

DISTRICT OF COLUMBIA  
PUBLIC CHARTER SCHOOL BOARD

WASHINGTON, DC

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

**KENDALL, PREBOLA AND JONES**

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**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

District of Columbia Public  
Charter School Board  
3333 14<sup>th</sup> Street, NW, Suite 210  
Washington, DC 20010

Independent Auditor's Report

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and major fund of the District of Columbia Public Charter School Board, an agency of the government of the District of Columbia, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District of Columbia Public Charter School Board's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the District of Columbia Public Charter School Board as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1(A) to the financial statements, the District of Columbia Public Charter School Board is an agency of the District of Columbia. These financial statements are intended to present the financial position and changes in financial position of only the governmental activities of the District of Columbia (the primary government) that are attributable to the transactions of the District of Columbia Public Charter School Board. They do not purport to, and do not, present fairly the financial position of the District of Columbia as of September 30, 2018, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

As more fully described in Note 1(H) to the financial statements, the District of Columbia Public Charter School Board is not required to legally adopt an annual operating budget and as such a budgetary comparison has not been presented as Required Supplementary Information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of the District of Columbia Public Charter School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District of Columbia Public Charter School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District of Columbia Public Charter School Board's internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
January 16, 2019

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 3,453,945	\$ -	\$ 3,453,945
Certificate of Deposit	2,000,000	-	2,000,000
Accounts Receivable	294,297	-	294,297
Prepaid Expenses	<u>183,258</u>	<u>-</u>	<u>183,258</u>
Total Current Assets	<u>\$ 5,931,500</u>	<u>\$ -</u>	<u>\$ 5,931,500</u>
<u>Other Assets:</u>			
Deposits	<u>\$ 23,376</u>	<u>\$ -</u>	<u>\$ 23,376</u>
Total Other Assets	<u>\$ 23,376</u>	<u>\$ -</u>	<u>\$ 23,376</u>
<u>Noncurrent Assets:</u>			
Net Capital Assets	<u>\$ 310,305</u>	<u>\$ -</u>	<u>\$ 310,305</u>
Total Noncurrent Assets	<u>\$ 310,305</u>	<u>\$ -</u>	<u>\$ 310,305</u>
TOTAL ASSETS	<u>\$ 6,265,181</u>	<u>\$ -</u>	<u>\$ 6,265,181</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$ 360,149	\$ -	\$ 360,149
Accrued Payroll and Vacation	334,095	-	334,095
Payroll Related Liabilities	66,243	-	66,243
Unearned Revenues	219,931	-	219,931
Current Portion: Deferred Rent Abatement	<u>38,718</u>	<u>-</u>	<u>38,718</u>
Total Current Liabilities	<u>\$ 1,019,136</u>	<u>\$ -</u>	<u>\$ 1,019,136</u>
<u>Non-Current Liabilities:</u>			
Deferred Rent Abatement	\$ 76,319	\$ -	\$ 76,319
Less: Current Portion	<u>(38,718)</u>	<u>-</u>	<u>(38,718)</u>
Total Non-Current Liabilities	<u>\$ 37,601</u>	<u>\$ -</u>	<u>\$ 37,601</u>
TOTAL LIABILITIES	<u>\$ 1,056,737</u>	<u>\$ -</u>	<u>\$ 1,056,737</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 310,305	\$ -	\$ 310,305
Unrestricted	<u>4,898,139</u>	<u>-</u>	<u>4,898,139</u>
TOTAL NET POSITION	<u>\$ 5,208,444</u>	<u>\$ -</u>	<u>\$ 5,208,444</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs:</u>							
Governmental Activities:							
Charter School Program	\$ 7,110,095	\$ 8,316,366	\$ 174,200	\$ -	\$ 1,380,471	\$ -	\$ 1,380,471
Parent Charter School Information	39,597	-	-	-	(39,597)	-	(39,597)
Safe Drinking Water for Students	1,044,500	-	1,044,500	-	-	-	-
Adult and Alternative Education	38,131	-	38,131	-	-	-	-
School Closures	839,059	-	-	-	(839,059)	-	(839,059)
Authorizers Instruments	15,319	-	-	-	(15,319)	-	(15,319)
Qualitative Site Reviews	55,893	-	-	-	(55,893)	-	(55,893)
Performance Management Framework Activities	196,803	-	-	-	(196,803)	-	(196,803)
Emergency Response Planning	93,300	-	-	-	(93,300)	-	(93,300)
Transcript Reviews	34,180	-	-	-	(34,180)	-	(34,180)
Financial Reviews and Dashboard Reporting	99,071	-	-	-	(99,071)	-	(99,071)
Depreciation - Unallocated	93,705	-	-	-	(93,705)	-	(93,705)
Loss on Disposal of Assets	2,069	-	-	-	(2,069)	-	(2,069)
Total Governmental Activities	<u>\$ 9,661,722</u>	<u>\$ 8,316,366</u>	<u>\$ 1,256,831</u>	<u>\$ -</u>	<u>\$ (88,525)</u>	<u>\$ -</u>	<u>\$ (88,525)</u>
General Revenues:							
Interest Earnings					\$ 20,844	\$ -	\$ 20,844
Total General Revenues					<u>\$ 20,844</u>	<u>\$ -</u>	<u>\$ 20,844</u>
Change in Net Position					\$ (67,681)	\$ -	\$ (67,681)
Net Position - Beginning of Year					<u>5,276,125</u>	<u>-</u>	<u>5,276,125</u>
Net Position - End of Year					<u>\$ 5,208,444</u>	<u>\$ -</u>	<u>\$ 5,208,444</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	<u>Governmental</u> <u>Fund Type</u>	
<u>ASSETS</u>	<u>General</u>	<u>Total</u>
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 3,453,945	\$ 3,453,945
Certificate of Deposit	2,000,000	2,000,000
Accounts Receivable	<u>294,297</u>	<u>294,297</u>
Total Current Assets	<u>\$ 5,748,242</u>	<u>\$ 5,748,242</u>
<u>Other Assets:</u>		
Deposits	<u>\$ 23,376</u>	<u>\$ 23,376</u>
Total Other Assets	<u>\$ 23,376</u>	<u>\$ 23,376</u>
TOTAL ASSETS	<u>\$ 5,771,618</u>	<u>\$ 5,771,618</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 360,149	\$ 360,149
Accrued Payroll and Vacation	334,095	334,095
Payroll Related Liabilities	66,243	66,243
Unearned Revenues	219,931	219,931
Current Portion: Deferred Rent Abatement	<u>38,718</u>	<u>38,718</u>
Total Current Liabilities	<u>\$ 1,019,136</u>	<u>\$ 1,019,136</u>
<u>Non-Current Liabilities:</u>		
Deferred Rent Abatement	\$ 76,319	\$ 76,319
Less: Current Portion	<u>(38,718)</u>	<u>(38,718)</u>
Total Non-Current Liabilities	<u>\$ 37,601</u>	<u>\$ 37,601</u>
Total Liabilities	<u>\$ 1,056,737</u>	<u>\$ 1,056,737</u>
<u>Fund Balances:</u>		
Nonspendable	\$ 23,376	\$ 23,376
Committed	4,463,205	4,463,205
Assigned	<u>228,300</u>	<u>228,300</u>
Total Fund Balances	<u>\$ 4,714,881</u>	<u>\$ 4,714,881</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,771,618</u>	<u>\$ 5,771,618</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

<u>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</u>	\$ 4,714,881
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$721,765, and the accumulated depreciation is \$411,460.	310,305
Expenditures paid in the current year relating to periods of the subsequent year such as insurance, employee benefits, etc. are deferred charges in the government-wide statements.	<u>183,258</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>\$ 5,208,444</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>
<u>Revenues:</u>	
Administrative Fees	\$ 8,316,366
Grants and Contributions	1,256,831
Interest Income	20,844
Total Revenues	\$ 9,594,041
<u>Expenditures:</u>	
<u>Current:</u>	
Wages	\$ 4,160,523
Fringe Benefits	862,392
Temporary Help	85,181
Technology - School-Based	564,664
Consultants	1,769,263
Professional Development	60,059
School Closure Expense	839,059
Legal and Audit	88,167
Travel, Meetings and Conferences	154,885
Community Events	61,422
Office Rent and Utilities	487,237
Bookkeeping and Payroll Fees	15,345
Postage and Shipping	1,099
Printing, Duplicating and Production	67,315
Publicity and Promotion	16,595
Telephone and Electronic Communications	98,403
Website	77,727
Subscriptions, Books and Dues	12,469
Maintenance and Equipment Rental	55,639
Office Supplies and Expense	61,708
Insurance	25,701
Organizational Development	33,003
Capital Outlay	82,252
Total Expenditures	\$ 9,680,108
Excess of Revenues Over/(Under) Expenditures	\$ (86,067)
Fund Balances, Beginning of Year	4,800,948
Fund Balances, End of Year	\$ 4,714,881

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</u>	\$	(86,067)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. In the statement of activities the cost of assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.</p>		
		(13,522)
<p>Deferred charges are reported in the governmental funds as expenditures. However, in the government-wide financial statements such charges are recorded as prepaid expense. Prepaid expenses decreased by this amount during the year.</p>		
		<u>31,908</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	<u>\$</u>	<u>(67,681)</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

The Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Board are discussed below.

A. Financial Reporting Entity -

The District of Columbia Public Charter School Board was established within the District of Columbia Government as an independent agency as set forth in section 2214 of the District of Columbia School Reform Act of 1995. According to enabling legislation, the Board is not a body corporate or a body politic and thus the corporate powers are held by the primary government. Legislation has established the term of the Board as perpetual in nature.

Board Members are nominated by the Mayor of the District of Columbia and confirmed by the DC Council. The Board has been operating since February 1997 and has established a goal of helping to improve education for children, youth, and adults in the District of Columbia by authorizing quality public charter schools.

The Board was formed to grant charters to establish public charter schools and to provide oversight of such schools in Washington, DC. The Board reviews applications to develop public charter schools; awards or denies requests for charters; monitors the operations of public charter schools, as well as the progress of students in those schools; and renews charters, or withdraws and revokes charters of schools that fall short of their goals. The Board receives funding in the form of grants from the Government of the District of Columbia and administrative fees from the schools that it charters.

**Component Unit Evaluation** - The criteria for including organizations as component units within the District of Columbia Public Charter School Board's reporting entity, as set forth by the Government Accounting Standards Board pronouncements, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is fiscal dependency by the organization on the Board

The Board has reviewed and evaluated the applicable criteria and determined that there are no agencies that should be included as component units in these financial statements.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Financial Statements - Government-Wide Statements -

The Board's financial statements include both government-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. The Board's activities and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position is reported in three parts - invested in capital assets, net of related debt; restricted and unrestricted. When applicable, the Board first utilizes restricted resources to finance qualifying activities. During the year ended September 30, 2018, the Board had no restricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Board's functions and business-type activities. The functions are also supported by general government revenues (intergovernmental revenues, interest, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Non-operating revenues consist of interest revenue earned.

The net costs (by function or business-type activity) are normally covered by general revenues (intergovernmental revenues, interest, etc.).

The Board does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net position resulting from the current year's activities.

C. Financial Statements - Fund Financial Statements -

The accounts of the District of Columbia Public Charter School Board are organized on the basis of a fund (a general fund of the Primary Government), which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which the funding is to be spent.

The following fund type is maintained by the District of Columbia Public Charter School Board.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Financial Statements - Fund Financial Statements - (Continued)

Governmental Fund Type:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Board:

1. General Fund

The activities of the Board are accounted for in the General Fund of the District of Columbia Government. The General Fund is used to account for all financial resources not accounted for in other funds.

D. Measurement Focus and Basis of Accounting -

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources; the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year end). All other revenue items are considered to be measurable and available only when the government receives cash. Any excess of revenues or expenditures at the year end is recorded as deferred revenue or a receivable.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

E. Cash and Cash Equivalents -

For the purpose of financial statement presentation, cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less.

F. Capital Assets -

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	5-40 years
Computers and Software	3-5 years
Furniture and Fixtures	5-10 years
Machinery and Equipment	5-7 years

From time to time, assets are purchased by the Board on behalf of a newly chartered public school. The policy of the Board is to transfer title to that charter school at the time of purchase. As such, these purchases are expensed at the time of acquisition and not capitalized in the financial statements.

G. Deferred Inflows of Resources -

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Budgets and Budgetary Accounting -

GASB No. 34 requires governmental entities that legally adopt an annual budget to present as Required Supplementary Information, a schedule with budget to actual comparisons. The purpose of this budgetary comparison is to demonstrate the government's compliance in obtaining and using financial resources in accordance with its legally adopted budget.

The District of Columbia Public Charter School Board is not required by law to formally prepare and adopt an annual operating budget, and as such a budget comparison has not been presented in these financial statements.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

I. Revenues and Expenditures -

In accordance with GASB No. 33, regarding grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Expenditures are recognized when the related fund liability is incurred.

J. Government-wide Financial Statements - Equity Classifications -

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - consists of capital assets, including cash and investments restricted for 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 improvements of these assets.
- 2) Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- 3) Unrestricted - the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Fund Financial Statements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement defines the types of fund balances that a governmental entity must use for financial reporting purposes. The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form such as prepaid expenses and deposits. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

J. Government-wide Financial Statements - Equity Classifications - (Continued)

**Fund Financial Statements** (Continued)

Restricted Fund Balance

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the District of Columbia's highest level of decision-making authority. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the highest level of decision-making authority.

Assigned Fund Balance

The assigned fund balance classification reflects amounts that the Public Charter School Board *intends* to be used for specific purposes. Assignments may be established either by the governing body or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint.

In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action does not require the same level of formality and may be delegated to another body or official.

As of September 30, 2018, \$228,300 was internally assigned by the board of directors to be used for the specified purpose of expenses related to school closure, school oversight, general operating expenses, capital expenditures and employee compensation for which funds from other resources are not available for such purposes.

Unassigned Fund Balance

For this general fund, a positive unassigned fund balance has not reported because amounts in this fund have been committed by the primary government, at least, to the purpose of that Board. However, deficits in the fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

J. Government-wide Financial Statements - Equity Classifications - (Continued)

**Fund Financial Statements** (Continued)

Classification Policies and Procedures

Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the District of Columbia through a resolution. A resolution also must be passed by the District to modify or rescind committed fund balances.

Order of Fund Balance Spending Policy

The Board's policy is to apply expenditures against restricted fund balances first when both restricted and unrestricted fund balances are available. When resources are available from multiple sources for a specific purpose, expenditures are applied against fund balances in the following order: Committed Fund Balance and Assigned Fund Balance.

K. Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses at the date of the financial statements. Actual results could differ from these estimates.

Note 2 - Cash, Cash Equivalents, Certificates of Deposit and Investments:

In accordance with state law, all uninsured deposits of Board funds in financial institutions must be secured with acceptable collateral equal to at least 102% of the total of the District of Columbia funds held by the eligible financial institution. Acceptable collateral includes bonds, bills, or notes for which the interest and principal are guaranteed by the United States government; securities of a quasi-governmental corporation; investment grade obligations of the District or a state or local government; or collateralized mortgage obligations. As required by DC Code Title 47.351.02(c), the pledging financial institution is required to place collateral in a joint custody account established for the benefit of the District at the Federal Reserve Bank or in an independent third-party insured institution. Deposits and investments of the Board are limited by state law to the following:

1. Bonds, bills, notes, or other obligations issued by the United States government;
2. Federally insured negotiable certificates of deposit or other insured or uninsured evidences of deposit at a financial institution;
3. Bonds, bills, notes, mortgage-backed or asset-backed securities, or other obligations of a quasi-governmental corporation;
4. Prime banker acceptances that do not exceed 270 days maturity;
5. Prime commercial paper that does not:
  - a. Have a maturity that exceeds 180 days; and
  - b. Exceed 10% of the outstanding commercial paper of the issuing corporation at the time of purchase;

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash, Cash Equivalents, Certificates of Deposit and Investments: (Continued)

6. Investment grade obligations of the District or a state or local government;
7. Repurchase agreements for the sale or purchase of securities by the District under the condition that, after a stated period of time, the original seller or purchaser will buy back or sell the securities at an agreed price that shall include interest;
8. Investment grade asset-backed or mortgaged-backed securities; or
9. Money market funds registered with the Securities and Exchange Commission and which meet the requirements of rule 2(a)(7) of the Investment Company Act of 1940, approved August 22, 1940.

Cash at September 30, 2018, consisted of interest bearing and non-interest bearing accounts. This was the nature of accounts that were maintained throughout the year. All of these deposits are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet as “Cash and Cash Equivalents.” At September 30, 2018, the carrying amount of the Board’s deposits was \$5,453,945 and the bank balance was \$5,453,745.

A summary of these balances are as follows:

	Bank Balances	Carrying Balances
Cash on Hand - Petty Cash	\$ -	\$ 200
Non-Interest Bearing - Checking	3,453,745	3,453,745
Certificate of Deposit	2,000,000	2,000,000
Total Cash, Cash Equivalents and Certificate of Deposit	\$ 5,453,745	\$ 5,453,945

The District of Columbia Public Charter School Board maintains its deposits in two separate financial institutions in the form of an interest-bearing certificate of deposit and non-interest bearing checking accounts.

These accounts are covered under the Federal Deposit Insurance Corporation (FDIC) program. Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits and the combined total insured up to \$250,000. As of September 30, 2018, \$5,170,106 of the bank balance was deposited in excess of Federal Deposit Insurance Corporations limits.

*Custodial Credit Risk-Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the Board’s deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk.

In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (DC Law 12-56), which became effective on March 18, 1998, all of the deposits at September 30, 2018, were insured or collateralized with securities held by its agent in the District of Columbia’s name.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 3 - Accounts Receivable:

Accounts receivable at September 30, 2018, is considered to be fully collectible and consisted of the following:

School Administrative Fees	\$ 263,068
Interest Receivable	20,841
Other Reimbursements	<u>10,388</u>
Total	<u>\$ 294,297</u>

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2018, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets:				
Leasehold Improvements	\$ 294,520	\$ 22,984	\$ -	\$ 317,504
Computers and Software	255,991	45,655	(14,498)	287,148
Furniture and Fixtures	70,666	3,506	(4,658)	69,514
Machinery and Equipment	<u>37,492</u>	<u>10,107</u>	<u>-</u>	<u>47,599</u>
Total Capital Assets	<u>\$ 658,669</u>	<u>\$ 82,252</u>	<u>\$ (19,156)</u>	<u>\$ 721,765</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	\$ (110,307)	\$ (18,006)	\$ -	\$ (128,313)
Computers and Software	(154,514)	(63,719)	12,429	(205,804)
Furniture and Fixtures	(58,433)	(5,352)	4,658	(59,127)
Machinery and Equipment	<u>(11,588)</u>	<u>(6,628)</u>	<u>-</u>	<u>(18,216)</u>
Total Accumulated Depreciation	<u>\$ (334,842)</u>	<u>\$ (93,705)</u>	<u>\$ 17,087</u>	<u>\$ (411,460)</u>
Total Capital Assets, Net	<u>\$ 323,827</u>	<u>\$ (11,453)</u>	<u>\$ (2,069)</u>	<u>\$ 310,305</u>

Depreciation Expense was \$93,705 for the year ended September 30, 2018, and is reflected in the statement of activities as Depreciation - Unallocated.

Note 5 - Administrative Fees:

As authorized by Section 2211(b)(2) of the District of Columbia School Reform Act (as amended), the District of Columbia Public Charter School Board assesses an administrative fee on each school it serves at an amount not to exceed one percent of the annual budget of the school. This fee is for the purpose of covering the cost of undertaking the ongoing administrative responsibilities of the Public Charter School Board.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 5 - Administrative Fees: (Continued)

Through the year ended September 30, 2012, it was the policy of the District of Columbia Public Charter School Board to assess this fee based on the total per-pupil funding payments (including Summer School and Special Education) made to each charter school from the Office of State Superintendent of Education (OSSE). An original assessment was provided to each charter school at the beginning of the school year based on its anticipated student enrollment. Subsequent to the close of the school year, a retroactive adjustment was made either increasing or decreasing the assessment based on final OSSE audit enrollment counts including summer school and special education.

Effective October 1, 2012, the District of Columbia Public Charter School Board amended its policy for the determination of the amount of the administrative fee assessment. A preliminary assessment is made at the beginning of each school's fiscal year (approximately October) based on the school's total budgeted revenues less those revenues derived through private philanthropy, special events and investment income.

Once the final Federal Form 990 Information Tax Return is filed subsequent to each school's year-end (approximately February of the subsequent year), a retroactive billing adjustment is provided to each school based on its final audited financial statements. During the year ended September 30, 2018, additional administrative fee income was recognized based on Form 990 tax returns filed by February 15, 2018, that related to each school's fiscal year end of June 30, 2017.

Note 6 - Deferred Rent Abatement:

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease that includes a rent abatement period and fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as a deferred rent abatement in the accompanying statement of net position. The District of Columbia Public Charter School entered into a lease agreement for the rental of office space located at 3333 14<sup>th</sup> Street, NW, Washington, DC, for 65 months, commencing on February 1, 2015, and expiring on June 30, 2020. As a condition of the lease terms, the first three months of rent have been abated. Accordingly, \$76,319 of future rent payments have been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. The balance of the unamortized deferred rent abatement at September 30, 2018, was \$76,319.

Note 7- Commitments:

Office Lease - Tivoli Square:

The District of Columbia Public Charter School Board entered into a lease agreement on February 28, 2005, effective July 15, 2005, with Tivoli Partners Commercial, LLC for the rental of 6,004 square feet of office space located on the second floor at 3333 14<sup>th</sup> Street, NW, Washington, DC ("Suite 210"). This original lease was scheduled to expire on June 30, 2015, however an amendment to this lease was executed on December 19, 2014.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 7- Commitments: (Continued)

Office Lease - Tivoli Square: (Continued)

The amended lease term is effective for a sixty-five (65) month period beginning on February 1, 2015, and expiring on June 30, 2020. Included in the amended lease is the rental of an additional 1,571 square feet of expanded office space (“Suite M-100”) as well as 3,407 of existing office space located on the third floor (“Suite 310”), formerly sublet from Sojourners. After a ninety (90) day abatement period, monthly rent payments of \$37,805 began on May 1, 2015. The lease calls for a yearly escalation of 2.5% effective on the first day of January of each successive year. Monthly base lease payments required in accordance with the lease at September 30, 2018, were \$41,096. As an additional requirement of this lease agreement, a rental security deposit in the amount of \$23,376 was required.

There is an additional 12,827 square feet of office space located within the same premises that is currently being leased by Sojourners from Tivoli Partners Commercial, LLC, through the period ended June 30, 2020. As a provision of the amended lease, if they do not renew that lease, the Board is required to lease that space as well as its currently leased conference room space for an additional ten (10) years and shall return possession of Suites 210, 310 and M-100. In the event, the additional space does not become available, the Board has the option to extend the existing lease for an additional ten (10) years with a base rent increase of 2.50% per year. The Board is obligated to pay a proportion of the annual increase in operating costs and real estate taxes on the leased property. An estimate of the annual operating costs has not been provided for below. Rental expense under this lease for the year ended September 30, 2018, was as follows:

Base Rent	\$ 459,043
Real Estate Taxes	<u>3,419</u>
 Total Rent Expense	 <u>\$ 462,462</u>

As of September 30, 2018, future minimum rental obligations required for the next two years under this lease, net of rent abatement are as follows:

<u>Year Ending September 30,</u>	<u>Rent</u> <u>Expense</u>	<u>Rent</u> <u>Abatement</u>	<u>Net</u> <u>Obligation</u>
2019	\$ 459,043	\$ 38,718	\$ 497,761
2020	<u>344,281</u>	<u>37,601</u>	<u>381,882</u>
 Total	 <u>\$ 803,324</u>	 <u>\$ 76,319</u>	 <u>\$ 879,643</u>

Copier Lease:

The District of Columbia Public Charter School Board entered into an operating lease on November 6, 2015, for the rental of a three Konica C654e photocopiers. This lease calls for sixty (60) monthly payments of \$2,429 commencing on November 29, 2015, and ending on November 28, 2020. Rental expense for the year ending September 30, 2018, on this lease was \$29,148.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 7 - Commitments: (Continued)

Copier Lease: (Continued)

Future minimum payments due under this lease are as follows:

Year Ending September 30,

2019	\$ 29,148
2020	29,148
2021	<u>4,858</u>
Total	<u>\$ 63,154</u>

Postage Machine:

The District of Columbia Public Charter School Board entered into an operating lease on August 24, 2015, for the rental of a DM125 Desktop Mailing System. This lease calls for sixty (60) monthly payments of \$61 commencing on December 20, 2015, and ending on December 19, 2020. Rental expense for the year ending September 30, 2018, on this lease was \$737. Future minimum payments due under this lease are as follows:

Year Ending September 30,

2019	\$ 737
2020	737
2021	<u>184</u>
Total	<u>\$ 1,658</u>

Note 8 - Contingencies and Risk Management:

The viability of public charter schools and funding for these schools and the District of Columbia Public Charter School Board is dependent on the consensus of current and future administration of the District of Columbia. Any future change in dynamics could adversely affect the operation of public charter schools.

The District of Columbia Public Charter School Board is subject to various litigation and claims arising out of the course of its operations. While the results of the lawsuits cannot be predicted with certainty, management does not believe these matters will have an adverse effect on the organization's overall financial position. The organization assumes the liability for most risk including, but not limited to, property damage and personal injury liability, however the District of Columbia Government is responsible for any such liability that may result of any such lawsuit. Such risks are covered by the purchase of commercial insurance.

Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 9 - Economic Dependency:

Administrative fees received from two charter schools represent twenty percent (20%) of current year revenues.

Note 10 - Subsequent Events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 16, 2019, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

Note 11 - Pension Plan:

The District of Columbia Public Charter School Board provides pension benefits for its employees through a defined contribution 403(b) retirement plan which is currently administered by TIAA-Cref. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for employees to contribute up to the statutory limits set by the Internal Revenue Code. On the plan effective date, which began in June 1999, all current employees were eligible to participate in the retirement plan. All future employees will be eligible to participate upon hiring. Plan provisions and contribution requirements are established and may be amended by the Board Members of the District of Columbia Public Charter School Board. There is no unfunded past service liability.

Effective January 1, 2007, the District of Columbia Public Charter School Board began matching 1.5% for every 1% the employee contributes up to 3%. There is a further match of .5% for every 1% between 3.1% up to 5%.

The Board's contributions on all covered employees for the year ended September 30, 2018, amounted to \$168,939.

Note 12 - Fringe Benefits:

Fringe Benefits incurred for the year ended September 30, 2018, is comprised of the following:

Social Security	\$ 288,743
Unemployment	9,599
Health Insurance	315,959
Retirement	168,939
Workers Compensation	11,171
Disability	13,064
Life Insurance	2,295
Commuter Benefits	<u>52,622</u>
Total Fringe Benefits	<u>\$ 862,392</u>

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS

Note 12 - Fringe Benefits: (Continued)

Transportation Plan - The District of Columbia Public Charter School adopted a Section 132(f) Commuter Expense Reimbursement Plan. Under this plan, employees receive reimbursement for commuting to and from work on a tax favored (pre-tax) basis. The Public Charter School Board reimburses for commuter vehicle expense, transit passes, and qualified parking.

Flexible Benefits Plan - The District of Columbia Public Charter School adopted a Section 125 Flexible Benefits Plan (Cafeteria Plan). Under this plan, employees are permitted to use pre-tax-benefit dollars through payroll deduction to pay for insurance premiums, un-reimbursed medical expenses, and dependent care expenses.

Note 13 - Consulting:

Consulting expense incurred for the year ended September 30, 2018, is comprised of the following:

School Special Projects - Water Filters	\$ 1,044,500
Other	122,983
Communications	121,494
Financial Reviews	98,500
Emergency Response Plan	93,300
PMF Data Analysis	67,928
Forensic Accounting	67,750
Qualitative Site Reviews	55,893
Special Education Reviews	46,845
Transcript Reviews	34,180
Compliance Audits	9,016
Application Reviews	<u>6,874</u>
Total	<u>\$ 1,769,263</u>

**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

District of Columbia Public  
Charter School Board  
3333 14<sup>th</sup> Street, NW, Suite 210  
Washington, DC 20010

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

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 and major fund of the District of Columbia Public Charter School Board, an agency of the District of Columbia, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District of Columbia Public Charter School Board's basic financial statements, and have issued our report thereon dated January 16, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District of Columbia Public Charter School Board'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District of Columbia Public Charter School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District of Columbia Public Charter School Board'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.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
January 16, 2019

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no audit findings in the prior year.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

I. Summary of Auditor's Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the District of Columbia Public Charter School Board were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the District of Columbia Public Charter School Board, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.