



# Atlantic City

## Community Charter School

Atlantic City Community Charter School, Inc.

Comprehensive Annual Financial Report  
For the Eighteen Months Ended June 30, 2015

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
**Table of Contents**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	10
<b>Required Supplementary Information – Part I Management’s Discussion and Analysis</b>	16
<b>Basic Financial Statements</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
B-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33
<b>Notes to the Financial Statements</b>	34
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	54
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	57
C-3 Notes to Required Supplementary Information – Part II Budget-to-GAAP Reconciliation	58

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
**Table of Contents (Cont'd)**

---

	<b>Page</b>
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	N/A
L-2 Schedule of District Contributions – PERS	N/A
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	N/A
L-4 Schedule of District Contributions – TPAF	N/A
L-5 Notes to the Required Supplementary Information – Part III GASB 68 Pension Changes	N/A
<b>Required Supplementary Information – Part IV (if applicable)</b>	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information – Part IV	N/A
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	61
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
**Table of Contents (Cont'd)**

	<b>Page</b>
<b>Other Supplementary Information (Cont'd)</b>	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	63
H-2 Combining Statement of Changes in Fiduciary Net Position	64
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	65
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component	68
J-2 Changes in Net Position	69
J-3 Fund Balances—Governmental Funds	70
J-4 Changes in Fund Balances—Governmental Funds	71
J-5 General Fund Other Local Revenue by Source	72

**Revenue Capacity**

J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type	74
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
**Table of Contents (Cont'd)**

---

	<b>Page</b>
<b>Statistical Section (Cont'd)</b>	
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	76
J-15 Principal Employers	77
<b>Operating Information</b>	
J-16 Full-time Equivalent Charter School Employees by Function/Program	79
J-17 Operating Statistics	80
J-18 School Building Information	81
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	82
J-21 Charter School Performance Framework – Financial Indicators – Fiscal Ratios	84
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required By OMB Circular A-133 and State of New Jersey Circular 15-08-OMB	86
K-3 Schedule of Expenditures of Federal Awards, Schedule A	88
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	90
K-5 Notes to the Schedules of Awards and Financial Assistance	92
K-6 Schedule of Findings and Questioned Costs	94
K-7 Summary Schedule of Prior Audit Findings	99

## **INTRODUCTORY SECTION**

December 16, 2015

The Honorable President and  
Members of the Board of Trustees  
Atlantic City Community Charter School  
Atlantic City, New Jersey 08401

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (the "CAFR") of the Atlantic City Community Charter School (the "Charter School") for the 18 months ended June 30, 2015. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board").

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Single Audit Section -The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*", and the New Jersey State Office of Management and Budget (OMB) Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

## **Charter School Organization**

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

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

### **1. REPORTING ENTITY AND ITS SERVICES**

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

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Fifth grade. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2014-2015 school year with an enrollment of 147 students.

### **2. ECONOMIC CONDITION AND OUTLOOK**

The Charter School opened its doors in September 2014 with an enrollment of 150 students. Management is stable and the Charter School's finances support the anticipated growth of the student population.

### **3. MAJOR INITIATIVES**

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

### **4. INTERNAL ACCOUNTING CONTROLS**

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

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

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

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

## **5. BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2015.

## **6. ACCOUNTING SYSTEM AND REPORTS**

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

## **7. CASH MANAGEMENT**

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

public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8. RISK MANAGEMENT**

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

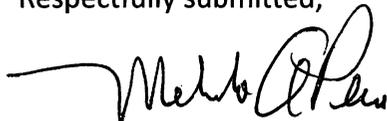
## **9. OTHER INFORMATION**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **10. ACKNOWLEDGEMENTS**

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

Respectfully submitted,

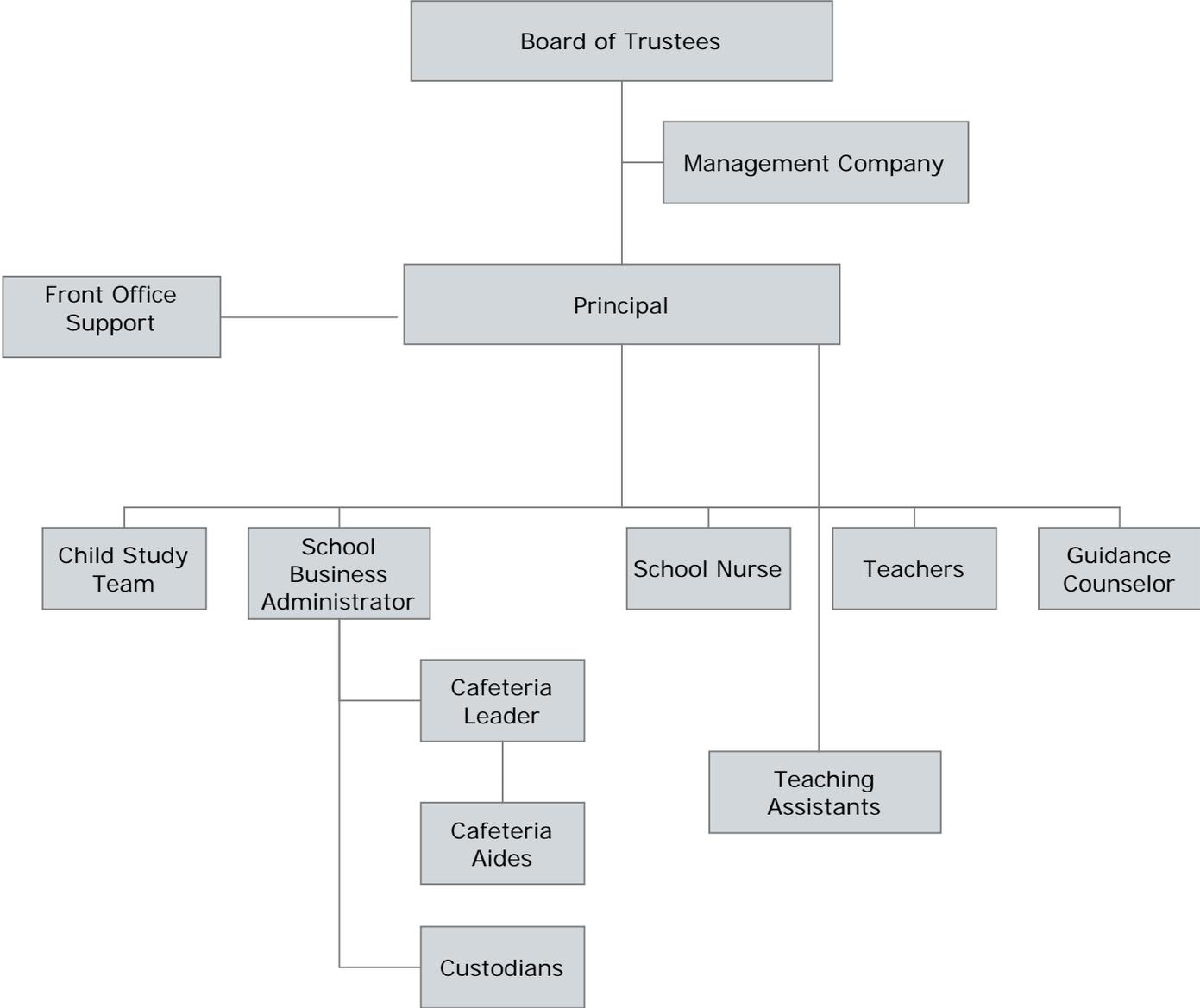


Melindo A. Persi,  
School Business Administrator/Board Secretary



Mr. Steven Lee  
Executive Vice President/Chief Academic Officer, CSMI, LLC

Atlantic City Community Charter School  
Organizational Chart



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

**ROSTER OF OFFICIALS  
June 30, 2015**

**Members of the Board of Trustees**

**Officers:**

Dr. Dominick A. Potena, Ed. D  
Mr. Douglas B. Groff

President  
Vice President

**Board Members:**

Mr. Matthew Heinle  
Mr. Peter Seltzer  
Ms. Marlene D. Frayne

**Staff:**

Ms. Jessica Richard  
Mr. Melindo Persi

Lead Person/Principal  
School Business Administrator/  
Board Secretary

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

**Consultants & Advisors**

**Management Company:**

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

**Business Administrator and Board Secretary:**

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

**Audit Firm:**

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

**Attorney:**

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

**Official Depositories:**

Sun National Bank  
627 Haddon Ave  
Collingswood, NJ 08108

**Insurance Broker:**

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

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic City Community Charter School, Inc.  
Atlantic City, New Jersey 08401

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic City Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the eighteen months ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic City Community Charter School, Inc. in the County of Atlantic, State of New Jersey, as of June 30, 2015, and the respective changes in financial position for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

23550

**Emphasis of Matter**

*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic City Community Charter School, Inc.'s basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Atlantic City Community Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic City Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

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

Voorhees, New Jersey  
December 16, 2015

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic City Community Charter School, Inc.  
Atlantic City, New Jersey 08401

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic City Community Charter School, Inc., in the County of Atlantic, State of New Jersey, as of and for the eighteen months ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 15, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of new accounting principles.

***Internal Control Over Financial Reporting***

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Scott P. Barron*

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

Voorhees, New Jersey  
December 16, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## **ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**

Management's Discussion and Analysis

Eighteen Months Ended June 30, 2015

(Unaudited)

As management of the Atlantic City Community Charter School, Inc. (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the eighteen months that ended on June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. With this being the Charter School's first annual financial report, the required comparative information between the current and prior fiscal years will not be presented; however such comparative information will be presented in subsequent fiscal years.

### **FINANCIAL HIGHLIGHTS**

- The net position of the Charter School, which represents the difference between the summation of assets and the summation of liabilities totaled \$14,232 at the close of the current fiscal year all of which is for governmental activities. This included \$16,990 net investment in capital assets and an unrestricted deficit of (\$2,758).
- General revenues were \$2,415,599 or 87 percent of all revenues. Program specific revenues in the form of operating and capital grants were \$368,106 or 13 percent of total revenues. Total revenues were \$2,783,705.
- The Charter School had \$2,769,473 in expenses of which \$368,106 were offset by program specific operating and capital grants. General revenues, primarily local levy equalization aid of \$2,262,106 and unrestricted state aid of \$96,152 were not adequate to provide for the Charter School's programs. Revenue from other revenue sources providing funding in the amount of \$57,341.
- Among major funds, the General Fund had \$2,479,635 in revenues and \$2,479,635 in expenditures. There is no General Fund Balance at June 30, 2015. The Special Revenue Fund had \$304,070 of expenditures which were offset with program revenues of the same amount.

### **USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

#### **Reporting the Charter School as a Whole**

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

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

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

Reporting the Charter School's Most Significant Funds

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

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

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

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

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

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

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

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE SCHOOL DISTRICT AS A WHOLE

At the end of the Charter School's first fiscal year, net position was \$14,232. The analysis that follows focuses on the net position (Table A-1) and changes in net position (Table A-2) of the Charter School's governmental activities. The net cost of governmental activities is shown in Table A-3.

**Table A-1**  
**STATEMENTS OF NET POSITION**

	<u>Governmental Activities</u>
ASSETS:	<u>June 30, 2015</u>
Cash and Cash Equivalents	\$ 138,803
Receivables	147,095
Prepaid Expenses	1,030
Capital Assets, net	<u>16,990</u>
Total Assets	<u>303,918</u>
LIABILITIES:	
Accounts Payable	227,858
Payable to Local Government	58,040
Noncurrent Liabilities:	
Due within One Year	<u>3,788</u>
Total Liabilities	<u>289,686</u>
NET POSITION	
Net Investment in Capital Assets	16,990
Unrestricted (Deficit)	<u>(2,758)</u>
Total Net Position	<u><u>\$ 14,232</u></u>

As stated previously, net position at the end of the eighteen months was \$14,232. This increase resulted from the capitalization of certain purchased assets, the recognition of prepaid expenditures and the recording of a long-term liability for compensated absences.

The largest portion of the Charter School's total net position at the end of the current fiscal period reflects its net investment in capital assets (i.e., equipment), which totaled \$16,990. This component represents capital assets, net of accumulated depreciation. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$2,758). The net effect of the recognition of prepaid expenditures and the recording of a long-term liability for compensated absences resulted in a deficit.

**Table A-2**  
**STATEMENTS OF ACTIVITIES**

	Governmental <u>Activities</u>
	<u>June 30, 2015</u>
Revenues:	
Program Revenues:	
Operating Grants and Contributions	\$ 359,327
Capital Grants and Contributions	8,779
General Revenues:	
Local Levy Equalization Aid - State and Local Share	2,262,106
State Aid - Not Restricted	96,152
Miscellaneous Income	<u>57,341</u>
Total Revenues	<u>2,783,705</u>
Expenses:	
Instruction	1,165,955
Administration	646,584
Support Services	<u>956,934</u>
Total Expenses	<u>2,769,473</u>
Change in Net Position	14,232
Net Position, Beginning	<u>          </u>
Net Position, June 30	<u><u>\$ 14,232</u></u>

Governmental resources in the form of revenues from students' district of residence, state aid and federal grants were 98% of all revenues. Funding from other sources was 2% of all revenues.

The largest concentration of total revenues of the Charter School for fiscal year 2015 consisted of Local Levy Equalization Aid State and Local Share, which represented 81% of total revenues, followed by operating and capital grants at 13%, unrestricted state aid at 3% and miscellaneous income at 2%. Governmental activities rely heavily on the revenues coming from or passing through the students' district of residence to fund general operations.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

The Statement of Activities shows the cost of the governmental activity program services with grants offsetting those services. Table 3 below shows the total cost of services and the net cost of services for the eighteen months ended June 30, 2015. The table shows the cost of these services supported by general revenues.

**Table A-3**  
**NET COST OF GOVERNMENTAL ACTIVITIES**

	2015	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,165,955	\$ 1,030,918
Administration	646,584	582,548
Support Services	956,934	787,901
Total Expenses	\$ 2,769,473	\$ 2,401,367

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds had no fund balance.

*General Fund* - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the Charter School has no fund balance in the general fund.

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

- Total revenues (Table A-4) were \$2,479,635. The revenue sources were Local Levy Equalization Aid - State and Local Share \$2,262,106, state sources which includes categorical aid and TPAF Social Security Reimbursed \$160,188 and revenue provided by the Educational Management Organization \$57,341.
- Total expenditures (Table A-5) were \$2,479,635. The percentages of total expenditures were instruction 41%; administration 23%; support services 32%; capital outlay 1% and the recognition of expenditures for TPAF Social Security Reimbursed 3%.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Management's Discussion and Analysis (continued)  
 Eighteen Months Ended June 30, 2015  
 (Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL'S FUNDS

Governmental Funds (Cont'd)

*General Fund (Cont'd)*

**Table A-4**  
**SUMMARY OF GENERAL FUND REVENUE**

	<u>June 30, 2015</u>
Local Sources:	
Local Levy Equalization Aid	\$ 2,262,106
Miscellaneous Income	57,341
Total Local Sources	2,319,447
State Sources	160,188
Total Revenues	\$ 2,479,635

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

	<u>June 30, 2015</u>
Instruction	\$ 1,028,718
Administration	579,126
Support Services	787,951
TPAF Social Security Reimbursed	64,036
Capital Outlay	19,804
Total General Fund Expenditures	\$ 2,479,635

**General Fund Budgetary Highlights**

The final budgetary basis revenue estimate was \$2,415,599, an increase of \$5,035 from the original budget estimate. Total budgeted revenues realized equaled \$2,479,635, which was \$64,036 in excess of the budget estimate. This excess was directly attributable the recognition of revenue for TPAF Social Security Reimbursed which is not budgeted.

The final budgetary basis expenditure appropriation estimate was \$2,415,599, an increase of \$5,035 from the original budget estimate. Actual expenditures were \$2,479,635 and in excess of the final budget estimate by \$64,036. Since expenditures include the amounts recorded for T.P.A.F. social security contributions which are not budgeted, this excess is not an overexpenditure of any appropriations.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

THE CHARTER SCHOOL'S FUNDS

Governmental Funds (Cont'd)

*Special Revenue Fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt capital projects. For the eighteen months ended June 30, 2015, activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Improving Teacher Quality; I.D.E.A. Part B, Basic and two federal grants for planning and implementation for Public Charter Schools. Total revenues equal to total expenditures were \$304,070 from these programs.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue and expenditure estimate was \$499,705 which was the same as the original budget estimate. Total expenditures were \$304,070 and were offset with revenues of the same amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2015 amounted to a historical cost of \$19,804, or \$16,990 net of accumulated depreciation (see Table A-6). This balance of capital assets includes equipment.

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

	Governmental Activities
	<b><u>2015</u></b>
Equipment	\$ 19,804
Less Accumulated Depreciation	(2,814)
Net Capital Assets	\$ 16,990

The primary factors affecting the net increase in capital assets are as follows:

- The Charter School purchased two copiers (\$5,000 each) and a refrigerator freezer (\$9,804) and these capital assets were depreciated from the date of acquisition.

Additional information on the Charter School's capital assets can be found in note 5.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Management's Discussion and Analysis (continued)  
Eighteen Months Ended June 30, 2015  
(Unaudited)

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)**

Long-term Debt

The Charter School has no debt; however; at the end of the current fiscal period, the Charter School had a liability for compensated absences in the amount of \$3,788. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused paid time off.

**THE FUTURE OUTLOOK**

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

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

The Charter School expects to maintain its enrollment at 150 for the 2015-16 fiscal year.

**CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. Melindo Persi, School Business Administrator, at Atlantic City Community Charter School, Inc., 200 North Texas Avenue, Atlantic City, New Jersey 08401.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Statement of Net Position  
June 30, 2015

	Governmental Activities
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 138,803
Receivables, net	147,095
Prepaid Expenses	1,030
Capital Assets, net (Note 5)	16,990
Total Assets	303,918
<b>LIABILITIES:</b>	
Accounts Payable	227,858
Payable to Local Government	58,040
Noncurrent Liabilities (Note 6):	
Due within One Year	3,788
Total Liabilities	289,686
<b>NET POSITION:</b>	
Net Investment in Capital Assets	16,990
Unrestricted	(2,758)
Total Net Position	\$ 14,232

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

## ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.

## Statement of Activities

For the Eighteen Months Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 1,165,955		\$ 135,037		\$ (1,030,918)	\$ (1,030,918)
Administration	646,584		64,036		(582,548)	(582,548)
Support Services	956,934		160,254	\$ 8,779	(787,901)	(787,901)
Total Governmental Activities	2,769,473		359,327	8,779	(2,401,367)	(2,401,367)
Total Primary Government	<u>\$ 2,769,473</u>	<u>\$ -</u>	<u>\$ 359,327</u>	<u>\$ 8,779</u>	<u>(2,401,367)</u>	<u>(2,401,367)</u>
General Revenues:						
Local Levy Equalization Aid - State and Local Share					2,262,106	2,262,106
Categorical Aid and Other State Aid - Not Restricted					96,152	96,152
Miscellaneous Income					57,341	57,341
Total General Revenues					2,415,599	2,415,599
Change in Net Position					14,232	14,232
Net Position -- Beginning						
Net Position -- June 30					<u>\$ 14,232</u>	<u>\$ 14,232</u>

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

**FUND FINANCIAL STATEMENTS**

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 138,803		\$ 138,803
Interfund Accounts Receivable:			
Special Revenue Fund	29,054		29,054
Accounts Receivable:			
Educational Management Organization	57,341		57,341
Other	4,127		4,127
Intergovernmental Accounts Receivable:			
State	14,741		14,741
Federal		\$ 39,854	39,854
Other LEAs - State Aid	31,032		31,032
<b>Total Assets</b>	<b>\$ 275,098</b>	<b>\$ 39,854</b>	<b>\$ 314,952</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 83,368	\$ 10,800	\$ 94,168
Accrued Salaries & Benefits Payable	133,690		133,690
Interfund Accounts Payable			
General Fund		29,054	29,054
Intergovernmental Accounts Payable:			
Other LEA - State Aid	58,040		58,040
<b>Total Liabilities</b>	<b>275,098</b>	<b>39,854</b>	<b>314,952</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 275,098</b>	<b>\$ 39,854</b>	

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

Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.	1,030
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,804 and the accumulated depreciation is \$2,814.	16,990
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,788)
	<u>\$ 14,232</u>

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Eighteen Months Ended June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
Local Levy Equalization Aid:			
Local Share	\$ 2,013,719		\$ 2,013,719
State Share	248,387		248,387
Revenue from Other Sources	57,341		57,341
State Sources	160,188		160,188
Federal Sources		\$ 304,070	304,070
<b>Total Revenues</b>	<b>2,479,635</b>	<b>304,070</b>	<b>2,783,705</b>
<b>EXPENDITURES:</b>			
Instruction	1,028,718	135,037	1,163,755
Administration	579,126		579,126
Support Services	787,951	160,254	948,205
Capital Outlay	19,804	8,779	28,583
TPAF Social Security Reimbursed	64,036		64,036
<b>Total Expenditures</b>	<b>2,479,635</b>	<b>304,070</b>	<b>2,783,705</b>
Excess (Deficiency) of Revenues over Expenditures			
Net Change in Fund Balances			
Fund Balance -- Beginning			
Fund Balance -- June 30	\$ -	\$ -	\$ -

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Eighteen Months Ended June 30, 2015

---

Total Net Change in Fund Balances - Governmental Funds

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

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

Depreciation Expense	\$	(2,814)	
Capital Outlays		28,583	
Capital Outlays Expense in Accordance with Charter School Policy		<u>(8,779)</u>	
			\$ 16,990

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

(2,758)

Change in Net Position of Governmental Activities

\$ 14,232

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015

	Trust Fund	Agency Fund
	Unemployment Compensation Trust Fund	Payroll
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 1,528	\$ 673
Total Assets	\$ 1,528	\$ 673
<b>LIABILITIES:</b>		
Payroll Deductions and Withholdings		\$ 673
Total Liabilities		\$ 673
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 1,528	

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Eighteen Months Ended June 30, 2015

---

	Unemployment Compensation Trust Fund
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 1,528
Total Additions	1,528
Change in Net Position	1,528
Net Position, Beginning	
Net Position, June 30	\$ 1,528

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

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

Notes to Financial Statements  
For the Eighteen Months Ended June 30, 2015

---

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Description of the Financial Reporting Entity**

The Charter School is a K-8 charter school located in the County of Atlantic, State of New Jersey. The original approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education was on January 18, 2011. As a charter school, the Atlantic City Community Charter School, Inc. functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the charter school, the Board is to consist of no less than three and no more than nine individuals. The purpose of the Charter School is to educate students in grades K through 8 at its one school; however enrollment for the eighteen months ended June 30, 2015 was for K through 5<sup>th</sup> grade. The Charter School has an approximate enrollment at June 30, 2015 of 150.

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

**Component Units**

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

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

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

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay.

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

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

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

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

Additionally, the Charter School reports the following fund types:

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

The Charter School maintains the following fiduciary funds:

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

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

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

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

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

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue funds, and are submitted to the county office of education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the 108 budget line account system promulgated by the State of New Jersey Department of Education and based on the minimum chart of accounts referenced in N.J.A.C. 6A:23A 16.2(f)1. Transfers of appropriations may be made by board of trustees resolution at any time during the fiscal year.

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

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

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

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

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

**Encumbrances**

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

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

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

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

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

**Revenues from District of Residence, Region of Residence and Non-Resident Districts** - The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

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

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Charter School, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. As previously stated, the Charter School did not operate any business-type activities during the eighteen months ended June 30, 2015. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets**

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

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

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

The Charter School does not possess any infrastructure assets.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the Charter Schools liability for these earned but undisbursed amounts and the associated employer tax liability was \$133,690 and have subsequently been disbursed to the individual employees' financial institution.

**Compensated Absences**

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

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

**Pensions**

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

**Net Position**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Interfund Activity**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accounting Estimates**

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

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

For the eighteen months ended June 30, 2015, the Charter School adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Charter School was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The Charter School commenced operations on January 1, 2014 and the enrollment process of Charter School employees in the State of New Jersey pension systems began upon hiring of applicable personnel. As a result of this enrollment process, the Charter School did not have any pension-related contributions or liability recorded as of June 30, 2015. Such contributions and liability will exist for the Charter School in subsequent years once determined by the State of New Jersey Division of Pensions, and will be included in the financial statements.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the Charter School in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the Charter School in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

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

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the Charter School in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

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

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2015, all of the Charter School's bank balances of \$168,050 were insured or collateralized.

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 39,854	\$ 39,854
State Awards	\$ 14,741		14,741
Local Awards	31,032		31,032
Accounts Receivable	61,468		61,468
	<u>\$ 107,241</u>	<u>\$ 39,854</u>	<u>\$ 147,095</u>

At June 30, 2015, there are no receivables in the fiduciary funds.

**Note 4: INVENTORY**

As of June 30, 2015, the Charter School did not maintain any inventory.

**Note 5: CAPITAL ASSETS**

Capital asset activity for the eighteen months ended June 30, 2015 is as follows:

	<u>Balance Jan. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets, being Depreciated:				
Equipment		\$ 19,804		\$ 19,804
Total Capital Assets, being Depreciated		19,804		19,804
Total Capital Assets, Cost		19,804		19,804
Less Accumulated Depreciation for:				
Equipment		(2,814)		(2,814)
Total Accumulated Depreciation		(2,814)		(2,814)
Total Capital Assets, being Depreciated, Net		16,990		16,990
Governmental Activities Capital Assets, Net	\$ -	\$ 16,990	\$ -	\$ 16,990

**Note 5: CAPITAL ASSETS (CONT'D)**

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

**Governmental Activities:**

Instruction	\$ 917
Administration	917
Support Services	<u>980</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,814</u>

**Note 6: LONG-TERM LIABILITIES**

During the eighteen months ended June 30, 2015, the following change occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences	<u>          </u>	<u>\$ 3,788</u>	<u>          </u>	<u>\$ 3,788</u>	<u>\$ 3,788</u>
	<u>\$ -</u>	<u>\$ 3,788</u>	<u>\$ -</u>	<u>\$ 3,788</u>	<u>\$ 3,788</u>

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 11 for a description of the Charter School's policy.

**Note 7: OPERATING LEASES**

At June 30, 2015, the Charter School had operating lease agreements in effect for a building, the grounds and trailers used for temporary classrooms. For the trailers used for temporary classrooms, the twelve month lease continues into the fiscal year ending June 30, 2016 and also includes the cost of removal. For the leases on the building and grounds, the Charter School has exercised the option to extend the lease through June 30, 2016. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2016	<u>\$ 133,575</u>

Rental payments under operating leases for the eighteen months ended June 30, 2015 were \$178,732.

**Note 8: PENSION PLANS**

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

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

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

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. Substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified, are covered under TPAF.

**Public Employees' Retirement System** - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. Substantially all full-time employees of the Charter School, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund, are covered under PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Benefits Provided**

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Benefits Provided (Cont'd)**

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State of New Jersey contribution amount is based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

At June 30, 2015, the Charter School is waiting for the Division of Pension to begin their participation in the plan so there was no contractual requirement to contribute. Had the Charter School participated they would not have been required to make any contributions to the pension plan during the eighteen months ended June 30, 2015 because of the 100% special funding situation with the State of New Jersey.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

At June 30, 2015, the Charter School is waiting for the Division of Pension to begin their participation in the plan so there was no contractual requirement to contribute.

**Defined Contribution Retirement Program** - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

At June 30, 2015, the Charter School has no employees participating in this program.

**Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

**Note 10: RISK MANAGEMENT**

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

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

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

The following is a summary of the activity of the Charter School's private-purpose trust fund for the unemployment claims for the first fiscal period:

<b><u>Eighteen Months Ended June 30,</u></b>	<b><u>Charter School Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Claims Incurred</u></b>	<b><u>Ending Balance</u></b>
2015	None	\$ 1,528	None	\$ 1,528

**Note 11: COMPENSATED ABSENCES**

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

Charter School employees are entitled to seven paid time off (PTO) days during the fiscal school year. A maximum of five PTO days may be carried over into the subsequent year and no more than five days may be accumulated.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$3,788.

**Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 29,054	
Special Revenue		\$ 29,054
	<u>\$ 29,054</u>	<u>\$ 29,054</u>

The interfund receivable and payable above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 13: CONTINGENCIES**

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

**Note 14: CONCENTRATIONS**

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

For the eighteen months ended June 30, 2015, the Charter School depended on financial resources flowing from CSMI, LLC, the educational management organization engaged to provide certain management services to the Charter School. This funding is in accordance with the agreement between the Charter School and CSMI, LLC. These financial resources were:

<u>Description</u>	<u>Amount</u>
Revenues from Educational Management Organization	\$ 57,341
Cancelled Management Fees	766,543
	<u>\$ 823,884</u>

**Note 15: DEFICIT UNRESTRICTED NET POSITION**

The Charter School has a deficit in net position of (\$2,758) in the governmental activities which resulted from the accrual of compensated absences.

**Note 16: FUND BALANCES**

At June 30, 2015, the Charter School has no fund balance in any of its major funds.

**Note 17: INITIAL REPORTING PERIOD**

These financial statements are presented for the eighteen months ended June 30, 2015. The six month period which ended June 30, 2014 represents the time during which the Charter School administration established and implemented a plan in anticipation of the initial school year which commenced in September, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Eighteen Months Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Levy:					
Equalization Aid - Local Share	\$ 2,056,792		\$ 2,056,792	\$ 2,013,719	\$ (43,073)
Equalization Aid - State Share	254,424		254,424	248,387	(6,037)
<b>Total - Local Levy</b>	<b>2,311,216</b>		<b>2,311,216</b>	<b>2,262,106</b>	<b>(49,110)</b>
Categorical and Other State Aid:					
Special Education Aid	36,511		36,511	36,511	
Security Aid	62,837		62,837	59,641	(3,196)
TPAF Social Security (Reimbursed)				64,036	64,036
<b>Total - Categorical and Other State Aid</b>	<b>99,348</b>		<b>99,348</b>	<b>160,188</b>	<b>60,840</b>
Revenue from Other Sources:					
Revenue from Educational Management Organization		\$ 5,035	5,035	57,341	52,306
<b>Total - Revenue from Other Sources</b>		<b>5,035</b>	<b>5,035</b>	<b>57,341</b>	<b>52,306</b>
<b>Total Revenues</b>	<b>2,410,564</b>	<b>5,035</b>	<b>2,415,599</b>	<b>2,479,635</b>	<b>64,036</b>

(Continued)

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Eighteen Months Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$ 766,180	\$ (60,403)	\$ 705,777	\$ 705,777	
Purchases Professional Technical Services	186,689	7,832	194,521	194,521	
General Supplies	74,965	(35,943)	39,022	39,022	
Textbooks	91,230	(1,832)	89,398	89,398	
Miscellaneous	10,356	(10,356)			
<b>Total Instructional Expenses</b>	<b>1,129,420</b>	<b>(100,702)</b>	<b>1,028,718</b>	<b>1,028,718</b>	
<b>Administration:</b>					
Salaries-Administration	101,430	165	101,595	101,595	
Salaries of Secretarial and Clerical Assistants	49,857	(3,108)	46,749	46,749	
Total Benefits Costs	99,088	(34,217)	64,871	64,871	
Purchased Professional and Technical Services	65,879	9,414	75,293	75,293	
Other Purchased Services	105,075	7,153	112,228	112,228	
Communications/Telephone	10,495	(504)	9,991	9,991	
Supplies and Materials	168,376	23	168,399	168,399	
<b>Total Administrative Expenses</b>	<b>600,200</b>	<b>(21,074)</b>	<b>579,126</b>	<b>579,126</b>	
<b>Support Services:</b>					
Salaries	8,402	7,188	15,590	15,590	
Purchased Professional and Technical Services	140,022	20,526	160,548	160,548	
Other Purchased Services	115,656	34,548	150,204	150,204	
Rental of Land and Buildings	178,730	1	178,731	178,731	
Insurance for Property, Liability and Fidelity	64,835	(567)	64,268	64,268	
Supplies and Materials	22,523	7,061	29,584	29,584	
Non-mandated Transport. - To and from school	88,591	815	89,406	89,406	
Energy Costs (Heat and Electricity)	24,143	6,343	30,486	30,486	
Miscellaneous Expense	38,042	31,092	69,134	69,134	
<b>Total Support Services Expenses</b>	<b>680,944</b>	<b>107,007</b>	<b>787,951</b>	<b>787,951</b>	

(Continued)

ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Eighteen Months Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Capital Outlay:					
Instructional Equipment		\$ 5,000	\$ 5,000	\$ 5,000	
Equipment - Administration		14,804	14,804	14,804	
Total Capital Outlay		19,804	19,804	19,804	
TPAF Social Security (Reimbursed)				64,036	\$ (64,036)
Total Expenditures	\$ 2,410,564	5,035	2,415,599	2,479,635	(64,036)
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, Beginning					
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Eighteen Months Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Title I	\$ 144,574		\$ 144,574	\$ 100,606	\$ (43,968)
Title IIA	1,216		1,216	1,216	
I.D.E.A. Basic	28,915		28,915	28,915	
New Jersey Charter School Planning Grant	150,000		150,000	150,000	
New Jersey Charter School Implementation Grant	175,000		175,000	23,333	(151,667)
Total - Federal Sources	499,705		499,705	304,070	(195,635)
Total Revenues	499,705		499,705	304,070	(195,635)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	79,375	\$ 6,875	86,250	86,250	
Purchased Professional and Technical Services	1,192	10,601	11,793	11,793	
Instructional Supplies	144,710	(11,897)	132,813	30,391	102,422
Textbooks		6,603	6,603	6,603	
Total Instruction	225,277	12,182	237,459	135,037	102,422
Support Services:					
Salaries of Other Professional Staff	39,380	(3,693)	35,687	30,028	5,659
Salaries of Secretarial and Clerical Assistants		687	687		687
Personal Services - Employee Benefits	17,256	26,642	43,898	21,191	22,707
Purchased Professional - Technical Services	133,333	(67,362)	65,971	65,971	
Other Purchased Services	4,209	35,744	39,953	39,953	
Transportation Services		3,750	3,750	3,111	639
Total Support Services	194,178	(4,232)	189,946	160,254	29,692
Facilities Acquisition and Construction Services:					
Instructional Equipment	80,250	(7,950)	72,300	8,779	63,521
Total Facilities Acquisition and Construction Services	80,250	(7,950)	72,300	8,779	63,521
Total Expenditures	499,705		499,705	304,070	195,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

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

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Eighteen Months Ended June 30, 2015

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	<u>\$ 2,479,635</u>	<u>\$ 304,070</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,479,635</u></u>	<u><u>\$ 304,070</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 2,479,635</u>	<u>\$ 304,070</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 2,479,635</u></u>	<u><u>\$ 304,070</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Eighteen Months Ended June 30, 2015

	Title I	NCLB	Title II A	I.D.E.A.	Public Charter School Planning Grant	Public Charter School Implementation Grant	Total
				Basic			
<b>REVENUES:</b>							
Federal Sources	\$ 100,606	\$ 1,216	\$ 28,915	\$ 150,000	\$ 23,333	\$ 304,070	
Total Revenues	100,606	1,216	28,915	150,000	23,333	304,070	
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	50,000			36,250		86,250	
Purchased Professional and Technical Services				11,793		11,793	
Instructional Supplies	14,734			1,103	14,554	30,391	
Textbooks				6,603		6,603	
Total Instruction	64,734			55,749	14,554	135,037	
Support Services:							
Salaries of Other Professional Staff	16,913			13,115		30,028	
Personal Services - Employee Benefits	15,848			5,343		21,191	
Purchased Professional and Technical Services		1,216	28,915	35,840		65,971	
Other Purchased Services	3,111			39,953		39,953	
Transportation Services						3,111	
Total Support Services	35,872	1,216	28,915	94,251		160,254	
Equipment:							
Instructional Equipment					8,779	8,779	
Total Expenditures	100,606	1,216	28,915	150,000	23,333	304,070	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	

**FIDUCIARY FUNDS**

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2015

	Trust Fund	Agency Fund	
	Unemployment Compensation Trust Fund	Payroll	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,528	\$ 673	\$ 2,201
Total Assets	\$ 1,528	\$ 673	\$ 2,201
<b>LIABILITIES:</b>			
Payroll Deductions and Withholdings		\$ 673	\$ 673
Total Liabilities		\$ 673	673
<b>NET POSITION:</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 1,528		\$ 1,528

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Eighteen Months Ended June 30, 2015

---

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS:	
Contributions:	
Employee Salary Deductions	<u>\$ 1,528</u>
Total Additions	<u>1,528</u>
Change in Net Position	1,528
Net Position, Beginning	<u>          </u>
Net Position, June 30	<u><u>\$ 1,528</u></u>

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Eighteen Months Ended June 30, 2015

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	<u>                    </u>	\$ 968,485	\$ 967,812	\$ 673
Total Assets	<u>\$ -</u>	<u>\$ 968,485</u>	<u>\$ 967,812</u>	<u>\$ 673</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings		\$ 263,865	\$ 263,192	\$ 673
Net Payroll		660,054	660,054	
Interfund Accounts Payable:				
Due to General Fund	<u>                    </u>	44,566	44,566	
Total Liabilities	<u>\$ -</u>	<u>\$ 968,485</u>	<u>\$ 967,812</u>	<u>\$ 673</u>

**STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Net Position by Component  
 Last One Fiscal Year (accrual basis of accounting)  
 Unaudited

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

Source: Charter School's Records

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Changes in Net Position  
 Last One Fiscal Year (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ended June 30, 2015 (1)</u>
<b>Expenses</b>	
Governmental Activities	
Instruction	\$ 1,165,955
Administration	646,584
Support Services	<u>956,934</u>
Total Governmental Activities Expenses	<u>2,769,473</u>
Total Government-wide Expenses	<u><u>\$ 2,769,473</u></u>
<b>Program Revenues</b>	
Governmental Activities:	
Operating Grants and Contributions	\$ 359,327
Capital Grants and Contributions	<u>8,779</u>
Total Governmental Activities Program Revenues	<u>368,106</u>
Total Governmental-wide Program Revenues	<u><u>\$ 368,106</u></u>
<b>General Revenues and Other Changes in Net Assets</b>	
Governmental Activities:	
Local Levy Equalization Aid - State and Local Share	\$ 2,262,106
Categorical Aid and Other State Aid - Not Restricted	96,152
Miscellaneous Income	<u>57,341</u>
Total Governmental Activities	<u>2,415,599</u>
Total Government-wide	<u><u>\$ 2,415,599</u></u>
<b>Net (Expense)/Revenue</b>	
Governmental Activities	<u><u>\$ 14,232</u></u>

Source: Charter School's Records

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Fund Balances - Governmental Funds  
Last One Fiscal Year (modified accrual basis of accounting)  
Unaudited

---

	<u>Fiscal Year Ended June 30, 2015 (1)</u>
General Fund	
Committed	None
Assigned	None
Unassigned	None
All Other Governmental Funds	None
Total All Other Governmental Funds	None

Source: Charter School's Records

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Changes in Fund Balances, Governmental Funds  
 Last One Fiscal Year (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30, 2015 (1)
<b>Revenues</b>	
Local Levy	\$ 2,262,106
Categorical Aid	96,152
Revenue From Other Sources	57,341
State Sources	64,036
Federal Sources	304,070
Total Revenue	2,783,705
<b>Expenditures</b>	
Instruction	1,163,755
Administration	579,126
Support Services	948,205
TPAF On Behalf and Social Security Reimbursed	64,036
Capital Outlay	28,583
Total Expenditures	2,783,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	
Net Change in Fund Balances	\$ -
Debt Service as a Percentage of Noncapital Expenditures	N/A

Source: Charter School's Records

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

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

---

	<u>Fiscal Year Ended June 30, 2015 (1)</u>
Revenues from Educational Management Organization	<u>\$ 57,341</u>
	<u>\$ 57,341</u>

**Source:** Charter School Records

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

## **Debt Capacity Information**

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

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

Ratios of Outstanding Debt by Type

Last One Fiscal Year

Unaudited

---

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases			
2015 (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Note:** The Charter School does not have outstanding debt.

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

## **Demographic and Economic Information**

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

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

<u>Year</u>	<u>City of Atlantic City Population (2)</u>	<u>Personal Income (3)</u>	<u>Atlantic County Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2015	Unavailable	unavailable	unavailable	
2014	39,415	unavailable	unavailable	14.8%
2013	39,613	\$ 1,680,581,525	\$ 42,425	16.5%
2012	39,581	1,673,801,328	42,288	17.8%
2011	39,529	1,636,382,013	41,397	17.2%
2010	39,586	1,576,908,310	39,835	15.8%
2009	39,620	1,562,256,220	39,431	15.1%
2008	39,416	1,569,899,864	39,829	9.4%
2007	39,596	1,540,601,168	38,908	8.4%
2006	39,661	1,502,358,680	37,880	8.0%

**Source:**

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

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

<u>Employer (1)</u>	<u>2015</u>			<u>2006 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force(2)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>
Trump Entertainment Resourts, Inc. (All subsidiaries)	14,041	1				
Harrah's Atlantic City (All subsidiaries)	8,519	2				
Bally's Park Place Inc.	5,300	3				
Tropicana Atlantic City Corp. (All subsidiaries)	2,850	4				
Atlantic City Showboat Inc.	2,500	5				
Atlanticare Regional Medical Center (All subsidiaries)	2,460	6				
Marina Club Condominium	1,828	7				
Resorts Casino Hotel	1,400	8				
Lockheed Martin Corporation	1,018	9				
Calvi Electric Company	500	10				
	<u>40,416</u>			<u>-</u>		

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

(2) Data was not available from sources contacted.

## **Operating Information**

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Full-time Equivalent Charter School Employees by Function/Program  
Last One Fiscal Year  
Unaudited

---

<u>Function/Program</u>	<u>2015 (1)</u>
Instruction	14.38
Administration	3.00
Support Services	<u>1.19</u>
Total	<u><u>18.57</u></u>

**Source:** Charter School Personnel Records

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

## ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.

Operating Statistics  
 Last One Fiscal Year  
 Unaudited

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

**Sources:** Charter School Records

**Note:** Enrollment based on annual October enrollment count.

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

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
School Building Information  
Last One Fiscal Year  
Unaudited

---

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

## ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2015

Unaudited

<u>Policy Level Information</u>	<u>Coverage</u>	<u>Deductible</u>
<b>General Liability</b>		
Occurrence		
General Aggregate	\$ 2,000,000	
Products/Completed Oper. Aggr.	2,000,000	
Personal & Advertising Injury	1,000,000	
Rented To You Limit	100,000	
Medical Expense Limit (Any One Person)	5,000	
Each Occurrence	1,000,000	
Employee Benefits (each claim)	1,000,000	
Employee Benefits (agg limit)	1,000,000	
Abuse/Molestation (each occurrence)	100,000	
Abuse/Molestation (agg limit)	300,000	
Hired/Non-owned Auto Liability	1,000,000	
<b>Electronic Data Processing</b>		
Equipment/ Owned	25,000	\$ 1,000
<b>Crime and Fidelity Coverage</b>		
Employee Theft	10,000	250
<b>Public Officials Bonds (Ohio Casualty Insurance Company)</b>		
Treasurer	130,200	
School Business Administrator	10,000	
<b>Professional Liability</b>		
Each Act, Errors & Omissions	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
<b>Directors &amp; Officers/ Employment Practices Liability</b>		
Each Claim	1,000,000	25,000
Aggregate Limit	1,000,000	25,000
<b>Workers Compensation</b>		
Bodily Injury by Accident/ Each Accident	500,000	
Bodily Injury by Disease/ Policy Limit	500,000	
Bodily Injury by Disease/ Each Employee	500,000	
<b>Property Coverage</b>		
Deductibles as stated except \$5,000 for wind, hail and water damage		
Covered Location: 200 N. Texas Avenue		
Business Personal Property Limit	200,000	1,000
Covered Location: 222 N. Florida Avenue		
Building Coverage Modular #1	60,706	1,000
Contents Coverage Modular #1	50,000	1,000
Building Coverage Modular #2	60,706	1,000
Contents Coverage Modular #2	50,000	1,000
<b>Student Accident Coverage - Full Excess</b>		
Basic - Accident Medical Expense Limit	1,000,000	
Catastrophic - Accident Medical Expense Limit	5,000,000	25,000

(Continued)

## ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2015

*Unaudited*


---

<u>Underlying Limits</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability		
General Aggregate	\$ 2,000,000	
Products/Completed Oper. Aggr.	2,000,000	
Personal & Advertising Injury	1,000,000	
Rented To You Limit	100,000	
Medical Expense Limit (Any One Person)	5,000	
Each Occurrence	1,000,000	
Employee Benefits (each claim)	1,000,000	
Employee Benefits (agg limit)	1,000,000	
Abuse/Molestation (each occurrence)	100,000	
Abuse/Molestation (agg limit)	300,000	
Hired/Non-owned Auto Liability	1,000,000	
Professional Liability		
Each Act, Errors & Omissions	1,000,000	
Aggregate Limit	1,000,000	
Workers Compensation		
Bodily Injury by Accident/ Each Accident	500,000	
Bodily Injury by Disease/ Policy Limit	500,000	
Bodily Injury by Disease/ Each Employee	500,000	

Source: Charter School Records

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

	2013 (1)	2014 (1)	2015 (1)	Source
	Audit	Audit	Audit	
Cash	NA	NA	\$ 138,803	Audit: Exhibit A-1
Current Assets	NA	NA	286,928	Audit: Exhibit A-1
Total Assets	NA	NA	303,918	Audit: Exhibit A-1
Current Liabilities	NA	NA	285,898	Audit: Exhibit A-1
Total Liabilities	NA	NA	289,686	Audit: Exhibit A-1
Net Position	NA	NA	14,232	Audit: Exhibit A-1
Total Revenue	NA	NA	2,415,599	Audit: Exhibit A-2
Total Expenses	NA	NA	2,401,367	Audit: Exhibit A-2
Change in Net Position	NA	NA	14,232	Audit: Exhibit A-2
Depreciation Expense	NA	NA	1,897	Financial Statements/Audit Workpapers
Interest Expense	NA	NA		Financial Statements/Audit Workpapers
Principal Payments	NA	NA		Financial Statements/Audit Workpapers
Interest Payments	NA	NA		Financial Statements/Audit Workpapers
Final Average Daily Enrollment	NA	NA	147.7	DOE Enrollment Reports
March 30th Budgeted Enrollment	NA	NA	150	Charter School Budget

**RATIOS ANALYSIS...**

Near Term Indicators	2013 (1)	2014 (1)	2015 (1)	3 YR CUM (1)	Source:
1a. Current Ratio	NA	NA	1.00	NA	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	NA	NA	21.10	NA	Cash/(Total Expenses/365)
1c. Enrollment Variance	NA	NA	98.5%	NA	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	NA	Audit
<b>Sustainability Indicators</b>					
2a. Total Margin	NA	NA	1%	NA	Change in Net Position/Total Revenue
2b. Debt to Asset	NA	NA	0.95	NA	Total Liabilities/Total Assets
2c. ** Cash Flow	NA	NA	138,803	NA	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	

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

\*\* 2015 =2015 Cash - 2014 Cash; 2014 =2014 Cash-2013 Cash; 2013 =2013 Cash-2012 Cash

(1) For 2015, the operating period is January 1, 2014 - June 30, 2015. The Charter School did not exist for 2013 and 2014.

**SINGLE AUDIT SECTION**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Atlantic City Community Charter School, Inc.  
Atlantic City, New Jersey 08401

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

We have audited the Atlantic City Community Charter School, Inc.'s, County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the eighteen months ended June 30, 2015. The Charter School's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic City Community Charter School, Inc.'s, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major State Program***

In our opinion, the Atlantic City Community Charter School, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the eighteen months ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of the Atlantic City Community Charter School Inc., County of Atlantic, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Scott P. Barron*

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

Voorhees, New Jersey  
December 16, 2015

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Eighteen Months Ended June 30, 2015

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance January 1, 2014
				From	To	
Special Revenue Fund:						
U.S. Department of Education						
Passed-through State Department						
of Education:						
No Child Left Behind (NCLB):						
Title I (P.L. 103-382)	84.010	NCLB606015	\$ 144,574	7/1/2014	6/30/2015	_____
Title II, Part A, Improving Teacher Quality	84.367	NCLB606015	1,216	7/1/2014	6/30/2015	_____
Total No Child Left Behind (NCLB)						_____
I.D.E.A. Part B Basic	84.173	IDEA606015	28,915	7/1/2014	6/30/2015	_____
Public Charter School Program:						
New Jersey Charter School Planning Grant	84.282A	14-CA79-B07	150,000	1/15/2014	9/15/2014	_____
New Jersey Charter School Implementation Grant	84.282A	14-CA84-B07	175,000	11/1/2014	10/31/2015	_____
Total Public Charter School Program						_____
Total U.S. Department of Education						_____
Total Special Revenue Fund						_____
Total Federal Financial Assistance						<u>\$ -</u>

(A) See Note 5 to the Schedules of Expenditures of Federal and State Financial Assistance (if applicable)

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

These funds were not audited in accordance with U.S. OMB Circular A-133 since the total of all grant award expenditures were less than \$500,000.

<u>Carryover / (Walkover) Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments (A)</u>	<u>Repayment of Prior Years' Balances</u>	<u>Balance June 30, 2015</u>		<u>Due to Grantor at June 30, 2015</u>
					<u>(Accounts Receivable)</u>	<u>Unearned Revenue</u>	
	\$ 67,802	\$ (100,606)			\$ (32,804)		
		(1,216)			(1,216)		
	67,802	(101,822)			(34,020)		
	28,915	(28,915)					
	150,000	(150,000)					
	17,499	(23,333)			(5,834)		
	167,499	(173,333)			(5,834)		
	264,216	(304,070)			(39,854)		
	264,216	(304,070)			(39,854)		
<u>\$ -</u>	<u>\$ 264,216</u>	<u>\$ (304,070)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,854)</u>	<u>\$ -</u>	<u>\$ -</u>

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Eighteen Months Ended June 30, 2015

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance January 1, 2014</u>	<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>		
<b>General Fund:</b>						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Local Levy Equalization Aid - Local Share	15-495-034-5120-078	\$ 2,013,719	7/1/14	6/30/15		
Local Levy Equalization Aid - State Share	15-495-034-5120-078	248,387	7/1/14	6/30/15		
Special Education Aid	15-495-034-5120-089	36,511	7/1/14	6/30/15		
Security Aid	15-495-034-5120-084	59,641	7/1/14	6/30/15		
Total State - Aid Public Cluster						
T.P.A.F. Social Security Contributions	15-495-034-5094-003	64,036	7/1/14	6/30/15		
Total General Fund						
Total State Financial Assistance					\$ -	\$ -

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

(a) Amounts represent Intergovernmental Accounts Receivable or Payable to/ from the enrolled students' District of Residence.

<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior Years' Balances</u>	<u>Balance June 30, 2015</u>			<u>Memo</u>	
			<u>(Accounts Receivable)</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>	<u>Budgetary Receivable June 30, 2015</u>	<u>Cumulative Total Expenditures</u>
\$ 2,046,710	\$ (2,013,719)		\$ (12,716)		\$ 45,707	\$ 12,716	\$ 2,013,719
240,033	(248,387)		(17,444)		9,090	17,444	248,387
36,513	(36,511)				2		36,511
58,769	(59,641)		(872)		3,241	872.00	59,641
<u>2,382,025</u>	<u>(2,358,258)</u>		<u>(31,032)</u> (a)		<u>58,040</u> (a)	<u>31,032</u>	<u>2,358,258</u>
49,295	(64,036)		(14,741)			14,741	64,036
<u>2,431,320</u>	<u>(2,422,294)</u>		<u>(45,773)</u>		<u>58,040</u>	<u>45,773</u>	<u>2,422,294</u>
<u>\$ 2,431,320</u>	<u>\$ (2,422,294)</u>	<u>\$ -</u>	<u>\$ (45,773)</u>	<u>\$ -</u>	<u>\$ 58,040</u>	<u>\$ 45,773</u>	<u>\$ 2,422,294</u>

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Eighteen Months Ended June 30, 2015

---

**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Atlantic City Community Charter School, Inc. (hereafter referred to as the "Charter School"). The Charter is defined in note 1 to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting. These bases of accounting are described in note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,422,294	\$ 2,422,294
Special Revenue	\$ 304,070		304,070
Total Awards and Financial Assistance	<u>\$ 304,070</u>	<u>\$ 2,422,294</u>	<u>\$ 2,726,364</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2015, the School District was the recipient of state assistance that represented a reimbursement to the School District. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year.

**Note 6: MAJOR PROGRAMS**

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

ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.  
Schedule of Findings and Questioned Costs  
For the Eighteen Months Ended June 30, 2015

Section 1- Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards** Not applicable

Internal control over major programs:

Material weakness(es) identified?      yes      no

Significant deficiency(ies) identified?      yes      none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?      yes      no

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Auditee qualified as low-risk auditee?      yes      no



**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Eighteen Months Ended June 30, 2015

---

***Section 2- Schedule of Financial Statement Findings***

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

None.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Eighteen Months Ended June 30, 2015

---

***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Not applicable.

**ATLANTIC CITY COMMUNITY CHARTER SCHOOL, INC.**  
Schedule of Findings and Questioned Costs  
For the Eighteen Months Ended June 30, 2015

---

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

None.

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

---

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

Not applicable.

**FEDERAL AWARDS**

Not applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

Not applicable.