TACONY ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND UNIFORM GUIDANCE REQUIREMENTS
(WITH INDEPENDENT AUDITORS' REPORT THEREON)
June 30, 2019

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

St. Clair CPAs, P.C.
Accounting for Life Advising for Lifecycles™

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Tacony Academy Charter School
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Tacony Academy Charter School, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

An independent member of BKR INTERNATIONAL

28 South Centre Street ◆ Merchantville, New Jersey 08109 ◆ (P) 856.482.5600 ◆ (F) 856.665.3618 ◆ www.stclaircpa.com
101 West Elm Street ◆ Suite 500 ◆ Conshohocken, Pennsylvania 19428 ◆ (P) 610.862.1998 ◆ (F) 610.862.3200 ◆ info@stclaircpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Tacony Academy Charter School, as of June 30, 2019, 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 the management's discussion and analysis, budgetary comparison information, schedule of the School's proportionate share of the net pension liability - PSERS, schedule of the School's pension contributions - PSERS, schedule of the School's proportionate share of the net other postemployment benefits (OPEB) liability – PSERS, schedule of the school's other postemployment benefits (OPEB) contributions – PSERS, 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 Tacony Academy Charter School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration Tacony Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Tacony Academy Charter School's internal control over financial reporting and compliance.

St. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
December 18, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Board of Trustees of Tacony Academy Charter School (the School) offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented herein in conjunction with the School's financial statements.

FINANCIAL HIGHLIGHTS

- Total revenues for the fiscal year ended June 30, 2019 were $16,029,861, representing an increase of $269,786 from June 30, 2018.
- At June 30, 2019, the School reported an ending fund deficit of ($7,782,074), representing a decrease of $9,401 from June 30, 2018.
- The results of operations and the increase in net position of $9,401 which is $704,132 less than the $713,533 increase in the prior year.
- The School's cash balance at June 30, 2019, was $5,124,390, representing an increase of $95,127 from June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Tacony Academy Charter School's (the School) basic financial statements. The School's basic financial statements as presented comprise four (4) components: (1) management's discussion and analysis, (2) the basic financial statements, (3) the notes to the financial statements, and (4) supplementary information.

***Government-wide financial statements*:** The government-wide financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. 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 expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. expenditures accrued in one fiscal year but paid in subsequent years, and depreciation).

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School. The School's function is to provide an alternative educational opportunity.

Fund financial statements: A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental-type entities, utilizes fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The School has three (3) fund types: the governmental general fund, the proprietary fund, and the fiduciary agency fund.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis and is prepared using a basis other than accounting principles generally accepted in the United States of America (GAAP) for state reporting requirements.

Uniform Guidance Requirements

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which requires a comparative analysis of current and prior year balances.

	June 30, 2019	June 30, 2018
Current assets	$ 6,660,346	$ 6,981,858
Noncurrent assets	609,294	285,125
Total assets	7,269,640	7,266,983
Deferred outflows of resources	1,884,757	2,628,365
Total assets and deferred outflows of resources	$ 9,154,397	$ 9,895,348
Total liabilities	$ 15,991,471	$ 16,354,823
Deferred inflows of resources	945,000	1,332,000
Net position:		
Invested in capital assets, net of related debt	609,294	285,125
Unrestricted	(8,391,368)	(8,076,600)
Total net deficit	(7,782,074)	(7,791,475)
Total liabilities and deferred inflows of resources	$ 9,154,397	$ 9,895,348

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by $7,782,074 as of June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-Wide Financial Analysis (continued)

The School's revenues are predominately received from the School District of Philadelphia and based on student enrollment. For the year ended June 30, 2019, the School's revenues $16,029,861 exceeded its expenditures $16,020,460 by $9,401.

	2019	2018
Revenues:		
Local educational agencies	$ 13,581,340	$ 13,252,415
State sources	239,903	256,274
Federal sources	1,297,477	1,218,660
Food service	710,776	717,355
Other revenue	200,365	315,371
Total Revenues	16,029,861	15,760,075
Expenditures:		
Other instructional programs	7,356,298	6,620,821
Pupil personnel services	350,180	333,516
Instructional staff services	379,052	419,864
Administrative services	2,448,932	2,306,668
Pupil health	158,312	155,276
Business services	333,122	331,228
Operation and maintenance of plant services	3,794,680	3,775,851
Other support services	239,814	228,516
Student activities	214,716	198,715
Food services	659,066	634,185
Depreciation expense	86,288	41,902
Total expenditures	16,020,460	15,046,542
Change in net deficit	9,401	713,533
Net deficit, beginning	(7,791,475)	(8,505,008)
NET DEFICIT, ENDING	$ (7,782,074)	$ (7,791,475)

Governmental Fund

The focus of the School's governmental fund (the general fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financial requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's governmental fund (the general fund) reported an ending fund balance of $4,915,707 at June 30, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School revised the annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for programs, supplies and equipment. There were no formal budget amendments made that were required to be submitted to the Commonwealth of Pennsylvania.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the School's investment in capital assets for its governmental activities totaled $609,294 (net of accumulated depreciation and related debt). This investment in capital assets includes furniture for the School along with leasehold improvements.

Long-Term Debt

As of June 30, 2019, the School has outstanding long-term debt of $42,061, due to a financial institution for transportation equipment. More detailed information about the School's long-term obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School's major source of revenue is the School District of Philadelphia. The Subsidy rates increased 7.38% for regular education and 11.25% for special education in fiscal year 2018-2019. The School District is not forecasting subsidy rates for the future.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE SCHOOL

The School does not foresee any future events at this time that will financially impact the School.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the School's Controller, Santilli & Thomson, LLC, 601 Route 73 North, Suite 302, Marlton, NJ 08053.

COMPONENT UNIT

Frankford Valley Foundation for Literacy II is a component unit of the School and is reported in a separate column in the government-wide financial statements to emphasize that Frankford Valley Foundation for Literacy II is legally separate from the School. Complete financial statements of Frankford Valley Foundation for Literacy II can be obtained at: Santilli & Thomson, LLC, 601 Route 73 North, Suite 302, Marlton, NJ 08053.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash, cash equivalents and investments	$ 5,121,452	$ 2,938	$ 5,124,390	$ 46,143
Restricted cash equivalents	-	-	-	797,755
Federal subsidies receivable	176,267	79,584	255,851	-
State subsidies receivable	179,762	3,652	183,414	-
Other receivables	89,682	-	89,682	-
Due from other funds	945,072	-	945,072	-
Prepaid expenses	61,937	-	61,937	-
TOTAL CURRENT ASSETS	6,574,172	86,174	6,660,346	843,898
NON CURRENT ASSETS				
Capital assets, net	575,250	34,044	609,294	25,855,607
Restricted cash and cash equivalents, net of current portion	-	-	-	2,593,094
Rent receivable	-	-	-	746,502
TOTAL NONCURRENT ASSETS	575,250	34,044	609,294	29,195,203
DEFERRED OUTFLOWS OF RESOURCES	1,884,757	-	1,884,757	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 9,034,179	$ 120,218	$ 9,154,397	$ 30,039,101

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION (continued)
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 298,600	$ 63,647	$ 362,247	$ 97,515
Accrued salary and benefits	1,272,035	-	1,272,035	-
Current maturities of bonds payable	-	-	-	485,000
Current portion of long term debt	13,306	-	13,306	
Due to other funds	-	106,796	106,796	838,276
Due to student groups	28,572	-	28,572	-
TOTAL CURRENT LIABILITIES	1,612,513	170,443	1,782,956	1,420,791
LONG-TERM LIABILITIES				
Accrued rent	746,502	-	746,502	-
Unearned revenue	59,258	-	59,258	-
Net pension liability	12,817,000	-	12,817,000	-
Net OPEB liability	557,000	-	557,000	-
Bonds payable	-	-	-	29,455,000
Long term debt	28,755	-	28,755	-
TOTAL LONG-TERM LIABILITIES	14,208,515	-	14,208,515	29,455,000
TOTAL LIABILITIES	15,821,028	170,443	15,991,471	30,875,791
DEFERRED INFLOWS OF RESOURCES	945,000	-	945,000	-
NET POSITION				
Invested in capital assets	575,250	34,044	609,294	-
Unrestricted	(8,307,099)	(84,269)	(8,391,368)	(836,690)
TOTAL NET DEFICIT	(7,731,849)	(50,225)	(7,782,074)	(836,690)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 9,034,179	$ 120,218	$ 9,154,397	$ 30,039,101

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

FUNCTIONS	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Business-type Activities	Total	Component Unit
PRIMARY GOVERNMENT							
Governmental activities							
Other instructional programs	$ 7,356,298	$ -	$ 1,368,015	$ (5,988,283)	$ -	$ (5,988,283)	$ -
Pupil personnel services	350,180	-	-	(350,180)	-	(350,180)	-
Instructional staff services	379,052	-	-	(379,052)	-	(379,052)	-
Administrative services	2,448,932	-	-	(2,448,932)	-	(2,448,932)	-
Pupil health	158,312	-	10,454	(147,858)	-	(147,858)	-
Business services	333,122	-	-	(333,122)	-	(333,122)	-
Operation and maintenance of plant services	3,794,680	-	158,911	(3,635,769)	-	(3,635,769)	-
Other support services	239,814	-	-	(239,814)	-	(239,814)	-
Student activities	214,716	-	-	(214,716)	-	(214,716)	-
Depreciation expense	86,288	-	-	(86,288)	-	(86,288)	-
Total governmental activities	$ 15,361,394	$ -	$ 1,537,380	(13,824,014)	-	(13,824,014)	-
Business-type activities							
Food Service							
Total business-type activities	$ 659,066	$ 1,333	$ 709,443	-	51,710	51,710	-
Component unit							
Frankford Valley Foundation for Literacy II							
Total component unit	$ 2,961,315	$ -	$ -	-	-	-	(2,961,315)
General revenues							
Local educational agencies				13,581,340	-	13,581,340	-
Rental income				-	-	-	2,765,098
Other revenue				200,365	-	200,365	48,943
Total general revenues				13,781,705	-	13,781,705	2,814,041
Changes in net position				(42,309)	51,710	9,401	(147,274)
Net deficit, beginning				(7,689,540)	(101,935)	(7,791,475)	(689,416)
Net deficit, ending				$ (7,731,849)	$ (50,225)	$ (7,782,074)	$ (836,690)

See accompanying notes.

FUND FINANCIAL STATEMENTS

TACONY ACADEMY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash, cash equivalents and investments	$ 5,121,452
State subsidies receivable	179,762
Federal subsidies receivable	176,267
Other receivables	89,682
Due from other funds	945,072
Prepaid expenses	61,937
TOTAL ASSETS	6,574,172
DEFERRED OUTFLOWS OF RESOURCES	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,574,172
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenses	$ 298,600
Accrued salary and benefits	1,272,035
Due to student groups	28,572
TOTAL LIABILITIES	1,599,207
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	59,258
FUND BALANCE	
Nonspendable	61,937
Restricted	-
Committed	4,800,000
Assigned	-
Unassigned	53,770
TOTAL FUND BALANCE	4,915,707
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 6,574,172

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

TOTAL FUND BALANCE, GOVERNMENTAL FUNDS		$ 4,915,707
Total net position reported for governmental activities in the statement of net position is different because:		
Long-term liabilities that pertain to governmental funds, including notes payable, capitalized lease obligations and accrued rent, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year end are:		
Long-term debt		(42,061)
Accrued rent		(746,502)
Net pension liability		(12,817,000)
Net OPEB liability		(557,000)
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions and OPEB		1,884,757
Deferred inflows of resources related to pensions and OPEB		(945,000)
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of :		
Leasehold improvements	386,560	
Machinery and equipment	25,467	
Computers and software	258,480	
Transportation equipment	42,061	
Less accumulated depreciation	(137,318)	
		575,250
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION		$ (7,731,849)

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

REVENUES	
Local educational agencies	$ 13,581,340
Other local sources	200,365
State sources	239,903
Federal sources	1,297,477
TOTAL REVENUES	15,319,085
EXPENDITURES	
Instructional	7,356,561
Support services	7,627,982
Non-instructional services	214,726
Capital outlays	419,339
TOTAL EXPENDITURES	15,618,608
OTHER FINANCING SOURCES	
Proceeds from long-term debt	42,061
NET CHANGE IN FUND BALANCE	(257,462)
FUND BALANCE, BEGINNING	5,173,169
FUND BALANCE, ENDING	$ 4,915,707

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ (257,462)
Amounts reported for governmental activities in the statement of activities are different because:		
The government funds report note proceeds as financing sources, while repayments of note principal are reported as expenditures. In the statement of net position, however, issuing debt increases long-term liabilities and not effect the statement of activities, and repayment of principal reduces the liability. The net effect of these differences in the treatment of notes payable is as follows:		
Long-term debt	(42,061)	
		(42,061)
Governmental funds do not report deferred rents as expenditures. However, in the statement of activities, deferred rent is reported as an expense, as follows:		
Rent expense	(76,229)	
		(76,229)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense.		
School OPEB expense	6,000	
School pension contributions	1,269,392	
Costs of pension benefits earned, net of employee contributions	(1,275,000)	
		392
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense, as follows:		
Capital outlays	419,339	
Depreciation expense	(86,288)	
		333,051
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES		$ (42,309)

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
JUNE 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	$	2,938
Federal subsidies receivable		79,584
State subsidies receivable		3,652
TOTAL CURRENT ASSETS		86,174
CAPITAL ASSETS, NET		34,044
DEFERRED OUTFLOWS OF RESOURCES		-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	120,218
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	63,647
Due to other funds		106,796
TOTAL LIABILITIES		170,443
DEFERRED INFLOWS OF RESOURCES		-
NET POSITION		
Invested in capital assets		34,044
Unrestricted		(84,269)
TOTAL NET DEFICIT		(50,225)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	120,218

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
PROPRIETARY FUND - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2019

REVENUES	
Revenue from students	$ 1,333
Revenue from federal sources	679,420
Revenue from state sources	30,023
TOTAL REVENUES	710,776
EXPENSES	
Depreciation	17,886
Food service management	592,834
Office	11,937
Professional service	2,500
Repairs and maintenance	5,749
Salaries and benefits	28,160
TOTAL EXPENSES	659,066
NET INCOME BEFORE TRANSFERS	51,710
OPERATING TRANSFERS	-
CHANGE IN NET DEFICIT	51,710
NET DEFICIT, BEGINNING	(101,935)
NET DEFICIT, ENDING	$ (50,225)

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from students	$ 1,333
Receipts from federal sources	752,196
Receipts from state sources	34,946
Payments to suppliers for goods and services	(591,089)
Payments to employees	(28,160)
NET CASH PROVIDED BY OPERATING ACTIVITIES	169,226
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to other funds	(160,127)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(160,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(9,004)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,004)
TOTAL INCREASE IN CASH	95
CASH, BEGINNING	2,843
CASH, ENDING	$ 2,938
RECONCILIATION OF CHANGE IN NET DEFICIT FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net deficit	$ 51,710
Adjustment to reconcile change in net deficit to net cash used by operating activities	
Depreciation	17,886
Changes in assets and liabilities	
Federal subsidies receivable	101,730
State subsidies receivable	4,923
Prepaid expense	2,150
Accounts payable	(9,173)
Total adjustments	117,516
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 169,226

See accompanying notes.

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 28,572
TOTAL ASSETS	$ 28,572
LIABILITIES	
Due to student groups	$ 28,572
TOTAL LIABILITIES	$ 28,572

See accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Tacony Academy Charter School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997 (the Act), whereby a charter is granted for a five-year period and may be renewed for additional five-year periods under expiration. The mission of the school is to provide a high quality public education to students in grades K-12. The School is located in Philadelphia, Pennsylvania, and began operations in September 2008. The School has submitted all the required applications in order to renew their charter agreement however the application has not been approved by the City of Philadelphia. At this time, they are operating without a renewed charter.

The School has financial accountability and control over all activities related to the students' education. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The reporting entity of the School is based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School. The School is not a component unit of another reporting entity. The decision to include the component unit in the School's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability.

Component Unit

Frankford Valley Foundation for Literacy II (the Foundation) is a legally separate, tax-exempt component unit of the School. The Foundation was organized to acquire and construct the School's facilities. Although the School does not control the timing or amounts of receipts from the Foundation, the majority of resources, and income thereon that the Foundation holds is restricted to the activities of the School. Because these restricted resources held by the Foundation can only be used by or for the benefit of the School, The Foundation is considered a component unit of the School and is discretely presented in the School's financial statements.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance) report on the School's general fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The School reports the following major governmental funds:

> General Fund – The general fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

The School reports the following proprietary fund:

> Food Service Fund – Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The following fund is a nonmajor fund of the School included in other governmental funds:

> Student Activities Fund – Used to account for assets held by the School for student groups and are available to the students. The student activities fund is custodial in nature and does not have a measurement focus.

On occasion the General Fund loans funds to the Food Service Fund to support operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting

The School applies the provision of GASB Statement No. 34 (Statement 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three (3) components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on the use of net position through external constraints imposed by creditors such as through debt covenants, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In accordance with the provisions of GASB Statement 65, certain items previously reported as assets and liabilities are now reported as deferred outflows of resources and deferred inflows of resources. Specifically, grant revenue previously reported as deferred revenue is now reported as a deferred inflow of resources.

Fund Balance Classification Policies and Procedures

The School follows the provisions of GASB Statement No. 54, *Fund Balances* (Statement 54). Statement 54 requires the classification of the School's fund balance into five (5) components: nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as follows:

- Nonspendable – This category is for amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to remain intact.
- Restricted – This category is the part of the fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by enabling legislation.
- Committed – This category is the portion of the fund balance that can only be used for specific purposes as a result of action (resolution) by the School's highest level of authority, the Board of Trustees.
- Assigned – this category reflects funds that the School intends to use for a specific purpose but are not considered restricted or committed.
- Unassigned – This category represents the part of the spendable fund balance that has not been categorized as nonspendable, restricted, committed, or assigned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The School adopts an annual budget on a basis consistent with GAAP for the general fund. The School is required to present the adopted and final budgeted revenues and expenditures for the general fund that were filed and accepted by the Labor, Education, and Community Services Comptroller's Office. The general fund budget is presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) – (Unaudited) - General Fund.

Fair Value Measurements

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three (3) levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs to the valuation methodology are inputs other than quoted market prices that are observable for the asset or liability;

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

As of June 30, 2019, the Foundation had investments in money market funds of $3,390,849 in cash and cash equivalents classified as Level 1, and no financial assets or liabilities in the Level 2 or 3 hierarchy.

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 certain reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, disclosure of contingent assets and liabilities and reported revenues and expenses. Accordingly, actual results could differ from estimates.

Cash

The School's cash consists of cash on hand and demand deposits.

Prepaid Expenses

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables primarily consist of amounts due from the Pennsylvania Department of Education for federal and state grants and subsidies. Receivables are stated at the amount management expects to collect. As of June 30, 2019, based on historical experience, no allowance has been established.

Capital Assets

Capital assets, which include leasehold improvements and furniture and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. The Foundation holds the building and related debt. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed. The School’s capital assets are depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Accrued Rent

The School leases its facilities from the Foundation under a 30 year lease which began in February 2014. The School recognizes rent on a straight-line basis over the lease term beginning with the date of inception. The cumulative difference between lease expense recognized under the straight line method and contractual lease payment terms are recorded as accrued rent on the statement of net position.

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.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Advertising Costs

All costs associated with advertising and promotion are expenses in the year incurred.

Income Tax Status

The School and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

The School and the Foundation account for uncertainty in income taxes in which tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. As of June 30, 2019, the School and the Foundation had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements. Additionally, there was no interest and penalties related to income taxes.

The School and the Foundation each file Federal Form 990 (Return of Organization Exempt From Income Tax). With few exceptions they are no longer subject to U.S. federal and state tax examinations by taxing authorities for years before fiscal year ended June 30, 2016.

NOTE 2 CASH

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School monitors custodial credit risk by periodically reviewing the Federal Deposit Insurance Corporation's (FDIC) limits and published credit ratings of its depository bank(s). Accounts are insured by the FDIC up to $250,000. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School has elected for its accounts to be covered under this act. The Foundation is also covered under this act.

As of June 30, 2019 the total cash balances per the financial statements is $5,121,452, $2,938, and $3,436,992, which are net of outstanding checks for Governmental Activities, Business-Type Activities, and the Component Unit, respectively.

	Governmental Activities	Business-Type Activity	Component Unit
Uncollateralized	$ -	$ -	$ 3,140,849
Collateralized by securities held by the pledging financial institution	-	-	-
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor School's name	5,137,363	2,938	-
Total	$ 5,137,363	$ 2,938	$ 3,140,849

NOTE 3 RECEIVABLES

Receivables as of June 30, 2019, consisted of subsidies from federal, state, local, and other sources. All receivables are considered collectible due to the stable condition of the federal, state, and local programs.

A summary of receivables is as follows:

	Governmental Activities	Business-Type Activity
Federal	$ 176,267	$ 79,584
State	179,762	3,652
Other sources	89,682	-
	$ 445,711	$ 83,236

NOTE 4 LOCAL EDUCATIONAL AGENCY ASSISTANCE (REVENUE)

The School receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Charter schools are funded by the local public school district. For non-special education students, a charter school receives for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. For the year ended June 30, 2019, the rate for the majority of the students was $9,152 per year per student, plus additional funding for special education students and transportation. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. Total revenue from student enrollment was $13,581,340 for the year ended June 30, 2019.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental activities:	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Leasehold improvements	$ 241,293	$ 145,267	$ -	$ 386,560
Furniture and equipment	16,935	8,532	-	25,467
Vehicle	-	42,061	-	42,061
Computers and software	35,001	223,479	-	258,480
Less: accumulated depreciation	(51,030)	(86,288)	-	(137,318)
Governmental capital assets, net	$ 242,199	$ 333,051	$ -	$ 575,250

Business-type activities:	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Machinery and equipment	$ 64,939	$ 9,004	$ -	$ 73,943
Furniture and equipment	24,832	-	-	24,832
Less: accumulated depreciation	(46,845)	(17,886)	-	(64,731)
Business-type activities capital assets, net	$ 42,926	$ (8,882)	$ -	$ 34,044

Component unit:	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Land	$ 1,380,712	$ -	$ -	$ 1,380,712
Building and improvements	27,777,942	-	-	27,777,942
Less: accumulated depreciation	(2,590,792)	(712,255)	-	(3,303,047)
Component unit capital assets, net	$ 26,567,862	$ (712,255)	$ -	$ 25,855,607

As of June 30, 2019, depreciation expense was $86,288, $17,886, and $712,255 for Governmental Activities, Business-Type Activities, and the Component Unit, respectively.

NOTE 6 RETIREMENT PLAN

The School contributes to the Public School Employees' Retirement System (PSERS).

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multiple-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.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 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 new 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 of 3 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 upon 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.

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

Member 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 service rendered on or after January 1, 2002.

NOTE 6 RETIREMENT PLAN (continued)

Contributions (continued)

Member Contributions: (continued)

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 Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2019 was 32.60% 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 pension plan from the School were $1,237,876 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of $12,817,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2019, the School's proportion was .0267%, which was the same as its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized pension expense of $1,275,000. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 103,000	$ 198,000
Net difference between projected and actual investment earnings	63,000	-
Changes in proportion	74,000	714,000
Changes of assumptions	239,000	-
Difference between employer contributions and proportionate share of total contributions	123,365	-
Contributions subsequent to the measurement date	1,237,876	-
	$ 1,840,241	$ 912,000

NOTE 6 RETIREMENT PLAN (continued)

$1,237,876 was reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date which will be recognized as reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized and will be recognized in pension expense for future actuarial calculations as follows:

Years ending June 30,	
2019	$ (164,000)
2020	(6,000)
2021	(214,000)
2022	(49,000)
Thereafter	-
	$ (433,000)

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of June 30, 2017 actuarial valuation to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2017.

- Actuarial cost method entry age normal. level % of pay
- Investment return 7.25% includes inflation at 2.75%
- Salary growth effective average of 5.00%, comprised of inflation of 2.75%, and 2.25% for real wage growth and for merit or seniority raises.
- Mortality rates were the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study that was performed for the five-year period ended June 30, 2015.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension 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.

NOTE 6 RETIREMENT PLAN (continued)

The below table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major assets class as of June 30, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School'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 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	$ 15,888,000	$ 12,817,000	$ 10,221,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

NOTE 6 RETIREMENT PLAN (continued)

Alternative Retirement Plan

During the fiscal year ended June 30, 2015 the School established an employer-sponsored deferred compensation defined contribution plan (the Plan). This retirement plan provides for salary deferrals pursuant to section 403(b) of the Internal Revenue Code. The Plan covers all full-time employees who are not participating in the PSERS Retirement Plan. Employees of the School contribute 5% of their salary and the School also contributes 5% to the Plan on the employee's behalf. Retirement Plan contributions by the School for the year ended June 30, 2019 were $81,611.

NOTE 7 OPEB LIABILITY

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:
- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan description

PSERS is a governmental cost-sharing multiple-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.pa.gov.

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees

NOTE 7 OPEB LIABILITY (continued)

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2018 was 0.83% 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 OPEB plan from the school were $31,516 for the year ended June 30, 2019.

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

At June 30, 2019, the school reported a liability of $557,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The school's proportion of the net OPEB 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, 2019, the school's proportion was .0267%, which was the same as its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of $6,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,000	$ -
Net difference between projected and actual investment earnings	1,000	-
Changes of assumption	9,000	21,000
Changes in proportion	-	12,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to the measurement date	31,516	-
	$ 44,516	$ 33,000

$31,156 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 7 OPEB LIABILITY (continued)

Years ending June 30,	
2019	$ (4,000)
2020	(4,000)
2021	(4,000)
2022	(5,000)
2023	(5,000)
Thereafter	2,000
	$ (20,000)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

NOTE 7 OPEB LIABILITY (continued)

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed Income	1.3%	0.4%
	100.0%	

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, 2018.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted on the following page.

NOTE 7 OPEB LIABILITY (continued)

The following presents the System net OPEB liability for June 30,2018, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	$ 557,000	$ 557,000	$ 557,000

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage-point higher (3.98%) than the current rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
School's proportionate share of the net pension liability	$ 633,000	$ 557,000	$ 493,000

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

NOTE 8 LONG-TERM DEBT

During the fiscal year ended June 30, 2014, the Foundation issued $14,820,000 of Revenue Bonds (Series A-1 of 2013) and $180,000 of Taxable Revenue Bonds (Series A-2 of 2013). The 2013 Series A-1 Revenue Bonds will mature on June 15th in the following principal amounts, percentages and years: $1,460,000 at 6.250% in 2023, $4,120,000 at 6.70% in 2033 and $9,240,000 at 7% in 2043. The 2013 Series A-2 Taxable Revenue Bonds matured on December 15 at an interest rate of 6.250% in 2015. The bonds were issued for the expansion and renovation of the school facility, for use by the School.

On February 20, 2014, the Foundation issued $16,300,000 of 2014 Series Revenue Bonds. The 2014 Series Revenue Bonds will mature on June 15th in the following principal amounts, percentages and years: $1,855,000 at 6.125% in 2023, $4,375,000 at 6.875% in 2033 and $10,070,000 at 7.375% in 2043. The bonds are subject to mandatory sinking fund redemption on June 15 of each respective year. The bonds were issued to acquire a property and for the construction, renovation, furnishing and equipping of the High School facility.

NOTE 8 LONG-TERM DEBT (continued)

The School is a co-borrower with the Foundation on long-term debt used for the construction and improvement of a building to be used by the School as its facilities.

Following are changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019	Amount Due within One Year
Long-term debt	$ 30,400,000	$ -	$ (460,000)	$ 29,940,000	$ 485,000

Future maturities of long-term debt are as follows:

Years ending June 30,	Principal	Interest	Total
2020	$ 485,000	$ 2,100,412	$ 2,585,412
2021	515,000	2,070,412	2,585,412
2022	550,000	2,038,556	2,588,556
2023	585,000	2,004,530	2,589,530
2024	620,000	1,968,344	2,588,344
2025-2029	3,800,000	9,146,320	12,946,320
2030-2034	5,275,000	7,664,870	12,939,870
2035-2039	7,420,000	5,522,156	12,942,156
2038-2043	10,690,000	2,253,256	12,943,256
	$ 29,940,000	$ 34,768,856	$ 64,708,856

In June 2019, the School entered into a loan agreement with a financial institution for the purchase of transportation equipment. The loan matures in June of 2022 with a fixed interest rate of 5.14%, and is secured by the equipment.

Following are changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019	Amount Due within One Year
Long-term debt	$ -	$ 42,061	$ -	$ 42,061	$ 13,306

NOTE 8 LONG-TERM DEBT (continued)

Future maturities of the long-term debt are as follows:

Years ending June 30,	Principal	Interest	Total
2020	$ 13,306	$ 1,873	$ 15,179
2021	14,014	1,164	15,178
2022	14,741	418	15,159
	$ 42,061	$ 3,455	$ 45,516

NOTE 9 FUND BALANCE DESIGNATIONS

A fund balance designation is used to indicate that a portion of the total fund balance is not appropriable for expenditures because some underlying assets are not available financial resources or are legally segregated for specific future uses. As of June 30, 2019, the Board of Trustees has established fund balance designations as follows:

	Governmental Funds
Fund Balances:	
Nonspendable	$ 61,937
Restricted for	-
Committed to:	
Future PSERS contributions	300,000
Appropriation	500,000
Non liquid assets	900,000
Working Capital	3,100,000
Assigned	-
Unassigned	53,770
Total fund balances:	$ 4,915,707

NOTE 10 GRANT CONTINGENCIES

Grants received are 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 that may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

NOTE 11 LITIGATION

The School is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, at this time, the ultimate resolution of these matters will not have an adverse effect on the financial position of the School.

NOTE 12 RELATED-PARTY ARRANGEMENTS

In February 2014, the School entered into a 30-year lease with the Foundation. All costs of the building such as utilities, assessments, and taxes are paid by the School. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840, *Accounting for Leases,* rental payments are recognized on a straight-line basis over the term of the lease. The difference between the actual rent paid and the expense charged is an increase or decrease to accrued rent in the accompanying statement of net position.

The Foundation leases 100% of its rental facility to the School under a long-term operating lease.

Future minimum rentals are as follows:

Years Ending June 30,	
2020	$ 2,585,412
2021	2,585,412
2022	2,588,556
2023	2,589,530
2024	3,588,344
Thereafter	51,771,602
	$ 65,708,856

Rent expense was $2,765,098 for the year ended June 30, 2019.

NOTE 13 SUBSEQUENT EVENTS

The School has evaluated all events and transactions that have occurred after June 30, 2019 (the financial statement date) through December 18, 2019, the date that the financial statements were available to be issued. The School did not have any material recognizable subsequent events that would require adjustment to, or disclosure in the financial statements:

REQUIRED SUPPLEMENTARY INFORMATION

TACONY ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - (UNAUDITED)
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local educational agencies	$ 12,877,283	$ 13,581,340	$ 704,057
Other sources	-	200,365	200,365
State sources	217,454	239,903	22,449
Federal sources	1,034,000	1,297,477	263,477
TOTAL REVENUES	14,128,737	15,319,085	1,190,348
EXPENDITURES			
Instructional	6,882,946	7,356,561	473,615
Support services	7,107,978	7,627,982	520,004
Non-instructional services	114,095	634,065	519,970
TOTAL EXPENDITURES	14,105,019	15,618,608	1,513,589
OTHER FINANCING SOURCES			
Proceeds from long-term debt	-	42,061	42,061
NET CHANGE IN FUND BALANCE	23,718	(257,462)	(281,180)
FUND BALANCE			
Fund balance - beginning	5,173,169	5,173,169	-
FUND BALANCE - ENDING	$ 5,196,887	$ 4,915,707	$ (281,180)

TACONY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Last 10 Fiscal Years*

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
School's proportion of the net pension liability	0.0267%	0.0267%	0.0275%	0.0283%	0.0325%
School's proportionate share of the net pension liability	$ 12,817,000	$ 13,187,000	$ 13,628,000	$ 12,258,000	$ 12,863,000
School's covered-employee payroll	$ 3,600,946	$ 3,554,756	$ 3,566,359	$ 3,645,200	$ 4,145,262
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	356%	371%	382%	336%	310%
Plan fiduciary net position as a percentage of the total plan liability	54.00%	51.84%	50.14%	54.36%	57.24%

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TACONY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PENSION CONTRIBUTIONS - PSERS

Last 10 Fiscal Years*

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 1,237,876	$ 1,150,994	$ 1,042,884	$ 731,000	$ 647,000
Contributions in relation to the contractually required contribution	$ (1,237,876)	$ (1,150,994)	$ (1,042,884)	$ (731,000)	$ (647,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 3,600,946	$ 3,554,756	$ 3,566,359	$ 3,645,200	$ 4,145,262
Contributions as a percentage of covered-employee payroll	34.38%	32.38%	29.24%	20.05%	15.61%

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

TACONY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - PSERS

Last 10 Fiscal Years*

	June 30, 2019	June 30, 2018	June 30, 2017
School's proportion of the net OPEB liability	0.0267%	0.0267%	0.0275%
School's proportionate share of the net OPEB liability	$ 557,000	$ 544,000	$ 592,000
School's covered-employee payroll	$ 3,600,946	$ 3,554,756	$ 3,566,359
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15%	15%	17%
Plan fiduciary net position as a percentage of the total plan liability	54.00%	51.84%	50.14%

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

TACONY ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S OTHER POSTEMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS - PSERS

Last 10 Fiscal Years*

	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution	$ 31,516	$ 30,098	$ 29,644
Contributions in relation to the contractually required contribution	$ (31,516)	$ (30,098)	$ (29,644)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 3,600,946	$ 3,554,756	$ 3,566,359
Contributions as a percentage of covered-employee payroll	0.88%	0.85%	0.83%

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

UNIFORM GUIDANCE REQUIREMENTS

TACONY ACADEMY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	June 30, 2018 Accounts Receivable	Receipts	Expenditures	June 30, 2019 Accounts Receivable
U.S. DEPARTMENT OF EDUCATION						
PASS-THROUGH						
PENNSYLVANIA DEPARTMENT OF EDUCATION						
Title I Improving Basic Programs	84.010	013-191082	$ 181,987	$ 1,020,969	$ 966,182	$ 127,200
Title II Improving Teacher Quality	84.367	020-191082	27,350	80,879	80,203	26,674
Title IV Student Support and Academic Enrichment	84.424	144-191082	6,963	51,748	67,178	22,393
			216,300	1,153,596	1,113,563	176,267
PASS-THROUGH						
SCHOOL DISTRICT OF PHILADELPHIA IDEA PART B						
Idea Part B	84.027	N/A	186,881	370,795	183,914	$ -
U.S. DEPARTMENT OF AGRICULTURE						
PASS-THROUGH						
PENNSYLVANIA DEPARTMENT OF EDUCATION						
National School Lunch Program	10.555	362	124,252	531,093	464,009	57,168
School Breakfast Program	10.553	367	57,061	221,102	186,457	22,416
Child and Adult Care Food Program	10.558	N/A	-	28,954	28,954	-
			181,313	781,149	679,420	79,584
TOTAL FEDERAL AWARDS AND ASSISTANCE			$ 584,494	$ 2,305,540	$ 1,976,897	$ 255,851

See notes to schedule of expenditures of federal awards and assistance.

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tacony Academy Charter School under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Tacony Academy Charter School, it is not intended to and does not present the financial position, change in net position, or cash flows of Tacony Academy Charter School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Accounts receivable at June 30, 2019 and June 30, 2018 is reported net of deferred revenue

Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

Tacony Academy Charter School has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**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
Tacony Academy Charter School
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Tacony Academy Charter School, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tacony Academy 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

28 South Centre Street ◆ Merchantville, New Jersey 08109 ◆ (P) 856.482.5600 ◆ (F) 856.665.3618 ◆ www.stclaircpa.com
101 West Elm Street ◆ Suite 500 ◆ Conshohocken, Pennsylvania 19428 ◆ (P) 610.862.1998 ◆ (F) 610.862.3200 ◆ info@stclaircpa.com

Compliance and Other Matters

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

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.

St. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
December 18, 2019

St. Clair CPAs, P.C.
Accounting for Life | Advising for Lifecycles™

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Trustees
Tacony Academy Charter School
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Tacony Academy Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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* 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 Tacony Academy 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 School's compliance.

Opinion on Each Major Federal Program

In our opinion, Tacony Academy 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, 2019.

28 South Centre Street • Merchantville, New Jersey 08109 • (P) 856.482.5600 • (F) 856.665.3618 • www.stclaircpa.com
101 West Elm Street • Suite 500 • Conshohocken, Pennsylvania 19428 • (P) 610.862.1998 • (F) 610.862.3200 • info@stclaircpa.com

Report on Internal Control over Compliance

Management of Tacony Academy 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 School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 Tacony Academy 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.

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.

St. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
December 18, 2019

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Tacony Academy Charter School (the School) were prepared in accordance with GAAP.

2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.* No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with Governmental Auditing Standards, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal awards programs disclosed during the audit are reported in the Report on Compliance for Each Major Program and Report on Internal Control over Compliance requirements for Federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). No material weaknesses are reported.

5. The auditors' report on compliance for major federal award programs for the School expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) of the uniform guidance are reported in this schedule.

7. The program tested as a major program is Title I Grants to LEAs, CFDA #84.010.

8. The threshold for distinguishing types A and B programs was $750,000.

9. Tacony Academy Charter School was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None