

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016



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INTRODUCTORY SECTION

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YEAR ENDED JUNE 30, 2016

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GENERAL DAVID B. BIRNEY CHARTER SCHOOL

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the General David B. Birney Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the General David B. Birney 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the General David B. Birney Charter School as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 10, budgetary comparison information on pages 34 and 35, schedule of the school's proportionate share of the net pension liability and the schedule of school contributions on pages 36 and 37 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 evidence sufficient 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 General David B. Birney Charter School's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the General David B. Birney Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 General David B. Birney Charter School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Maille LLP".

Oaks, Pennsylvania
December 8, 2016

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2016

As management of the General David B. Birney Charter School, we provide readers of the financial statements of the General David B. Birney Charter School this narrative overview and analysis summarizing the financial activities of the General David B. Birney Charter School for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- The General David B. Birney Charter School's General Fund had revenues of \$7,698,694. Included in the general revenues was unrestricted local aid of \$6,716,665.
- The General David B. Birney Charter School's cash balance at June 30, 2016, was \$654,265.
- At June 30, 2016 the School's ending general fund balance was \$52,329, representing an increase of \$135,621 from June 30, 2015.
- The liabilities of the General David B. Birney Charter School's Governmental Activities exceeded assets by \$14,468,869, representing the School's net assets invested in capital assets of \$421,257 and a net deficit in unrestricted net assets of \$14,890,126. This is primarily due to the reporting of the School's proportionate share of their net pension liabilities.
- The School had capital asset additions totaling \$174,605 for the year ended June 30, 2016.

OVERVIEW OF FINANCIAL STATEMENTS

The purpose of the management's discussion and analysis is to introduce our readers to the General David B. Birney Charter School's basic financial statements. The General David B. Birney Charter School's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the General David B. Birney Charter School's finances in a manner similar to a private-sector business. The government-wide financial statements report both the governmental activities and the business-type activities of the School. The governmental activities include the School's basis services, such as instruction and administration. Local, state and federal subsidies and grants finance most of these activities. The business-type activities include the Schools food service operation.

The statement of net position presents information on all of the General David B. Birney Charter School's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Tracking increases and decreases in net assets serves as a useful indicator of improvement or deterioration in the financial position of the General David B. Birney Charter School.

The statement of activities presents changes in the School's net position during the most recent fiscal year.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2016

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the General David B. Birney Charter School supported primarily by Per Pupil Operating Revenue or other revenues passed through from the School District.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The General David B. Birney Charter School, like most charter schools or other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General David B. Birney Charter School maintains one Governmental Fund and one Proprietary Fund.

Governmental Fund - The Governmental Fund (General Fund) is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the 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 the General David B. Birney Charter School's near-term financing requirements.

In particular, fund balance may serve as a useful measure of the School's net resources available for program purposes at the end of the fiscal year. For the fiscal year ended June 30, 2016, the School's Governmental Fund reported a fund balance of \$52,329.

Because the focus of the Governmental Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental Fund 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 General David B. Birney Charter School's near-term financing decisions.

Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the Governmental Fund and governmental activities.

Information is presented in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures and changes in fund balance for the General Fund.

The General David B. Birney Charter School adopts an annual appropriated budget for its General Fund to demonstrate compliance with the budget.

Proprietary Fund - The Proprietary Fund is used to account for the School activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the School charges customers for services it provides, these services are generally reported in the Proprietary Fund. The Food Service Fund is the School's Proprietary Fund and is the same as the business-type activities we report in the government-wide statements but with more detail and additional information, such as cash flows.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2016

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator in tracking changes in the School's financial position. In this case, the General David B. Birney Charter School's total net position was \$(14,672,182) as of June 30, 2016. This was an increase of \$119,986 from the prior year.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 1,266,878	\$ 661,131	\$ 86,023	\$ -	\$ 1,352,901	\$ 661,131
Capital assets	421,257	536,125	42,470	-	463,727	536,125
TOTAL ASSETS	1,688,135	1,197,256	128,493	-	1,816,628	1,197,256
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources, pension activity	1,126,545	763,000	-	-	1,126,545	763,000
LIABILITIES						
Current and other liabilities	1,214,549	744,424	331,806	-	1,546,355	744,424
Long-term liabilities	13,205,000	11,518,000	-	-	13,205,000	11,518,000
TOTAL LIABILITIES	14,419,549	12,262,424	331,806	-	14,751,355	12,262,424
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources, pension activity	2,864,000	4,490,000	-	-	2,864,000	4,490,000
TOTAL DEFERRED INFLOWS OF RESOURCES	2,864,000	4,490,000	-	-	2,864,000	4,490,000
NET POSITION						
Net investment in capital assets	421,257	536,125	42,470	-	463,727	536,125
Unrestricted	(14,890,126)	(15,328,293)	(245,783)	-	(15,135,909)	(15,328,293)
TOTAL NET POSITION	\$ (14,468,869)	\$ (14,792,168)	\$ (203,313)	\$ -	\$ (14,672,182)	\$ (14,792,168)

The General David B. Birney Charter School's net position reflects its investment in capital assets (e.g., buildings and equipment, less any related debt used to acquire those assets that is still outstanding) of \$463,727 and a deficit in unrestricted net assets of \$15,135,909.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2016

The change in total net position for the fiscal year ended June 30, 2016 and 2015, was \$119,986 and \$(342,319), respectively, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	982,029	613,787	175,784	-	1,157,813	613,787
Capital grants and contributions	-	-	-	-	-	-
General revenues						
State and local aid	6,716,665	6,645,416	-	-	6,716,665	6,645,416
General revenues, miscellaneous	-	18,451	-	-	-	18,451
TOTAL REVENUES	7,698,694	7,277,654	175,784	-	7,874,478	7,277,654
EXPENSES						
Instruction	4,060,582	4,804,626	-	-	4,060,582	4,804,626
Supporting services	2,987,618	2,480,724	-	-	2,987,618	2,480,724
Operation and non-instructional services	37,723	74,883	-	-	37,723	74,883
Depreciation expense, unallocated	289,472	259,740	-	-	289,472	259,740
Food services	-	-	379,097	-	379,097	-
TOTAL EXPENSES	7,375,395	7,619,973	379,097	-	7,754,492	7,619,973
CHANGE IN NET POSITION	\$ 323,299	\$ (342,319)	\$ (203,313)	\$ -	\$ 119,986	\$ (342,319)

Comparison to Budget

Significant variances between the adopted budget and the actual results in the General Fund are as follows:

- Local aid was less than budgeted primarily due to a reduction in School District rates during the fiscal year.
- Federal aid was more than budgeted primarily due to an increase in federal funds, including carryover from 2014-2015.
- State aid received by the School for the current fiscal year was more than budgeted due to an increase in Health Services revenue.
- Instructional services were less than budgeted primarily due to employees who opted into the alternative pension plan and also the medical benefits budget was higher than actual.
- Capital outlays for new equipment were higher than budgeted.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS AND DEBT

Capital Assets

As of June 30, 2016, the School had invested \$463,727, net of accumulated depreciation and amortization, in a broad range of capital assets, including building improvements, furniture and office equipment and technology. Additional information on the School's capital assets is contained in Note D to the financial statements. Major capital asset acquisitions for the year include new furniture and computer equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic conditions in the Philadelphia region continue to make it important for the School to closely monitor expenses to allow for a balanced budget. For the fiscal year ending June 30, 2017, the School has budgeted a balanced budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the funds it receives and disburses. If you have any questions about this report or to request additional financial information, please contact the Business Manager or CEO at 900 West Lindley Avenue, Philadelphia, PA 19141-3920.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 654,265	\$ -	\$ 654,265
Due from other governments	72,140	86,023	158,163
State revenue receivable	100,631	-	100,631
Federal revenue receivable	97,421	-	97,421
Other receivable	24,127	-	24,127
Internal Balances	266,160	(266,160)	-
Prepaid expenses	52,134	-	52,134
Capital assets			
Charter costs	375,000	-	375,000
Furniture and equipment	864,102	45,403	909,505
Building improvements	328,491	-	328,491
Accumulated depreciation	(1,146,336)	(2,933)	(1,149,269)
TOTAL ASSETS	<u>1,688,135</u>	<u>(137,667)</u>	<u>1,550,468</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	<u>1,126,545</u>	<u>-</u>	<u>1,126,545</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,814,680</u>	<u>\$ (137,667)</u>	<u>\$ 2,677,013</u>
LIABILITIES			
Accounts payable	\$ 445,856	\$ 65,646	\$ 511,502
Accrued salaries and benefits	492,413	-	492,413
Payroll deductions and withholdings	239,627	-	239,627
Other current liabilities	36,653	-	36,653
Settlement payable	80,000	-	80,000
Net pension liability	13,125,000	-	13,125,000
TOTAL LIABILITIES	<u>14,419,549</u>	<u>65,646</u>	<u>14,485,195</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	<u>2,864,000</u>	<u>-</u>	<u>2,864,000</u>
NET POSITION			
Invested in capital assets	421,257	42,470	463,727
Unrestricted	(14,890,126)	(245,783)	(15,135,909)
TOTAL NET POSITION	<u>(14,468,869)</u>	<u>(203,313)</u>	<u>(14,672,182)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,814,680</u>	<u>\$ (137,667)</u>	<u>\$ 2,677,013</u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
GOVERNMENTAL ACTIVITIES			
Instructional services			
Basic instruction	\$ 4,060,582	\$ -	\$ 881,398
Supporting services			
Instructional staff services	387,140	-	-
Administration services	1,775,379	-	-
Pupil health services	110,623	-	10,000
Business services	151,448	-	-
Operation and maintenance of plant services	468,997	-	90,631
Other services	94,031	-	-
Operation of non-instructional services			
Student activities	20,576	-	-
Community services	17,147	-	-
Depreciation, unallocated	289,472	-	-
TOTAL GOVERNMENTAL ACTIVITIES	7,375,395	-	982,029
BUSINESS-TYPE ACTIVITIES			
Food services	379,097	-	175,784
TOTAL PRIMARY GOVERNMENT	\$ 7,754,492	\$ -	\$ 1,157,813

GENERAL REVENUES

State and local aid not restricted to specific purposes

Miscellaneous income

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>
<u>Activities</u>	<u>Activities</u>	
\$ (3,179,184)	\$ -	\$ (3,179,184)
(387,140)	-	(387,140)
(1,775,379)	-	(1,775,379)
(100,623)	-	(100,623)
(151,448)	-	(151,448)
(378,366)	-	(378,366)
(94,031)	-	(94,031)
(20,576)	-	(20,576)
(17,147)	-	(17,147)
<u>(289,472)</u>	<u>-</u>	<u>(289,472)</u>
(6,393,366)	-	(6,393,366)
-	(203,313)	(203,313)
<u>(6,393,366)</u>	<u>(203,313)</u>	<u>(6,596,679)</u>
6,716,665	-	6,716,665
-	-	-
<u>6,716,665</u>	<u>-</u>	<u>6,716,665</u>
323,299	(203,313)	119,986
<u>(14,792,168)</u>	<u>-</u>	<u>(14,792,168)</u>
<u>\$ (14,468,869)</u>	<u>\$ (203,313)</u>	<u>\$ (14,672,182)</u>

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

BALANCE SHEET

GOVERNMENTAL FUND

JUNE 30, 2016

	<u>General Fund</u>
ASSETS	
Cash	\$ 654,265
Due from other funds	266,160
Due from other governments	72,140
State revenue receivable	100,631
Federal revenue receivable	97,421
Other receivable	24,127
Prepaid expenses	<u>52,134</u>
TOTAL ASSETS	\$ <u>1,266,878</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 445,856
Accrued salaries and benefits	492,413
Payroll deductions and withholdings	239,627
Other current liabilities	<u>36,653</u>
TOTAL LIABILITIES	<u>1,214,549</u>
COMMITMENTS AND CONTINGENCIES (Note F)	
FUND BALANCE	
Nonspendable, prepaid expenses	52,134
Unassigned	<u>195</u>
TOTAL FUND BALANCE	<u>52,329</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,266,878</u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

TOTAL GOVERNMENTAL FUND BALANCE	\$ 52,329
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:</p>	
Charter costs	375,000
Furniture and equipment	864,102
Building improvements	328,491
Accumulated depreciation	(1,146,336)
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	(1,737,455)
<p>Long-term liabilities, including the net pension liability, is not due and payable in the current period and therefore is not reported as a liability in the funds.</p>	
	<u>(13,205,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (14,468,869)</u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>
REVENUES	
Local aid	\$ 6,716,665
Federal aid	825,127
State aid	<u>156,902</u>
TOTAL REVENUES	<u>7,698,694</u>
EXPENDITURES	
Current	
Instructional services	4,357,736
Supporting services	2,989,753
Operation of non-instructional services	40,979
Capital outlays	<u>174,605</u>
TOTAL EXPENDITURES	<u>7,563,073</u>
NET CHANGE IN FUND BALANCE	135,621
FUND BALANCE AT BEGINNING OF YEAR	<u>(83,292)</u>
FUND BALANCE AT END OF YEAR	<u>\$ 52,329</u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND \$ 135,621

The Governmental Fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Capital outlays	174,605
Depreciation	(289,472)

Claims payable over more than one year are reported on the statement of activities. (80,000)

Pension plan expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds. 382,545

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 323,299

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

ASSETS

CURRENT ASSETS

Due from other governments	\$ <u>86,023</u>
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CAPITAL ASSETS

Depreciable

Computers and equipment	1,405
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Furniture and fixtures	43,998
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Accumulated depreciation	<u>(2,933)</u>
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TOTAL CAPITAL ASSETS	<u>42,470</u>
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TOTAL ASSETS	<u><u>\$ 128,493</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable	\$ 65,646
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Due to general fund	<u>266,160</u>
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TOTAL LIABILITIES	<u>331,806</u>
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NET POSITION

Invested in capital assets, net of related debt	42,470
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Net investment in capital assets	(245,783)
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Unrestricted	<u>(203,313)</u>
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TOTAL NET POSITION	<u>(203,313)</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 128,493</u></u>
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See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2016

OPERATING EXPENSES	
Food service management - food costs	\$ 361,313
Supplies	4,871
Depreciation	2,933
Other expenses	9,980
TOTAL OPERATING EXPENSES	<u>379,097</u>
OPERATING LOSS	<u>(379,097)</u>
NONOPERATING REVENUES	
Federal sources	168,058
State sources	7,726
TOTAL NONOPERATING REVENUES	<u>175,784</u>
CHANGE IN NET POSITION	(203,313)
NET POSITION AT BEGINNING OF YEAR	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ (203,313)</u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ <u>(44,358)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal sources	82,035
State sources	<u>7,726</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>89,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(45,403)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (379,097)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	2,933
Increase in	
Accounts payable	65,646
Due to general fund	<u>266,160</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (44,358)</u></u>

See accompanying notes to the basic financial statements.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A - ORGANIZATION

The General David B. Birney Charter School (the "School") is organized as a not-for-profit organization and has applied for exemption under Section 501(c)(3) of the Internal Revenue Code. The School operates a charter school in Philadelphia, Pennsylvania, under an approved charter received from The School District of Philadelphia (the "District"), acting pursuant to authority conferred under the Public School Code of 6-696, as amended by Act 83 of 2001, the Charter School Law, 24 P.S. Sections 17-1701-A et. seq. The initial charter established on July 1, 2011, is for a five-year term. The School is currently in the renewal process for charter renewal beyond June 2016.

In July, 2016, the Board of Trustees authorized a change in name for General David B. Birney Charter School to Lindley Academy at General David B. Birney Charter School.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The basic financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America 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 more significant accounting policies of the School are described below.

The School presents the General Fund as its major Governmental Fund. The General Fund is for general operating purposes of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

Financial Statement Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which the Governmental Fund financial statements are prepared. Governmental Fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the Governmental Fund. 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.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School and for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues, which are not classified as program revenues, are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

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

Fund Financial Statements - Fund financial statements report detailed information about the School. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well claims and judgments are recorded only when payment is due. The financial statements for the Governmental Fund are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its proprietary activities.

The Proprietary Fund distinguishes 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. The principal operating revenues of the School's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting - The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School are grouped into the categories governmental and proprietary.

Governmental Fund

General Fund - The General Fund is the general operating fund of the School and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Proprietary Funds

Food Service Fund - The Food Service Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Food Service Fund accounts for the financial transactions related to the food service operations of the School.

Budgetary Data

An annual budget is adopted for the General Fund using the accrual basis of accounting. The budgetary comparison schedule of the General Fund presents the budget filed with and accepted by the Pennsylvania Department of Education as its budgeted amounts.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The School pools its money in the General Fund to facilitate disbursement. The School places its cash investments with high credit quality financial institutions. At times, such deposits may be in excess of the FDIC insurance limit.

Capital Assets

The School's capital assets are reported in the government-wide financial statements and the proprietary fund statements at original cost. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not. The School defines a capital asset as an asset with an original cost equal to or greater than \$1,000 with an estimated useful life greater than one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets (five to seven years).

Accounts Receivable

The School's receivables consist of grants and subsidies from federal, state and local government agencies. Accordingly, all such receivables are considered by management to be fully collectible, and no allowance for doubtful accounts has been recorded.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. 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 the Governmental Fund and as nonoperating revenues/expenses in the Proprietary Fund. There were no interfund transfers during 2016.

On the fund financial statements, short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered "available spendable resources."

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on 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 fund.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has one item that qualifies for reporting in this category, a deferred outflow related to pension activity, reported in the government-wide statement of net position. The deferred outflow related to pension activity is the result of changes in the School's proportionate share of the total plan from year to year, the difference between actual employer contributions and the School's proportionate share of total contributions, and actual contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School has one item that qualifies for reporting in this category. Deferred inflows related to pension activity is the result of differences between expected and actual experience, net differences between projected and actual investment earnings, changes in the School's proportionate share of the total plan from year to year, and differences between employer contributions and the proportionate share of total contributions. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funding

The School is funded primarily from the local school district in which a student resides by receiving an amount equal to the calculation of selected expenditures per average daily membership for each child attending the School. Additional funding is received under local, state and federal grants and subsidies. Funding is recognized as revenue as it is earned. The School's funding for tuition is received entirely from the School District of Philadelphia.

Fund Balance

Fund balance is classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors. This includes the budget reserve account.
- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.
- ***Unassigned*** - All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the School's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In the Governmental Fund, the School's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications--committed and then assigned fund balance before using unassigned fund balance.

Income Tax

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE C - CASH

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2016, the School had bank balances of \$684,385 and a carrying value of \$654,265. At June 30, 2016, there was cash of \$401,924 in excess of federal depository insurance limits.

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
GOVERNMENTAL ACTIVITIES				
Depreciable				
Charter costs	\$ 375,000	\$ -	\$ -	\$ 375,000
Furniture and equipment	760,022	104,080		864,102
Building improvements	257,967	70,524		328,491
Accumulated depreciation	<u>(856,864)</u>	<u>(289,472)</u>	<u>-</u>	<u>(1,146,336)</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net				
	<u>\$ 536,125</u>	<u>\$ (114,868)</u>	<u>\$ -</u>	<u>\$ 421,257</u>
BUSINESS-TYPE ACTIVITIES				
Depreciable				
Furniture and equipment	\$ -	\$ 45,403	\$ -	\$ 45,403
Accumulated depreciation	<u>-</u>	<u>(2,933)</u>	<u>-</u>	<u>(2,933)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net				
	<u>\$ -</u>	<u>\$ 42,470</u>	<u>\$ -</u>	<u>\$ 42,470</u>

For the year ended June 30, 2016, there was unallocated depreciation expense of \$289,472.

NOTE E - COMMITMENTS AND CONTINGENCIES

Operating Lease

The School facilities are leased month-to-month from the School District of Philadelphia. Current monthly rent is \$20,875 per month. Total rent expense for the year ended June 30, 2016, was approximately \$250,505.

The School also leases a copier through August, 2018. Current monthly rent is \$1,125. The School has the option to purchase the copier at the end of the lease term for fair value.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE E - COMMITMENTS AND CONTINGENCIES (Continued)

Management Agreement

The School contracts for educational and administrative services with two management companies. The contracts extend through June, 2018.

Litigation

The School may be a defendant in various matters of litigation and claims at any time during a given school year. These matters result from the normal course of business.

Contingencies

The School receives federal, state and local funding under a number of programs. Payments made by those sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. The School's management does not expect any significant adjustment as a result of these examinations. The School is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School.

The School's charter is granted by the School District of Philadelphia and is subject to review by the School District. If the status of the charter or the funding from the School District were to change, this could have a material impact on the financial position of General David B. Birney Charter School.

NOTE F - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Net pension liability	\$ 11,518,000	\$ 1,607,000	\$ -	\$ 13,125,000	\$ -
Settlement payable	-	100,000	(20,000)	80,000	-
TOTAL LONG-TERM LIABILITIES	<u>\$ 11,518,000</u>	<u>\$ 1,707,000</u>	<u>\$ (20,000)</u>	<u>\$ 13,205,000</u>	<u>\$ -</u>

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN

Summary of Significant Accounting Policies

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 Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. 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.

General Information About the Pension Plan

Plan Description - PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided - PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN (Continued)

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Members Contributions

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with services rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and the Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2016, was 25.00% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School were \$694,545 for the year ended June 30, 2016.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN (Continued)

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

At June 30, 2016, the School reported a liability of \$13,125,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the School's proportion was .0303%, which was an increase of .0012% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School recognized pension expense of \$312,000. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 54,000
Net difference between projected and actual investment earnings	-	27,000
Changes in proportions	407,000	2,779,000
Difference between employer contributions and proportionate share of total contributions	25,000	4,000
Contributions subsequent to the measurement date	<u>694,545</u>	<u>-</u>
	<u>\$ 1,126,545</u>	<u>\$ 2,864,000</u>

\$694,545 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN (Continued)

Year Ending June 30,	
2017	\$ (847,000)
2018	(847,000)
2019	(847,000)
2020	<u>109,000</u>
	<u>\$ (2,432,000)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2015, was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

- **Actuarial Cost Method** - Entry Age Normal - level % of pay
- **Investment Return** - 7.5%, includes inflation at 3.00%
- **Salary Increases** - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1% and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Table (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting and were effective beginning with the June 30, 2011 actuarial valuation.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Charter School's proportionate share of the net pension liability	\$ <u>16,177,000</u>	\$ <u>13,125,000</u>	\$ <u>10,559,000</u>

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position - Detailed information about PSERS's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School maintains general liability and errors and omissions insurance coverage with a commercial carrier. In addition, the School carries commercial coverage for all other significant risks of loss. There have been no claims thus far that have exceeded the coverage limits.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL DAVID B. BIRNEY CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Variance With Final Budget Over (Under) Budget</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
REVENUES			
Local aid	\$ 6,668,217	\$ 6,716,665	\$ 48,448
Federal aid	699,000	825,127	126,127
State aid	<u>97,000</u>	<u>156,902</u>	<u>59,902</u>
TOTAL REVENUES	<u>7,464,217</u>	<u>7,698,694</u>	<u>234,477</u>
EXPENDITURES			
Current			
Instructional services	4,806,091	4,357,736	(448,355)
Supporting services	2,612,276	2,989,753	377,477
Operation of non-instructional services	3,500	40,979	37,479
Capital outlays	<u>-</u>	<u>174,605</u>	<u>174,605</u>
TOTAL EXPENDITURES	<u>7,421,867</u>	<u>7,563,073</u>	<u>141,206</u>
NET CHANGE IN FUND BALANCE	<u>\$ 42,350</u>	135,621	<u>\$ 93,271</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>(83,292)</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 52,329</u>	

See accompanying note to the required supplementary information.

GERALD DAVID B. BIRNEY CHARTER SCHOOL
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

NOTE A - EXCESS APPROPRIATIONS

Excess appropriations for supporting services, operation of non-instructional services and capital outlay were funded with General Fund balance.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	<u>0.0303%</u>	<u>0.2910%</u>
Charter School's proportionate share of the net pension liability (asset)	<u>\$ 13,125,000</u>	<u>\$ 11,518,000</u>
Charter School's covered-employee payroll	<u>\$ 3,894,394</u>	<u>\$ 3,718,337</u>
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>337.02%</u>	<u>309.76%</u>
The plan's fiduciary net position as a percentage of the total pension liability	<u>45.64%</u>	<u>57.24%</u>

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
SCHEDULE OF SCHOOL CONTRIBUTIONS
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 694,545	\$ 763,000
Contributions in relation to the contractually required contribution	<u>694,545</u>	<u>763,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u> -</u>	\$ <u> -</u>
Charter School's covered-employee payroll	\$ <u>2,778,180</u>	\$ <u>3,721,951</u>
Contributions as a percentage of covered-employee payroll	<u>25.00%</u>	<u>20.50%</u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the General David B. Birney Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the General David B. Birney Charter School's basic financial statements and have issued our report thereon dated December 8, 2016.

Internal Control Over Financial Reporting

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

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

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


To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Report on Schedule of Expenditures of Federal Awards Required By the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the General David B. Birney Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the General David B. Birney Charter School's basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oaks, Pennsylvania
December 8, 2016

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards in Accordance With the Uniform Guidance

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the General David B. Birney Charter School's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the General David B. Birney Charter School's major federal programs for the year ended June 30, 2016. The General David B. Birney Charter School's major federal programs are identified in the summary of auditors' 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 federal programs.

Auditors' Responsibility

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

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

To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Opinion on Each Major Federal Program

In our opinion, the General David B. Birney Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the General David B. Birney Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the General David B. Birney Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 General David B. Birney 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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.

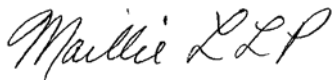
To the Board of Trustees
General David B. Birney Charter School
Philadelphia, Pennsylvania

Report on Schedule of Expenditures of Federal Awards Required By the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the General David B. Birney Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the General David B. Birney Charter School's basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Purpose of this Report

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



Oaks, Pennsylvania
December 8, 2016

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2016

Federal Grantor/Project Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates
U.S. DEPARTMENT OF EDUCATION			
Passed through the Pennsylvania Department of Education			
Title I Improving Basic Programs	84.010	013-151111	July 1, 2014 September 30, 2015
Title I Improving Basic Programs	84.010	013-161111	July 1, 2015 September 30, 2016
TOTAL TITLE I			
Title II Improving Teacher Quality	84.367	020-151111	July 1, 2014 September 30, 2015
Title II Improving Teacher Quality	84.367	020-161111	July 1, 2015 September 30, 2016
TOTAL TITLE II			
Passed through Philadelphia IU:			
IDEA	84.027	N/A	July 1, 2014 June 30, 2015
IDEA	84.027	N/A	July 1, 2015 June 30, 2016
TOTAL SPECIAL EDUCATION CLUSTER			
TOTAL U.S. DEPARTMENT OF EDUCATION			
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Pennsylvania Department of Education			
National School Lunch Program	10.556	362	July 1, 2015 June 30, 2016
National School Breakfast Program	10.553	365	July 1, 2015 June 30, 2016
TOTAL CHILD NUTRITION CLUSTER			
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
TOTAL FEDERAL AWARDS			

See accompanying notes to the schedule of expenditures of federal awards.

<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at June 30, 2015</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2016</u>	<u>Passed Through to Sub-Recipients</u>
\$ 485,037	\$ 262,507	\$ 27,317	\$ 235,190	\$ 235,190	\$ -	\$ -
<u>457,864</u>	<u>422,644</u>	<u>-</u>	<u>455,964</u>	<u>455,964</u>	<u>33,319</u>	<u>-</u>
<u>942,901</u>	<u>685,151</u>	<u>27,317</u>	<u>691,154</u>	<u>691,154</u>	<u>33,319</u>	<u>-</u>
<u>41,669</u>	<u>17,790</u>	<u>2,931</u>	<u>20,789</u>	<u>20,789</u>	<u>5,930</u>	<u>-</u>
<u>41,369</u>	<u>41,369</u>	<u>-</u>	<u>41,260</u>	<u>41,260</u>	<u>(109)</u>	<u>-</u>
<u>83,038</u>	<u>59,159</u>	<u>2,931</u>	<u>62,049</u>	<u>62,049</u>	<u>5,821</u>	<u>-</u>
<u>69,230</u>	<u>69,230</u>	<u>69,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>72,140</u>	<u>-</u>	<u>-</u>	<u>72,140</u>	<u>72,140</u>	<u>72,140</u>	<u>-</u>
<u>141,370</u>	<u>69,230</u>	<u>69,230</u>	<u>72,140</u>	<u>72,140</u>	<u>72,140</u>	<u>-</u>
<u>1,167,309</u>	<u>813,540</u>	<u>99,478</u>	<u>825,343</u>	<u>825,343</u>	<u>111,280</u>	<u>-</u>
N/A	65,486	-	130,258	130,258	64,772	-
N/A	<u>20,324</u>	<u>-</u>	<u>37,800</u>	<u>37,800</u>	<u>17,476</u>	<u>-</u>
	<u>85,810</u>	<u>-</u>	<u>168,058</u>	<u>168,058</u>	<u>82,248</u>	<u>-</u>
	<u>85,810</u>	<u>-</u>	<u>168,058</u>	<u>168,058</u>	<u>82,248</u>	<u>-</u>
	<u>\$ 899,350</u>	<u>\$ 99,478</u>	<u>\$ 993,401</u>	<u>\$ 993,401</u>	<u>\$ 193,528</u>	<u>\$ -</u>

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

NOTE A - GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the School. The School's reporting entity is defined in Note B to the School's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for all federal awards charged to Governmental Funds and on the accrual basis of accounting for all federal awards charged to Proprietary Funds, which are described in Note B.

NOTE C - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the General David B. Birney Charter School.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the General David B. Birney Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Grant Guidance.
5. The auditors' report on compliance for the major awards programs for the General David B. Birney Charter School expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were:

Program	CFDA
Title I Cluster	84.010
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. The General David B. Birney Charter School was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

GENERAL DAVID B. BIRNEY CHARTER SCHOOL
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

None.