General supplies	43,883	-	-	-	-
Tuition	-	-	-	-	-
Other Objects	8,000	-	-	-	-
Total instruction	<u>86,883</u>	<u>8,055</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:					
Other support services - students - special:					
Salaries	-	-	30,000	-	-
Purchased prof. and tech. services	7,500	-	8,678	-	-
Other purchased services	17,000	-	-	-	-
Employee benefits	-	-	15,300	-	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Scholarships awarded	-	-	-	-	-
Student activities	-	-	-	-	3,600
Total other support services - students - special	<u>24,500</u>	<u>-</u>	<u>53,978</u>	<u>-</u>	<u>3,600</u>
Total support services	<u>24,500</u>	<u>-</u>	<u>53,978</u>	<u>-</u>	<u>3,600</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 111,383</u>	<u>\$ 8,055</u>	<u>\$ 53,978</u>	<u>\$ -</u>	<u>\$ 3,600</u>
Excess (deficiency) of revenues					
Over (under) expenditures	-	-	-	266	1,940
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>1,265</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,365</u>	<u>\$ 3,205</u>

ACADEMY CHARTER HIGH SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	ARP I.D.E.A Basic 22/23	Climate Awareness Education 22/23	CARES Emergency Relief 22/23	ESSER II 22/23	SDA Emergency 22/23
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	6,660	-	-	30,425
Federal sources	8,998	-	5,490	167,476	-
Total revenues	<u>8,998</u>	<u>6,660</u>	<u>5,490</u>	<u>167,476</u>	<u>30,425</u>
Expenditures:					
Instruction:					
Salaries	-	-	5,490	62,000	-
Purchased professional services	-	-	-	-	-
General supplies	-	6,660	-	-	-
Tuition	-	-	-	-	-
Other Objects	-	-	-	-	-
Total instruction	<u>-</u>	<u>6,660</u>	<u>5,490</u>	<u>62,000</u>	<u>-</u>
Support services:					
Other support services - students - special:					
Salaries	-	-	-	53,560	-
Purchased prof. and tech. services	8,998	-	-	-	-
Other purchased services	-	-	-	-	-
Employee benefits	-	-	-	51,916	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Scholarships awarded	-	-	-	-	-
Student activities	-	-	-	-	-
Total other support services - students - special	<u>8,998</u>	<u>-</u>	<u>-</u>	<u>105,476</u>	<u>-</u>
Total support services	<u>8,998</u>	<u>-</u>	<u>-</u>	<u>105,476</u>	<u>-</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	30,425
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,425</u>
Total expenditures	<u>\$ 8,998</u>	<u>\$ 6,660</u>	<u>\$ 5,490</u>	<u>\$ 167,476</u>	<u>\$ 30,425</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ACADEMY CHARTER HIGH SCHOOL
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	ESSER II AL 22/23	ESSER II MH 22/23	ARP ESSER 22/23	ARP MH 22/23	Total 2023
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	5,806
State sources	-	-	-	-	37,085
Federal sources	19,203	18,849	155,928	46,798	596,158
Total revenues	<u>19,203</u>	<u>18,849</u>	<u>155,928</u>	<u>46,798</u>	<u>639,049</u>
Expenditures:					
Instruction:					
Salaries	-	-	-	-	100,545
Purchased professional services	19,203	-	-	-	29,203
General supplies	-	-	30,883	-	81,426
Tuition	-	-	-	-	-
Other Objects	-	-	-	-	8,000
Total instruction	<u>19,203</u>	<u>-</u>	<u>30,883</u>	<u>-</u>	<u>219,174</u>
Support services:					
Other support services - students - special:					
Salaries	-	-	-	-	83,560
Purchased prof. and tech. services	-	18,849	40,532	46,798	131,355
Other purchased services	-	-	-	-	17,000
Employee benefits	-	-	-	-	67,216
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Scholarships awarded	-	-	-	-	-
Student activities	-	-	-	-	3,600
Total other support services - students - special	<u>-</u>	<u>18,849</u>	<u>40,532</u>	<u>46,798</u>	<u>302,731</u>
Total support services	<u>-</u>	<u>18,849</u>	<u>40,532</u>	<u>46,798</u>	<u>302,731</u>
Equipment:					
Regular programs instruction	-	-	15,738	-	15,738
Non-instructional equipment	-	-	68,775	-	99,200
Total equipment	<u>-</u>	<u>-</u>	<u>84,513</u>	<u>-</u>	<u>114,938</u>
Total expenditures	<u>19,203</u>	<u>18,849</u>	<u>155,928</u>	<u>46,798</u>	<u>636,843</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,206</u>
Fund Balance, July 1	-	-			2,364
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,570</u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds
(See B-4 to B-6)

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

ACADEMY CHARTER HIGH SCHOOL
Long-Term Debt
Schedule of Obligations Under Leases
For the Year Ended June 30, 2023

Series	Interest rate	Original Issue	Balance July 1, 2022	Issued	Retirements	Balance June 30, 2023
Building	5%	\$ 4,909,235	\$ 2,015,041	\$ -	\$ 285,907	\$ 1,729,134
			<u>\$ 2,015,041</u>	<u>\$ -</u>	<u>\$ 285,907</u>	<u>\$ 1,729,134</u>

STATISTICAL SECTION

**Academy Charter High School
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the Charter School's financial performance and well being have changed over time.</p>	91-96
<p>Revenue Capacity These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.</p>	N/A
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the Charter School's ability to issue additional debt in the future.</p>	N/A
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place.</p>	N/A
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Charter School's financial report relates to the services the Charter School provides and the activities it performs.</p>	97-100
<p>Performance Framework</p>	101

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 640,631	\$ 615,121	\$ 605,184	\$ 583,401	\$ 565,724	\$ 543,770	\$ 521,816	\$ (62,050)	\$ (57,762)	\$ 1,187,747
Restricted	217,823	280,684	204,616	-	-	13,651	8,365	17,690	2,364	5,645
Unrestricted	224,469	(478,569)	(426,559)	(546,061)	(730,598)	(562,935)	(443,427)	(260,348)	105,402	(1,047,441)
Total governmental activities net position	1,082,923	417,236	383,241	37,340	(164,874)	(5,514)	86,754	(304,708)	50,004	145,951
Business-type activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	(10,235)	-	(2,975)	(2,975)	7	(3,161)	6,067	27,252	19,562
Total business-type activities net position	-	(10,235)	-	(2,975)	(2,975)	7	(3,161)	6,067	27,252	19,562
Charter School-wide										
Net investment in capital assets	640,631	615,121	605,184	583,401	565,724	543,770	521,816	(62,050)	(57,762)	1,187,747
Restricted	217,823	280,684	204,616	-	-	13,651	8,365	17,690	2,364	5,645
Unrestricted	224,469	(488,804)	(426,559)	(549,036)	(733,573)	(562,928)	(446,588)	(254,281)	132,654	(1,027,879)
Total charter school-wide net position	\$ 1,082,923	\$ 407,001	\$ 383,241	\$ 34,365	\$ (167,849)	\$ (5,507)	\$ 83,593	\$ (298,641)	\$ 77,256	\$ 165,513

Source: ACFR Schedule A-1 and Charter School records.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,343,028	\$ 1,258,888	\$ 1,254,919	\$ 1,314,266	\$ 1,335,974	\$ 1,308,530	\$ 1,432,882	\$ 1,286,112	\$ 1,690,774	\$ 1,632,788
Support Services:										
School Support services	710,993	481,085	291,139	456,329	465,348	492,732	506,458	484,597	657,503	786,135
Pupil transportation	27,121	22,413	16,695	10,255	5,400	12,603	4,610	2,600	54,821	107,922
General administration	1,387,791	1,523,335	1,716,256	1,811,347	1,697,914	1,493,397	1,504,113	1,508,707	1,345,175	1,613,816
Interest expense	-	-	-	-	-	-	-	-	94,681	103,093
Non-budgeted expenditures	248,147	211,393	237,750	242,826	251,795	233,309	232,557	222,787	249,375	267,924
Total governmental activities expenses	<u>3,717,080</u>	<u>3,497,114</u>	<u>3,516,759</u>	<u>3,835,023</u>	<u>3,756,431</u>	<u>3,540,571</u>	<u>3,680,620</u>	<u>3,504,803</u>	<u>4,092,329</u>	<u>4,511,678</u>
Business-type activities:										
Food service	113,113	111,998	113,295	112,068	109,161	115,848	86,988	52,495	129,676	151,619
Total business-type activities expense	<u>113,113</u>	<u>111,998</u>	<u>113,295</u>	<u>112,068</u>	<u>109,161</u>	<u>115,848</u>	<u>86,988</u>	<u>52,495</u>	<u>129,676</u>	<u>151,619</u>
Total charter school-wide expenses	<u>3,830,193</u>	<u>3,609,112</u>	<u>3,630,054</u>	<u>3,947,091</u>	<u>3,865,592</u>	<u>3,656,419</u>	<u>3,767,608</u>	<u>3,557,298</u>	<u>4,222,005</u>	<u>4,663,297</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Central and other support services	-	-	-	-	-	-	-	4	3,998	5,540
Operating grants and contributions	485,209	406,153	439,537	242,826	251,795	233,309	232,557	222,788	249,375	267,924
Total governmental activities program revenues	<u>485,209</u>	<u>406,153</u>	<u>439,537</u>	<u>242,826</u>	<u>251,795</u>	<u>233,309</u>	<u>232,557</u>	<u>222,792</u>	<u>253,373</u>	<u>273,464</u>
Business-type activities:										
Charges for services										
Food service	994	4,414	558	668	527	475	728	472	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	5,538	75,349	82,033	88,425	87,598	94,855	59,592	50,449	150,861	107,212
Capital grants and contributions	-	-	-	20,000	21,036	23,500	23,500	10,802	-	36,717
Total business type activities program revenues	<u>6,532</u>	<u>79,763</u>	<u>82,591</u>	<u>109,093</u>	<u>109,161</u>	<u>118,830</u>	<u>83,820</u>	<u>61,723</u>	<u>150,861</u>	<u>143,929</u>
Total charter school-wide program revenues	<u>\$ 491,741</u>	<u>\$ 485,916</u>	<u>\$ 522,128</u>	<u>\$ 351,919</u>	<u>\$ 360,956</u>	<u>\$ 352,139</u>	<u>\$ 316,377</u>	<u>\$ 284,515</u>	<u>\$ 404,234</u>	<u>\$ 417,393</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (3,717,080)	\$ (3,497,114)	\$ (3,516,759)	\$ (3,835,023)	\$ (3,756,431)	\$ (3,540,571)	\$ (3,680,620)	\$ (3,504,803)	\$ (4,092,329)	\$ (4,511,678)
Business-type activities	(113,113)	(111,998)	(113,295)	(112,068)	(109,161)	(115,848)	(86,988)	(52,495)	(129,676)	(151,619)
Total charter school-wide net expense	<u>(3,830,193)</u>	<u>(3,609,112)</u>	<u>(3,630,054)</u>	<u>(3,947,091)</u>	<u>(3,865,592)</u>	<u>(3,656,419)</u>	<u>(3,767,608)</u>	<u>(3,557,298)</u>	<u>(4,222,005)</u>	<u>(4,663,297)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tuition charges	719,454	703,843	663,415	573,219	606,947	876,628	900,355	824,775	1,033,727	1,544,260
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Federal and State Aid Restricted	2,530,762	2,426,736	2,309,608	2,630,535	2,655,496	2,575,858	2,539,584	2,570,156	3,115,923	2,777,838
Miscellaneous income	194,811	52,444	111,143	62,542	61,015	37,636	123,892	69,462	44,018	48,780
Transfers	-	-	-	(20,000)	(21,036)	(23,500)	(23,500)	(10,802)	-	(36,717)
Total governmental activities	<u>3,445,027</u>	<u>3,183,023</u>	<u>3,084,166</u>	<u>3,246,296</u>	<u>3,302,422</u>	<u>3,466,622</u>	<u>3,540,331</u>	<u>3,453,591</u>	<u>4,193,668</u>	<u>4,334,161</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>3,445,027</u>	<u>3,183,023</u>	<u>3,084,166</u>	<u>3,246,296</u>	<u>3,302,422</u>	<u>3,466,622</u>	<u>3,540,331</u>	<u>3,453,591</u>	<u>4,193,668</u>	<u>4,334,161</u>
Change in Net Position										
Governmental activities	213,156	92,062	6,944	(345,901)	(202,214)	159,360	92,268	171,580	354,712	95,947
Business-type activities	(106,581)	(32,235)	(30,704)	(2,975)	-	2,982	(3,168)	9,228	21,185	(7,690)
Total charter school-wide	<u>\$ 106,575</u>	<u>\$ 59,827</u>	<u>\$ (23,760)</u>	<u>\$ (348,876)</u>	<u>\$ (202,214)</u>	<u>\$ 162,342</u>	<u>\$ 89,100</u>	<u>\$ 180,808</u>	<u>\$ 375,897</u>	<u>\$ 88,257</u>

Source: ACFR Schedule A-2 and Charter School records.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	13,651	8,365	13,081	-	1,075
Unassigned	-	-	-	213,024	48,647	216,500	360,028	602,903	815,614	833,299
Unreserved	224,469	261,574	293,544	-	-	-	-	-	-	-
Reserved	217,823	280,684	204,616	-	-	-	-	-	-	-
Total general fund	<u>442,292</u>	<u>542,258</u>	<u>498,160</u>	<u>213,024</u>	<u>48,647</u>	<u>230,151</u>	<u>368,393</u>	<u>615,984</u>	<u>815,614</u>	<u>834,374</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted										
Special revenue fund	-	-	-	-	-	-	-	4,609	2,364	4,570
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,609</u>	<u>\$ 2,364</u>	<u>\$ 4,570</u>

Source: ACFR Schedule B-1 and Charter School records.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tuition charges	\$ 719,454	\$ 703,843	\$ 663,415	\$ 573,219	\$ 665,755	\$ 876,628	\$ 900,355	\$ 824,775	\$ 1,033,727	\$ 1,549,447
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	194,811	52,444	111,143	62,542	61,015	37,636	123,892	69,467	48,016	54,320
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	2,778,909	2,638,129	2,547,358	2,676,510	2,703,847	2,603,571	2,467,306	2,560,938	2,689,242	2,449,604
Federal sources	237,062	194,760	201,787	196,851	203,444	205,596	304,835	232,005	676,056	596,158
Total revenue	3,930,236	3,589,176	3,523,703	3,509,122	3,634,061	3,723,431	3,796,388	3,687,185	4,447,041	4,649,529
Expenditures										
Instruction										
Regular Instruction	1,343,028	1,258,888	1,254,919	1,314,266	1,335,974	1,308,530	1,432,882	1,286,112	1,690,774	1,632,788
Support Services:										
Instruction support services	585,865	382,893	203,655	392,098	399,289	425,402	438,645	358,190	495,956	624,118
Health Services		61,742	62,098	64,231	66,059	67,330	67,813	84,595	146,378	141,417
Other support services		36,450	25,386	-	-	-	-	41,812	15,169	20,600
Pupil transportation	27,121	22,413	16,695	10,255	5,400	12,603	4,610	2,600	54,821	107,922
General administrative services	1,387,791	914,736	1,148,358	1,183,562	1,115,539	933,485	911,247	958,073	956,103	1,140,376
Operation and maintenance of grounds		550,050	559,977	559,100	540,261	532,263	539,630	467,622	540,575	524,917
Non-budgeted expenditures	248,147	211,393	237,750	242,826	251,795	233,309	232,557	222,787	249,375	267,924
Capital outlay	99,618	28,645	18,024	7,920	4,277	5,505	7,262	8,153	100,505	126,597
Total expenditures	3,691,570	3,467,210	3,526,862	3,774,258	3,718,594	3,518,427	3,634,646	3,429,944	4,249,656	4,586,659
Excess (Deficiency) of revenues over (under) expenditures	238,666	121,966	(3,159)	(265,136)	(84,533)	205,004	161,742	257,241	197,385	62,870
Other Financing sources (uses)										
Other financing uses	-	-	-	-	(58,808)	-	-	-	-	(5,187)
Transfers out	(106,581)	(22,000)	(40,939)	(20,000)	(21,036)	(23,500)	(23,500)	(10,802)	-	(36,717)
Total other financing sources (uses)	(106,581)	(22,000)	(40,939)	(20,000)	(79,844)	(23,500)	(23,500)	(10,802)	-	(41,904)
Net change in fund balances	\$ 132,085	\$ 99,966	\$ (44,098)	\$ (285,136)	\$ (164,377)	\$ 181,504	\$ 138,242	\$ 246,439	\$ 197,385	\$ 20,966
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.77%

Source: ACFR Schedule B-2 and Charter School records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Book Fines and Graduation Fees	Donations	Prior Year Refunds	E-Rate	Use of Facilities	Miscellaneous	Annual Totals
2014	-	-	127,513	-	-	67,298	194,811
2015	-	22,500	-	13,284	11,050	5,610	52,444
2016	5,161	2,000	-	2,839	16,250	84,893	111,143
2017	1,899	22,393	2,327	13,943	11,860	10,120	62,542
2018	4,208	-	-	20,697	10,013	26,097	61,015
2019	-	1,575	-	1,070	9,525	25,466	37,636
2020	-	-	-	-	12,941	110,951	123,892
2021	-	200	-	-	30,825	33,437	64,462
2022	-	-	-	-	32,700	11,317	44,017
2023	-	-	-	-	32,700	15,814	48,514

Source: Charter School records

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	34.0	34.0
Special education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>42.0</u>	<u>42.0</u>

Source: Charter School Personnel Records

ACADEMY CHARTER HIGH SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	194.0	3,312,942	17,077	1.02%	30.0	30.0	193.7	195.0	4.14%	100.67%
2015	188.0	3,039,057	14,403	-7.33%	30.0	30.0	193.7	195.0	4.14%	100.67%
2016	186.0	3,046,386	16,378	5.37%	30.0	30.0	180.9	167.4	-2.74%	92.54%
2017	173.0	3,314,581	19,967	28.47%	30.0	5.5	170.0	170.0	-8.60%	100.00%
2018	178.0	3,242,319	17,065	9.79%	30.0	6.3	180.0	180.0	-3.23%	100.00%
2019	185.0	3,512,922	18,489	18.95%	30.0	6.3	180.0	180.0	-3.23%	100.00%
2020	177.0	3,627,384	19,398	24.80%	30.0	6.2	178.5	178.5	-4.03%	100.00%
2021	152.0	3,183,629	19,652	26.44%	30.0	5.4	166.0	166.0	-10.75%	100.00%
2022	167.0	3,534,909	21,167	36.18%	34.0	4.9	168.5	168.5	-9.41%	100.00%
2023	179.0	3,938,157	22,001	41.55%	34.0	5.3	173.8	173.8	-6.59%	100.00%

Sources: Charter School records

Note: Enrollment based on annual October charter school count for FYE 2022.

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

**ACADEMY CHARTER HIGH SCHOOL
School Building Information
Last Ten Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>High School</u>										
Academy Charter High School										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	194	188	186	173	178	185	177	152	167	179
<u>Other</u>										
Square Feet	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662
Number of Schools at June 30, 2022										
Senior High School = 1										

Source: Charter School Records

ACADEMY CHARTER HIGH SCHOOL
Insurance Schedule
June 30, 2023

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy</u>		
Real and Personal Property	\$ 500,000,000	\$ 1,000
Equipment	100,000	1,000
Student Accident Insurance	1,000,000	1,000
<u>Surety Bonds</u>		
Board Secretary	180,000	1,000
Directors/Officers Liability	1,000,000	5,000

Source: Charter school records

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

	2014 Audit	2015 Audit	2016 Audit	2017 Audit	2018 Audit	2019 Audit	2020 Audit	2021 Audit	2022 Audit	2023 Audit
Cash	\$ 554,746	\$ 407,977	\$ 519,123	\$ 285,339	\$ -	\$ 141,925	\$ 62,192	\$ 378,767	\$ 403,515	\$ 333,981
Current Assets	95,380	44,700	15,396	4,567	16,243	47,644	100,636	249,118	630,107	822,052
Total Assets	1,275,295	1,357,438	1,401,957	1,329,866	924,048	979,745	1,241,592	1,436,752	3,341,697	3,130,420
Current Liabilities	103,189	223,325	100,530	85,126	27,213	7,082	28,240	1,225	474,299	609,731
Total Liabilities	103,189	950,437	1,018,716	1,295,501	1,091,897	985,252	1,157,999	1,166,590	3,264,441	2,964,907
Net Position	1,189,498	407,001	383,241	34,365	(167,849)	(5,507)	83,593	270,162	77,256	165,513
Total Revenue	3,451,559	3,668,939	3,606,294	3,598,215	3,663,378	3,818,761	3,856,708	3,738,106	4,597,902	4,751,554
Total Expenses	3,319,474	3,609,112	3,630,054	3,947,091	3,865,592	3,656,419	3,767,608	3,557,298	4,222,005	4,663,297
Change in Net Position	132,085	59,827	(23,760)	(348,876)	(202,214)	162,342	89,100	180,808	375,897	88,257
Depreciation Expense	25,510	25,510	26,330	21,783	21,954	21,954	21,954	22,230	22,241	22,241
Interest Expense	-	-	-	-	-	-	-	-	94,681	103,093
Principal Payments	-	-	-	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-	-	-	94,681	103,093
Final Average Daily Enrollment	190	193	181	-	180	180	179	166	169	174
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RATIO ANALYSIS

<u>Near Term Indicators</u>										
1a Current Ratio	6.30	2.03	5.32	3.41	0.60	26.77	5.77	512.56	2.18	1.90
1b Unrestricted Days Cash	37.05	19.23	30.30	6.24	(20.57)	(7.58)	(15.08)	16.51	16.05	9.09
1c Enrollment Variance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1d* Default	No	No	No	No	No	No	No	No	No	No
<u>Sustainability Indicators</u>										
2a Total Margin	4%	2%	-1%	-10%	-6%	4%	2%	5%	8%	2%
2b Debt to Asset	0.08	0.70	0.73	0.97	1.18	1.01	0.93	0.81	0.98	0.95
2c** Cash Flow	223,262	76,493	111,146	(233,784)	(285,339)	(143,414)	(223,147)	93,428	118,176	48,642
2d Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.21	2.07

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

NO

SINGLE AUDIT SECTION



K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Academy Charter High School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the Academy Charter High School basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Academy Charter High School's internal control over financial reporting (internal control) as a basis for designing 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 Academy Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy Charter High School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Academy Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



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

December 5, 2023



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

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

Report on Compliance for Each Major Federal and State Program
Opinion on Each Major Federal and State Program

We have audited Academy Charter High School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Academy Charter High School's major federal and state programs for the year ended June 30, 2023. Academy Charter High School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Academy Charter High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Academy Charter High School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Academy Charter High School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Academy Charter High School's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Academy Charter High School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Academy Charter High School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Academy Charter High School's, compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Academy Charter High School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Academy Charter High School's, internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

Jump, Perry and Company L.L.P.
Toms River, New Jersey



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

Toms River, New Jersey
December 5, 2023

ACADEMY CHARTER HIGH SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2023	Accounts Receivable at June 30, 2023	Due to Grantor at June 30, 2023
U.S. Department of Education										
Passed-through State Department of Education:										
Title I, Basic Allocation	84.010	S010A220030	7/1/22-6/30/23	\$ 111,383	\$ -	\$ 111,383	\$ (111,383)	\$ -	\$ -	\$ -
Title II - Part A	84.367A	S367A220029	7/1/22-6/30/23	8,055	-	8,055	(8,055)	-	-	-
Elementary and Secondary Education Cluster:										
CARES Emergency Relief Grant	84.425D	S425D200027	7/1/22-6/30/23	5,490	-	5,490	(5,490)	-	-	-
ARP ESSER	84.425U	S425D200027	3/13/20-9/30/24	924,896	(77,000)	77,000	(155,928)	-	(155,928)	-
ARP ESSER Mental Health	84.425U	S425D200027	3/13/20-9/30/24	445,613	(141,250)	141,250	(46,798)	-	(46,798)	-
ESSER II - CRRSA	84.425D	S425D200027	3/13/20-9/30/23	411,534	(168,058)	168,058	(167,476)	-	(167,476)	-
ESSER II - CR Learning Acceleration	84.425D	S425D200027	3/13/20-9/30/23	26,411	(7,208)	7,209	(19,203)	-	(19,202)	-
ESSER II - CR Mental Health	84.425D	S425D200027	3/13/20-9/30/23	45,000	(26,151)	26,152	(18,849)	-	(18,848)	-
Subtotal Elementary and Secondary Education Cluster					(419,667)	425,159	(413,744)	-	(408,252)	-
Special Education Cluster:										
I.D.E.A. Part B Basic	84.027A	H027A220100	7/1/22-6/30/23	53,978	-	53,978	(53,978)	-	-	-
ARP - I.D.E.A. Part B, Basic Regular	84.027X	H027X210100	7/1/22-6/30/23	8,998	-	-	(8,998)	-	(8,998)	-
Subtotal of Special Education Cluster					-	53,978	(62,976)	-	(8,998)	-
Total U.S. Department of Education					(419,667)	598,575	(596,158)	-	(417,250)	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	231NJ304N1199	7/1/22-6/30/23	37,072	-	30,716	(37,072)	-	(6,356)	-
National School Lunch Program	10.555	231NJ304N1199	7/1/20-6/30/21	66,228	-	53,682	(66,228)	-	(12,546)	-
Summer Food Service Program for Children	10.559	221NJ304N1199	7/1/21-6/30/22	133,866	(7,182)	7,182	-	-	-	-
Subtotal of Child Nutrition Cluster					(7,182)	91,580	(103,300)	-	(18,902)	-
Total Enterprise (Food Service) Fund					(7,182)	91,580	(103,300)	-	(18,902)	-
Total Expenditures of Federal Awards					\$ (426,849)	\$ 690,155	\$ (699,458)	\$ -	\$ (436,152)	\$ -

See accompanying notes to schedules of expenditures.

ACADEMY CHARTER HIGH SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2023

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2023	(Accounts Receivable) at June 30, 2023	Due to Grantor at June 30, 2023
New Jersey Department of Education									
General Fund:									
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 123,379	\$ -	\$ 123,379	\$ (123,379)	\$ -	\$ -	\$ -
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	1,643,168	-	1,477,555	(1,643,168)	-	(165,613)	-
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	1,647,774	(61,179)	61,179	-	-	-	-
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	76,405	-	76,405	(76,405)	-	-	-
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	210,060	-	210,060	(210,060)	-	-	-
Non Public Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	90,388	-	90,388	(90,388)	-	-	-
Lead Testing for School Aid	23-495-034-5120-104	7/1/22-6/30/23	1,195	-	1,195	(1,195)	-	-	-
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	550,966	-	550,966	(550,966)	-	-	-
On-Behalf TPAF Post-Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	144,737	-	144,737	(144,737)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	435	-	435	(435)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	22-495-034-5094-003	7/1/21-6/30/22	115,150	(11,220)	11,220	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	23-495-034-5094-003	7/1/22-6/30/23	122,752	-	111,131	(122,752)	-	(11,621)	-
Total General Fund				<u>(72,399)</u>	<u>2,858,650</u>	<u>(2,963,485)</u>	<u>-</u>	<u>(177,234)</u>	<u>-</u>
Special Revenue Fund:									
Climate Change Grant	23-100-034-5063-359	7/1/22-6/30/23	6,660	-	-	(6,660)	-	(6,660)	-
SDA Emergency	23-100-034-5120-519	7/1/22-6/30/23	30,425	-	30,425	(30,425)	-	-	-
Total Special Revenue Fund				<u>-</u>	<u>30,425</u>	<u>(37,085)</u>	<u>-</u>	<u>(6,660)</u>	<u>-</u>
Enterprise Fund:									
State School Lunch Program	22-100-010-3360-067	7/1/21-6/30/22	2,364	(132)	132	-	-	-	-
State School Lunch Program	23-100-010-3360-067	7/1/22-6/30/23	1,893	-	1,569	(1,893)	-	(324)	-
State School Breakfast Program	23-100-010-3350-021	7/1/22-6/30/23	2,019	-	1,683	(2,019)	-	(336)	-
Total Enterprise Fund				<u>(132)</u>	<u>3,384</u>	<u>(3,912)</u>	<u>-</u>	<u>(660)</u>	<u>-</u>
Total State Expenditures Subject to Single Audit Determination				<u>\$ (72,531)</u>	<u>\$ 2,892,459</u>	<u>\$ (3,004,482)</u>	<u>\$ -</u>	<u>\$ (184,554)</u>	<u>\$ -</u>
State Expenditures Not Subject to Major Program Determination									
General fund:									
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	\$ 550,966	\$ -	\$ 550,966	\$ (550,966)	\$ -	\$ -	\$ -
On-Behalf TPAF Post-Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	144,737	-	144,737	(144,737)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	435	-	435	(435)	-	-	-
Total State Expenditures Not Subject to Major Program Determination				<u>-</u>	<u>696,138</u>	<u>(696,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Awards Subject to Major Program Determination				<u>\$ (72,531)</u>	<u>\$ 2,196,321</u>	<u>\$ (2,308,344)</u>	<u>\$ -</u>	<u>\$ (184,554)</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

Academy Charter High School

Notes to the Schedules of Awards and Financial Assistance

June 30, 2023

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 2 to the Charter School's basic financial statements.

3. Relationship to Basic Financial Statements

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

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

Academy Charter High School

Notes to the Schedules of Awards and Financial Assistance (continued)

June 30, 2023

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(550,966) for the general fund and \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,412,519	\$ 2,412,519
Special Revenue Fund	596,158	37,085	633,243
Food Service Fund	<u>103,300</u>	<u>3,912</u>	<u>107,212</u>
Total awards and financial assistance	<u>\$ 699,458</u>	<u>\$ 2,453,516</u>	<u>\$ 3,152,974</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2023.

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

6. Indirect Costs

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

Academy Charter High School
 Schedule of Findings and Questioned Costs
 June 30, 2023

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Academy Charter High School

Schedule of Findings and Questioned Costs (continued)

June 30, 2023

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

Identification of major programs:

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

Academy Charter High School

Schedule of Findings and Questioned Costs (continued)

June 30, 2023

Section II - Financial Statements Findings - N/A

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs -
N/A**

Academy Charter High School
Summary Schedule of Prior Audit Findings
June 30, 2023

Summary Schedule of Prior Audit Findings - N/A