

***CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2012***

***CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL***

***Central Jersey College Prep Charter School  
Board of Trustees  
Somerset, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2012***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Prepared by***

***Central Jersey College Prep Charter School  
Finance Department***

***And***

***Barre & Company, CPAs***

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Secretary, State Board of Education**

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***INTRODUCTORY SECTION***

***CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
17 SCHOOL HOUSE ROAD  
SOMERSET, NEW JERSEY 08873  
732-302-9991***

October 9, 2012

Honorable President and  
Members of the Board of Trustees  
Central Jersey College Prep Charter School  
County of Somerset  
Somerset, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Central Jersey College Prep Charter School (Charter School) for the fiscal year ended June 30, 2012. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of Central Jersey College Prep Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, , “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

### **Charter School Organization**

An elected six-member Board of Education (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

**1. REPORTING ENTITY AND ITS SERVICES:** Central Jersey College Prep Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the Charter School are included in this report. Central Jersey College Prep Charter School Board of Trustees constitutes the Charter School’s reporting entity.

Central Jersey College Prep Charter School provides a full range of services appropriate to Grades 6 thru 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2011-2012 school year with an enrollment of 309 students. The following details the student enrollment of the Charter School.

#### Average Daily Enrollment (ADE)

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change - ADE</u>
2011-2012	309	11.96%
2010-2011	276	9.52%
2009-2010	252	22.33%
2008-2009	206	25.61%

**2. MISSION AND GOALS:** The mission of the Central Jersey College Prep Charter School is to provide academic and social challenges and opportunities to students, instilling the skills and knowledge that they will need to succeed in their lives. The school aims to forge a powerful partnership out of the student-teacher-parent triad. This partnership will provide and empower our youth with the support necessary to reach their highest potential – intellectually, socially, emotionally and physically – building on their inherent promise to aid in their preparation for college and career. The school's overall academic goals are to prepare its students for the general challenges they will face in life after high school; to provide the specific skills and tools they will require to be successful in college and beyond; to turn them into lifelong learners and independent thinkers who appreciate diversity, teamwork and mutual respect; and to nurture in them a strong sense of personal integrity. Non-academic goals are as well as important part of the school's mission to prepare all students for the challenges that await them after high school and to nurture the character traits that are necessary to be successful in college and beyond.

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

- (1) the cost of a control should not exceed the benefits likely to be derived;
- (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

**5. CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to Basic Financial Statement” Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**6. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

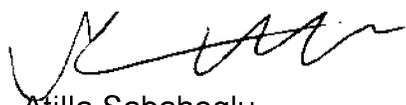
**7. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “Audits of State, Local Governments and Non-Profit Organization” and State Treasury Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.” The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

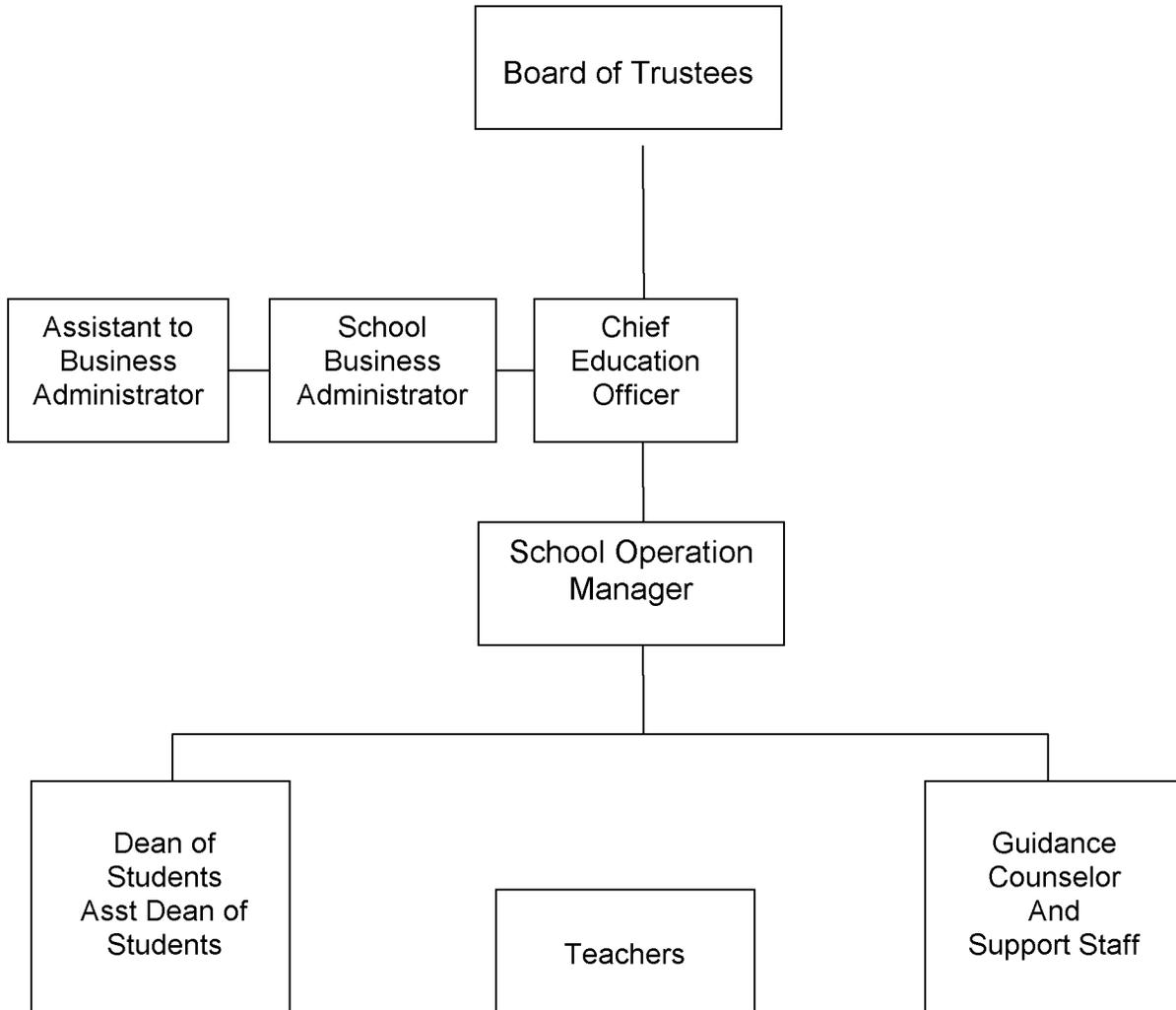
**8. ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of Central Jersey College Prep Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

  
Tarkan Topcuoglu  
Chief Education Officer

  
Atilla Sabahoglu  
Business Administrator

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
ORGANIZATIONAL CHART



**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<b><u>MEMBERS OF THE BOARD OF TRUSTEES</u></b>	<b><u>POSITION</u></b>
Ozcan Uzun, Phd.	President
Ferit Ucar, Phd.	Board Secretary
Christopher Lessard	Treasurer
Ferhan Tunagur, Phd.	Trustee
Frantz S. Jeanlouis	Trustee
 <b><u>OTHER OFFICIALS</u></b>	
Tarkan Topuoglu	Chief Education Officer
Atilla Sabahoglu	Business Administrator

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company  
Certified Public Accountants  
2204 Morris Avenue  
Union, NJ 07083

***Attorneys***

Brenda Liss  
Riker Danzig  
Headquarters Plaza  
One Speedwell Avenue  
Morristown, NJ 07962-1981

***Official Depository***

Wells Fargo Bank  
120 Cedar Grove Lane  
Somerset, NJ 08873

***FINANCIAL SECTION***

***BARRE & COMPANY***  
***CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS***

*2204 Morris Avenue, Suite 206*

*Union, New Jersey 07083*

*(908) 686-3484*

*FAX – (908) 686-6055*

**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Central Jersey College Prep Charter School  
County of Somerset  
Somerset, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2012 on our consideration of Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 13 and 59, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and New Jersey OMB's Circular 04-04, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*," respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

October 9, 2012

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of Central Jersey College Prep Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- ❖ General revenues accounted for \$4,575,534 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$278,250 or 6% of total revenues of \$4,853,784.
- ❖ The Charter School had \$4,168,172 in expenses; only \$278,250 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,575,534 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,479,620 in revenues and \$3,791,204 in expenditures. The General Fund's fund balance increased \$688,416 over 2011. This increase was anticipated by the Board of Trustees.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

**Reporting the Charter School as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**Statement of Net Assets and the Statement of Activities (Continued)**

In the *Statement of Net Assets* and the *Statement of Activities*, the Charter School is divided into two distinct kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and School Store enterprise funds are reported as business activities.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

**Governmental Funds**

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**Proprietary Fund**

The proprietary fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 36 of this report.

**The Charter School as a Whole**

Recall that the *Statement of Net Assets* provides the perspective of the Charter School as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Assets were \$1,451,497 for 2012 and \$765,886 for 2011.

**Governmental Activities**

The Charter School's total revenues were \$4,660,468 for the year ended June 30, 2012 and \$3,970,035 for 2011, this includes \$282,002 for 2012 and \$205,841 for 2011 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$3,990,847 for 2012 and \$4,034,481 for 2011. Instruction comprises 55% for 2012 of Charter School expenses and 57% for 2011.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased under the \$2,000 threshold.

**Business-Type Activity**

Revenues for the Charter School's business-type activity (food service program and school store) are comprised of charges for services and federal and state reimbursements.

**FOOD SERVICE**

- ❖ Revenues exceeded expenses by \$13,137 for 2012 and \$7,522 for 2011.
- ❖ Charges for services represent \$66,841 for 2012 and \$50,931 for 2011 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$100,837 for 2012 and \$88,994 for 2011.

**SCHOOL STORE**

- ❖ Revenues exceeded expenses by \$2,854 for 2012.
- ❖ Charges for services represent \$25,638 for 2012 of revenue. This represents amounts paid by patrons for shirt sales.

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,660,468 for 2012 and \$3,970,035 for 2011; and expenditures were \$3,972,052 for 2012 and \$4,353,996 for 2011. The net change in fund balance for the year was most significant in the general fund, an increase of \$688,416 in 2012 after an increase of \$45,651 in 2011.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

As demonstrated by the various statements and schedules included on the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amounts and percentages of increases and decreases in relation to prior year amounts.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Local Sources	\$ 2,032,997	43.62%	\$ 375,555	22.66%
State Sources	2,446,623	52.50%	272,069	12.51%
Federal Sources	180,848	3.88%	42,809	31.01%
<b>Total</b>	<b>\$ 4,660,468</b>	<b>100.00%</b>	<b>\$ 690,433</b>	

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2012, and the amounts and percentages of increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Instruction	\$ 1,750,001	44.06%	\$ (97,776)	-5.29%
Administration	1,026,478	25.84%	(106,539)	-9.40%
Support Services	1,195,573	30.10%	160,681	15.53%
<b>Total</b>	<b>\$ 3,972,052</b>	<b>100.00%</b>	<b>\$ (43,634)</b>	

Changes in expenditures were the results of varying factors.

**General Fund Budgeting Highlights**

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL  
SOMERSET, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(CONTINUED)**

**General Fund Budgeting Highlights (Continued)**

Over the course of the year, the Charter School revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets (Net of Depreciation)**

The Charter School had \$300,720 invested in site improvements at the end of the fiscal year 2012.

**For the Future**

Central Jersey College Prep Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Central Jersey College Prep Charter School has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Tarkan Topcuoglu, Chief Education Officer at Central Jersey College Prep Charter School, 17 School House Road, Somerset, New Jersey 08873. Please visit our website at <http://www.njcollegprep.com/>.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

*The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.*

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Statement of Net Assets  
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 839,936	\$ 35,666	\$ 875,602
Interfund Receivables	127,113	12,802	139,915
Receivables	336,195	6,467	342,662
Inventories		15,822	15,822
Prepaid Expenses	60,000		60,000
Capital Assets, Net	300,720		300,720
<b>Total Assets</b>	<b>1,663,964</b>	<b>70,757</b>	<b>1,734,721</b>
<b>LIABILITIES:</b>			
Interfund Payable	119,884	16,393	136,277
Payable to District	122,201		122,201
Accounts Payable	24,746		24,746
<b>Total Liabilities</b>	<b>266,831</b>	<b>16,393</b>	<b>283,224</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	300,720		300,720
General Fund (Encumbrance Reserve - Current Yr.)	15,881		15,881
Unrestricted	1,080,532	54,364	1,134,896
<b>Total Net Assets</b>	<b>\$ 1,397,133</b>	<b>\$ 54,364</b>	<b>\$ 1,451,497</b>

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 1,750,001	\$ 463,632	\$ -	\$ 84,934	\$ -	\$ (2,128,699)	\$ -	\$ (2,128,699)
Administration	327,375	81,603				(408,978)		(408,978)
Support Services	1,195,573	153,868				(1,349,441)		(1,349,441)
Unallocated Depreciation	18,795					(18,795)		(18,795)
<b>Total Governmental Activities</b>	<b>3,291,744</b>	<b>\$ 699,103</b>	<b>-</b>	<b>84,934</b>	<b>-</b>	<b>(3,905,913)</b>	<b>-</b>	<b>(3,905,913)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service and School Store	177,325		92,479	100,837			15,991	15,991
Total Business-Type Activities	177,325		92,479	100,837			15,991	15,991
Total Primary Government	\$ 3,469,069		\$ 92,479	\$ 185,771	\$ -	\$ (3,905,913)	\$ 15,991	\$ (3,889,922)
<b>GENERAL REVENUES</b>								
General Purposes						2,031,345		2,031,345
Federal and State Aid Not Restricted						2,542,537		2,542,537
Miscellaneous Income						1,652		1,652
Total General Revenues						4,575,534		4,575,534
Change in Net Assets						669,621	15,991	685,612
Net Assets - Beginning						727,512	38,373	765,885
Net Assets - Ending						\$ 1,397,133	\$ 54,364	\$ 1,451,497

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

**SECTION B – FUND FINANCIAL STATEMENTS**

***The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.***

***GOVERNMENTAL FUNDS***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**

Governmental Funds  
Combining Balance Sheet  
June 30, 2012

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 839,936	\$ -	\$ 839,936
Interfund Receivables	127,113		127,113
Receivables from Other Governments	203,450	132,745	336,195
Security Deposit	60,000		60,000
	<u>\$ 1,230,499</u>	<u>\$ 132,745</u>	<u>\$ 1,363,244</u>
<b>Total Assets</b>			
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Interfund Payables	\$ -	\$ 119,884	\$ 119,884
Payables to District	122,201		122,201
Accounts Payable	11,885	12,861	24,746
	<u>134,086</u>	<u>132,745</u>	<u>266,831</u>
<b>Total Liabilities</b>			
<b>Fund Balances:</b>			
Assigned - Encumbrances	15,881		15,881
Unassigned - General Fund	1,080,532		1,080,532
	<u>1,096,413</u>	<u>-</u>	<u>1,096,413</u>
<b>Total Fund Balances</b>			
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,230,499</u>	<u>\$ 132,745</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$375,900 and the accumulated depreciation is \$75,180.

300,720

Net Assets of Governmental Activities

\$ 1,397,133

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 2,031,345	\$ -	2,031,345
Interest on Investments			-
Miscellaneous	1,652		1,652
Total Local Sources	2,032,997	-	2,032,997
State Sources	2,446,623		2,446,623
Federal Sources		180,848	180,848
Total Revenues	4,479,620	180,848	4,660,468
<b>EXPENDITURES:</b>			
Instruction	1,672,873	77,128	1,750,001
Administration	1,026,478		1,026,478
Support Services	1,091,853	103,720	1,195,573
Total Expenditures	3,791,204	180,848	3,972,052
<b>NET CHANGE IN FUND BALANCES</b>	688,416	-	688,416
<b>FUND BALANCES, JULY 1</b>	407,997	-	407,997
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,096,413</u>	<u>\$ -</u>	<u>\$ 1,096,413</u>

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2012

Total net change in fund balances - governmental funds (B-2)	\$	688,416
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p style="padding-left: 40px;">Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>		
Depreciation Expense		(18,795)
Change in net assets of governmental activities	\$	669,621

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

***PROPRIETARY FUNDS***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Proprietary Fund  
Statement of Fund Net Assets  
June 30, 2012

	<u>Business-Type Activities Enterprise Funds</u>		
	<u>Food Service</u>	<u>School Store</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 19,669	\$ 15,997	\$ 35,666
Due From Other Funds	12,802		12,802
Intergovernmental Accounts Receivable:			
Federal	6,356		6,356
State	111		111
Inventories		15,822	15,822
<b>Total Assets</b>	<b><u>\$ 38,938</u></b>	<b><u>\$ 31,819</u></b>	<b><u>\$ 70,757</u></b>
<b>LIABILITIES AND NET ASSETS:</b>			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	\$ -	\$ 16,393	\$ 16,393
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>16,393</u></b>	<b><u>16,393</u></b>
Net Assets:			
Unrestricted	38,938	15,426	54,364
<b>Total Net Assets</b>	<b><u>38,938</u></b>	<b><u>15,426</u></b>	<b><u>54,364</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 38,938</u></b>	<b><u>\$ 31,819</u></b>	<b><u>\$ 70,757</u></b>

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund		
	Food Service	School Store	Total
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales	\$ 66,841	\$ 25,638	\$ 92,479
Total Operating Revenues	66,841	25,638	92,479
<b>OPERATING EXPENSES:</b>			
Salaries	47,296		47,296
Management Fees	8,160		8,160
Supplies and Materials	11,772		11,772
Cost of Sales	81,759	22,784	104,543
Miscellaneous Expenses	5,554		5,554
Total Operating Expenses	154,541	22,784	177,325
OPERATING INCOME (LOSS)	(87,700)	2,854	(84,846)
<b>NONOPERATING REVENUES:</b>			
State Source:			
State School Breakfast Program			-
State School Lunch Program	1,952		1,952
Federal Source:			
National School Breakfast Program	29,409		29,409
National School Lunch Program	69,476		69,476
Transfers From General Fund			-
Total Nonoperating Revenues	100,837	-	100,837
CHANGE IN NET ASSETS	13,137	2,854	15,991
TOTAL NET ASSETS, JULY 1	25,801	12,572	38,373
TOTAL NET ASSETS, JUNE 30	\$ 38,938	\$ 15,426	\$ 54,364

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund		
	Food Service	School Store	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 73,753	\$ 25,638	\$ 99,391
Cash Payments to Suppliers and Employees	<u>(155,782)</u>	<u>(18,042)</u>	<u>(173,824)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(82,029)</u>	<u>7,596</u>	<u>(74,433)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash Received From State And Federal Reimbursements Transfers In	100,837		100,837
Net Cash Provided By Noncapital Financing Activities	<u>100,837</u>	<u>-</u>	<u>100,837</u>
Net Increase (Decrease) In Cash And Cash Equivalents	18,808	7,596	26,404
Cash And Cash Equivalents, Beginning Of Year	<u>861</u>	<u>8,401</u>	<u>9,262</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 19,669</u>	<u>\$ 15,997</u>	<u>\$ 35,666</u>
<b>Reconciliation of Operating Loss to Net Cash Provided By (Used in)</b>			
Operating Activities:			
Operating Income (Loss) Used in Operating Activities	\$ (87,700)	\$ 2,854	\$ (84,846)
Change in Assets and Liabilities:			
Increase In Due From Other Funds	(12,802)		(12,802)
Increase in Receivables From Other Governments	19,714		19,714
(Increase) Decrease In Inventories		4,742	4,742
Increase (Decrease) In Interfund Payable	<u>(1,241)</u>		<u>(1,241)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (82,029)</u>	<u>\$ 7,596</u>	<u>\$ (74,433)</u>

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

*FIDUCIARY FUNDS*

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Assets  
 June 30, 2012

	<u>Unemployment Compensation Insurance</u>	<u>Agency Fund</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 8,874	\$ 17,820
Total Assets	<u>8,874</u>	<u>\$ 17,820</u>
<b>LIABILITIES:</b>		
Interfund Accounts Payable		\$ 3,638
Accounts Payable	11,937	-
Due to Student Groups		<u>14,182</u>
Total Liabilities	<u>11,937</u>	<u>\$ 17,820</u>
<b>NET ASSETS:</b>		
Reserved for Unemployment Claims	<u>(3,063)</u>	
Total Net Assets	<u>\$ (3,063)</u>	

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Assets  
 For the Fiscal Year Ended June 30, 2012

	<u>Unemployment Compensation Insurance</u>
<b>ADDITIONS:</b>	
Employee Contributions	\$ 5,242
Board Contributions	<u>67,427</u>
Total Additions	<u>72,669</u>
<b>DEDUCTIONS:</b>	
Payment of Claims	<u>63,616</u>
Total Deductions	<u>63,616</u>
<b>CHANGE IN NET ASSETS</b>	9,053
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<u>(12,116)</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u><u>\$ (3,063)</u></u>

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

***NOTES TO BASIC FINANCIAL STATEMENTS***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

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

The financial statements of the Board of Education (Board) of Central Jersey College Prep Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. Central Jersey College Prep Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

**B. Basis of Presentation, Basis of Accounting**

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

Basis of Presentation

*Charter School-Wide Statements:* The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

*Fund Financial Statements:* During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

The Charter School reports the following proprietary funds:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Enterprise (School Store) Fund: The enterprise fund also accounts for all revenues and expenses pertaining to the school store operations, which currently entails the sale of T-Shirts to students. The school store fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. Similar to the Food Service Fund, the stated intent is that the costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others which includes Net Payroll Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements*: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Charter Schools also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to November 30, 1989.

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 180,848
Adjustments:	
Less Encumbrances at June 30, 2012	-
Plus Encumbrances at June 30, 2011	-
Total Revenues and Expenditures (GAAP Basis)	\$ 180,848

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Encumbrances Accounting**

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**E. Assets, Liabilities, and Equity**

**Interfund Transactions:**

Transfers between governmental and business-type activities on the Charter School - wide statements are reported in the same manner as general revenues.

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

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
Office & Computer Equipment	10-15
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School - wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

Net Assets:

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

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues — Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: interest and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

## CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to Basic Financial Statements

June 30, 2012

### NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

As a result of GASB 40, effective June 15, 2004, custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The previous GASB Statement No. 3 disclosures generally referred to as Category 1 and Category 2 deposits and investments are eliminated. However, GASB No. 40 does not change the required disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements, and it maintains, with modification, the level-of-detail disclosure requirements of GASB Statement No. 3.

#### Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.

As of June 30, 2012, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 839,936	35,666	\$ 26,693	\$902,295

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was \$902,295 and the bank balance was \$1,042,378. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Risk Category**

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. Although GASB Statement No. 40 eliminated Categories 1 and 2 as previously established by GASB Statement No. 3, it maintained, with modification, the level-of-disclosure requirements of GASB Statement No. 3.

As of June 30, 2012, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2012, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 334,756	\$ 334,867
Federal Aid	1,439	7,795
Other	-	-
Gross Receivables	336,195	342,662
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 336,195</u>	<u>\$ 342,662</u>

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 127,113	\$ -
Special Revenue Fund		119,884
Proprietary Fund	12,802	16,393
Fiduciary Fund		3,638
Total	<u>\$ 139,915</u>	<u>\$ 139,915</u>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ 375,900	\$ -	\$ -	\$ 375,900
Totals at Historical Cost	<u>375,900</u>	<u>-</u>	<u>-</u>	<u>375,900</u>
Less Accumulated Depreciation For:				
Site Improvements	56,385	18,795	-	75,180
Total Accumulated Depreciation	<u>56,385</u>	<u>18,795</u>	<u>-</u>	<u>75,180</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	319,515	(18,795)	-	300,720
Government Activity Capital Assets, Net	<u>\$ 319,515</u>	<u>\$ (18,795)</u>	<u>\$ -</u>	<u>\$ 300,720</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of \$18,795 was charged to an unallocated function.

**NOTE 6: RENTAL LEASES**

The school leased space at 17 Schoolhouse Road, Somerset, New Jersey under a lease agreement for four (4) years commencing July 15, 2008 and ending July 14, 2012. The lease was amended by way of letter dated June 19, 2011, whereby the school was granted an option to renew the lease for two (2) additional years. The original lease required annual rental payments of \$290,000. By way of the aforementioned Letter

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 6: RENTAL LEASES (CONTINUED)**

Amendment, the annual rental for the period beginning July 15, 2011 and ending July 14, 2012 was increased to \$330,000. The annual rental for the 7/15/12-7/14/13 period would increase to \$340,000. Total rental payments amounted to \$330,000 for the year ended June 30, 2012. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	<u>340,000</u>
Total minimum lease payments	<u>\$ 340,000</u>

**NOTE 7: PENSION PLANS**

**Description of Plans**

All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)**

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 7: PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, Charter School or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 7: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the School's normal contributions to the Fund may be reduced based on the revaluation of assets. From fiscal year 1997 to fiscal year 2003, State and local government employers were not required to make contributions to the pension funds. The use of surplus pension assets replaced the annual payments that would otherwise have been made by employers. Subsequent law, P.L.2003, c.108, led to the resumption of contributions, on a phased-in approach. In 2009, employer contributions to PERS were further amended by P.L.2009, c.19.

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a noncontributing employer of TPAF.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 7: PENSION PLANS (CONTINUED)**

**Contribution Requirements (continued)**

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/12	\$71,020	100%	\$71,020
06/30/11	\$23,090	100%	\$23,090
06/30/10	None	100%	None

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/12	None	100%	None
06/30/11	None	100%	None
06/30/10	None	100%	None

**NOTE 8: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990 c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve of one half of one percent of the active State payroll. The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in fiscal year 2008.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
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June 30, 2012

**NOTE 8: POST-RETIREMENT BENEFITS (POST RETIREMENT)**

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 9: RISK MANAGEMENT**

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

**Property and Liability Insurance**

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

**OTE 10: FUND BALANCE APPROPRIATED**

**General Fund**

Of the \$1,096,413 fund balance total in General Fund at June 30, 2012, \$1,080,532 is unreserved and undesignated, while \$15,881 is reserved for Encumbrances.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Levy Budget:					
District Equalization - Charter School Aid	\$ 1,971,003	\$ 77,133	\$ 2,048,136	\$ 2,031,345	\$ (16,791)
<b>Total Local Levy</b>	<b>1,971,003</b>	<b>77,133</b>	<b>2,048,136</b>	<b>2,031,345</b>	<b>(16,791)</b>
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	1,885,163	65,050	1,950,213	1,916,440	(33,773)
Special Education Aid	121,459	(34,925)	86,534	84,934	(1,600)
Categorical Security Aid	67,038	2,917	69,955	69,243	(712)
Other State Aid		84,109	84,109	94,004	9,895
<b>Total Categorical Aid</b>	<b>2,073,660</b>	<b>117,151</b>	<b>2,190,811</b>	<b>2,164,621</b>	<b>(26,190)</b>
Revenues From Other Sources:					
Interest Income					
Donations and Contributions					
Miscellaneous Revenue				1,652	1,652
Reimbursed TPAF Pension Contributions				157,938	157,938
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				124,064	124,064
<b>Total Revenues From Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283,654</b>	<b>283,654</b>
<b>Total Revenues</b>	<b>4,044,663</b>	<b>194,284</b>	<b>4,238,947</b>	<b>4,479,620</b>	<b>240,673</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,468,538	37,277	1,505,815	1,411,914	93,901
Other Salaries for Instruction	161,040	(65,159)	95,881	10,390	85,491
Purchased Prof/Tech Services	164,440	(20,440)	144,000	105,140	38,860
Other Purchased Services	28,866	1,672	30,538	27,468	3,070
General Supplies	105,000	(914)	104,086	35,176	68,910
Textbooks	37,000	(5,552)	31,448	23,660	7,788
Miscellaneous	54,000	21,500	75,500	59,125	16,375
<b>Total Instruction</b>	<b>2,018,884</b>	<b>(31,616)</b>	<b>1,987,268</b>	<b>1,672,873</b>	<b>314,395</b>
Administration:					
Salaries - General Administration	271,140	(8,001)	263,139	224,708	38,431
Salaries of Secretarial/Clerical Assistants	28,280		28,280	23,850	4,430
Total Benefits Cost	606,167	68,652	674,819	417,101	257,718
Purchases Prof/Tech Services	30,500	12,500	43,000	29,659	13,341
Other Purchased Services	5,500		5,500	3,180	2,320
Communications/Telephone	33,082	1,500	34,582	26,902	7,680
Supplies and Materials	8,356	1,253	9,609	7,966	1,643
Miscellaneous Expenses	12,469	4,750	17,219	11,110	6,109
<b>Total Administration</b>	<b>995,494</b>	<b>80,654</b>	<b>1,076,148</b>	<b>744,476</b>	<b>331,672</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
General Fund  
Budgetary Comparison Schedule  
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 470,593	\$ 29,025	\$ 499,618	\$ 468,672	\$ 30,946
Purchased Prof/Ed Services	77,000	29,000	106,000	86,270	19,730
Purchased Prof/Tech Services	10,250		10,250	4,847	5,403
Rental of Land and Buildings	290,000	40,000	330,000	330,000	-
Other Purchased Services	55,250	14,653	69,903	69,687	216
Transportation-Other Than To/From School	35,280		35,280		35,280
Insurance for Property, Liability and Fidelity	17,000	5,200	22,200	22,100	100
Supplies and Materials	11,000	4,900	15,900	11,791	4,109
Energy Costs (Heat and Electricity)	100,000	(9,653)	90,347	90,347	-
Miscellaneous Expenses	13,000	(500)	12,500	8,139	4,361
<b>Total Support Services</b>	<b>1,079,373</b>	<b>112,625</b>	<b>1,191,998</b>	<b>1,091,853</b>	<b>100,145</b>
Capital Outlay:					
Miscellaneous Expenses		20,000	20,000		20,000
<b>Total Capital Outlay</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>
Reimbursed TPAF Pension Contributions				157,938	(157,938)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	124,064	(124,064)
<b>Total Expenditures</b>	<b>4,093,751</b>	<b>181,663</b>	<b>4,275,414</b>	<b>3,791,204</b>	<b>484,210</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,088)	12,621	(36,467)	688,416	724,883
OTHER FINANCING SOURCES (USES):					
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(49,088)	12,621	(36,467)	688,416	724,883
FUND BALANCE, JULY 1	407,997	-	407,997	407,997	-
FUND BALANCE, JUNE 30	<u>\$ 358,909</u>	<u>\$ 12,621</u>	<u>\$ 371,530</u>	<u>\$ 1,096,413</u>	<u>\$ 724,883</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	<u>\$ 358,909</u>	<u>\$ 12,621</u>	<u>\$ 371,530</u>	<u>\$ 1,096,413</u>	<u>\$ 724,883</u>
<b>Total</b>	<u><b>\$ 358,909</b></u>	<u><b>\$ 12,621</b></u>	<u><b>\$ 371,530</b></u>	<u><b>\$ 1,096,413</b></u>	<u><b>\$ 724,883</b></u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 141,935	\$ 32,625	\$ 174,560	\$ 174,560	\$ -
Total Revenues	141,935	38,913	180,848	180,848	-
EXPENDITURES:					
Instruction:					
Salaries	55,040	9,902	64,942	64,942	-
General Supplies	4,000	7,931	11,931	11,931	-
Other Objects		255	255	255	-
Total Instruction	59,040	18,088	77,128	77,128	-
Support Services:					
Salaries	53,120		53,120	53,120	-
Personal Services - Employee Benefits	20,822	1,980	22,802	22,802	-
Purchased Technical Services	2,058	2,982	5,040	5,040	-
Other Purchased Services	6,895	15,258	22,153	22,153	-
Supplies and Materials		381	381	381	-
Total Support Services	82,895	20,825	103,720	103,720	-
Total Expenditures	141,935	38,913	180,848	180,848	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 Fiscal Year Ended June 30, 2012

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,479,620	[C-2] \$ 180,848
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 4,479,620	[B-2] \$ 180,848
 <b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,791,204	[C-2] \$ 180,848
 Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 3,791,204	[B-2] \$ 180,848

***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

*Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.*

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**

E-1

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	NCLB Title I	Learn & Serve	I.D.E.A. Part B	NCLB Title II Part A	NCLB Title II Part D	Grand Total
<b>REVENUE SOURCES:</b>						
Federal	\$ 111,056	\$ 6,288	\$ 60,739	\$ 2,645	\$ 120	\$ 180,848
<b>Total Revenues</b>	111,056	6,288	60,739	2,645	120	180,848
<b>EXPENDITURES:</b>						
Instruction:						
Salaries	64,942					64,942
General Supplies	7,263	4,548			120	11,931
Other Objects		255				255
<b>Total Instruction</b>	72,205	4,803	-	-	120	77,128
Support Services:						
Salaries	4,050		49,070			53,120
Personal Services - Employee Benefits	12,988		9,814			22,802
Purchased Prof/Ed Services		540				540
Other Purchased Prof Services - Ed Services		340				340
Other Purchased Prof/Tech Services			1,855	2,645		4,500
Travel		224				224
Other Purchased Services	21,813					21,813
Supplies and Materials		381				381
<b>Total Support Services</b>	38,851	1,485	60,739	2,645	-	103,720
<b>Total Expenditures</b>	111,056	6,288	60,739	2,645	120	180,848
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUND  
DETAIL STATEMENTS**

*Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School's board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – This fund provides for the operation of food services for the Charter School.*

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.**

**SECTION H – FIDUCIARY FUND  
DETAIL STATEMENTS**

*Fiduciary funds are used to account for funds received by the Charter School for a specific purpose.*

*As of June 30, 2012, there is no non-expendable trust fund utilized by the Charter School.*

*Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds.*

*Payroll Agency Fund – This agency fund is used to account for the payroll transactions of the Charter School.*

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2012

	Trust	Agency			Total Agency Fund
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Student Activities	
ASSETS:					
Cash and Cash Equivalents	\$ 8,874	\$ 638	\$ 3,000	\$ 14,182	\$ 17,820
Total Assets	<u>8,874</u>	<u>\$ 638</u>	<u>\$ 3,000</u>	<u>\$ 14,182</u>	<u>\$ 17,820</u>
LIABILITIES:					
Interfund Accounts Payable		\$ 638	\$ 3,000	-	\$ 3,638
Accounts Payable	11,937				-
Due to Student Groups				14,182	14,182
Total Liabilities	<u>11,937</u>	<u>\$ 638</u>	<u>\$ 3,000</u>	<u>\$ 14,182</u>	<u>\$ 17,820</u>
NET ASSETS:					
Reserved for Unemployment Claims	<u>(3,063)</u>				
Total Net Assets	<u>\$ (3,063)</u>				

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Assets  
 For the Fiscal Year Ended June 30, 2012

	<u>Unemployment Compensation Insurance</u>
<b>ADDITIONS:</b>	
Employee Contributions	\$ 5,242
Board Contributions	<u>67,427</u>
Total Additions	<u>72,669</u>
<b>DEDUCTIONS:</b>	
Payment of Claims	<u>63,616</u>
Total Deductions	<u>63,616</u>
<b>CHANGE IN NET ASSETS</b>	9,053
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<u>(12,116)</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u><u>\$ (3,063)</u></u>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
School Activities	<u>\$ 7,989</u>	<u>\$ 33,700</u>	<u>\$ 27,507</u>	<u>\$ 14,182</u>
Total	<u><u>\$ 7,989</u></u>	<u><u>\$ 33,700</u></u>	<u><u>\$ 27,507</u></u>	<u><u>\$ 14,182</u></u>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Cash Additions	Cash Deletions	Balance June 30, 2012
LIABILITIES:				
Interfund Accounts Payable	\$ 1,910	\$ 638	\$ 1,910	\$ 638
Payroll Deductions and Withholdings	<u>39,375</u>	<u>872,909</u>	<u>912,284</u>	<u>-</u>
Total Liabilities	<u>\$ 41,285</u>	<u>\$ 873,547</u>	<u>\$ 914,194</u>	<u>\$ 638</u>

**STATISTICAL SECTION (UNAUDITED)**

***Central Jersey College Prep Charter School has been in operation for six (6) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for six (6) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.***

## Contents

### **Financial Trends**

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

### **Revenue Capacity (Not Applicable to Charter School)**

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the charter school provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2007; schedules presenting charter school-wide information include information beginning that year.

***FINANCIAL TRENDS***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Net Assets by Component  
 Last Six Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,					
	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -	\$ -
Restricted	15,881	34	-	-	5,132	-
Unrestricted	1,080,532	407,963	453,648	405,104	370,522	251,110
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,397,133</b>	<b>\$ 727,512</b>	<b>\$ 791,958</b>	<b>\$ 762,209</b>	<b>\$ 375,654</b>	<b>\$ 251,110</b>
<b>Business-Type Activities</b>						
Unrestricted	\$ 54,364	\$ 38,374	\$ 19,091	\$ 10,908	-	1,891
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 54,364</b>	<b>\$ 38,374</b>	<b>\$ 19,091</b>	<b>\$ 10,908</b>	<b>\$ -</b>	<b>\$ 1,891</b>
<b>Charter School-wide</b>						
Invested in capital assets, net of related debt	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -	\$ -
Restricted	15,881	34	-	-	5,132	-
Unrestricted	1,134,896	446,337	472,739	416,012	370,522	253,001
<b>Total Charter School-wide Net Assets</b>	<b>\$ 1,451,497</b>	<b>\$ 765,886</b>	<b>\$ 811,049</b>	<b>\$ 773,117</b>	<b>\$ 375,654</b>	<b>\$ 253,001</b>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Changes in Net Assets  
 Last Six Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,					
	2012	2011	2010	2009	2008	2007
<b>Expenses</b>						
Governmental Activities:						
Instruction	\$ 2,213,633	\$ 2,290,776	\$ 2,286,293	\$ 1,553,992	\$ 1,388,866	\$ 936,030
Administration	408,978	545,015	611,319	896,964	631,857	336,729
Support Services	1,349,441	1,179,895	1,282,715	1,045,587	882,451	640,658
Unallocated	18,795	18,795	18,795	18,795	-	-
Total Governmental Activities Expenses	<u>3,990,847</u>	<u>4,034,481</u>	<u>4,199,122</u>	<u>3,515,338</u>	<u>2,910,170</u>	<u>1,929,262</u>
Business-Type Activities:						
Food Service and School Store	177,325	143,701	134,123	104,203	85,387	53,980
Total Business-Type Activities Expenses	<u>177,325</u>	<u>143,701</u>	<u>134,123</u>	<u>104,203</u>	<u>85,387</u>	<u>53,980</u>
Total Charter School Expenses	<u>\$ 4,168,172</u>	<u>\$ 4,178,182</u>	<u>\$ 4,333,245</u>	<u>\$ 3,619,541</u>	<u>\$ 2,995,557</u>	<u>\$ 1,983,242</u>
<b>Program Revenues</b>						
Governmental Activities:						
Operating Grants and Contributions	\$ 84,934	\$ 103,579	\$ 107,297	\$ 116,704	100,887	78,081
Total Governmental Activities Expenses	<u>84,934</u>	<u>103,579</u>	<u>107,297</u>	<u>116,704</u>	<u>100,887</u>	<u>78,081</u>
Business-Type Activities:						
Charges for Services	92,479	63,204	59,407	48,750	26,175	10,182
Operating Grants and Contributions	100,837	89,001	82,899	66,361	46,990	27,460
Total Business-Type Activities Expenses	<u>193,316</u>	<u>152,205</u>	<u>142,306</u>	<u>115,111</u>	<u>73,165</u>	<u>37,642</u>
Total Charter School Program Revenues	<u>\$ 278,250</u>	<u>\$ 255,784</u>	<u>\$ 249,603</u>	<u>\$ 231,815</u>	<u>\$ 174,052</u>	<u>\$ 115,723</u>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (3,905,913)	\$ (3,930,902)	\$ (4,091,825)	\$ (3,398,634)	\$ (2,809,283)	\$ (1,851,181)
Business-Type Activities	15,991	8,504	8,183	10,908	(12,222)	(16,338)
Total Charter School-wide Net Expense	<u>\$ (3,889,922)</u>	<u>\$ (3,922,398)</u>	<u>\$ (4,083,642)</u>	<u>\$ (3,387,726)</u>	<u>\$ (2,821,505)</u>	<u>\$ (1,867,519)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
General Purposes	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278	\$ 925,472
Federal and State Aid Not Restricted	2,542,537	2,209,014	2,521,162	2,180,865	1,577,299	1,086,772
Investment Earnings	-	8	368	-	-	-
Miscellaneous Income	1,652	6,418	15,965	8,076	13,859	70,350
Total Governmental Activities	<u>4,575,534</u>	<u>3,866,456</u>	<u>4,121,574</u>	<u>3,785,189</u>	<u>2,933,827</u>	<u>2,102,291</u>
Business-Type Activities:						
Transfers	\$ -	10,779	-	\$ -	10,331	18,229
Total Business-Type Activities	<u>-</u>	<u>10,779</u>	<u>-</u>	<u>-</u>	<u>10,331</u>	<u>18,229</u>
Total Charter School-wide	<u>\$ 4,575,534</u>	<u>\$ 3,877,235</u>	<u>\$ 4,121,574</u>	<u>\$ 3,785,189</u>	<u>\$ 2,944,158</u>	<u>\$ 2,120,520</u>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 669,621	\$ (64,446)	\$ 29,749	\$ 386,555	\$ 124,544	\$ 251,110
Business-Type Activities	15,991	19,283	8,183	10,908	(1,891)	1,891
Total Charter School	<u>\$ 685,612</u>	<u>\$ (45,163)</u>	<u>\$ 37,932</u>	<u>\$ 397,463</u>	<u>\$ 122,653</u>	<u>\$ 253,001</u>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Fund Balances - Governmental Funds  
 Last Six Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,					
	2012	2011	2010	2009	2008	2007
General Fund						
Reserved	\$ 15,881	\$ 34	\$ -	\$ -	\$ 5,132	\$ -
Unreserved	1,080,532	407,963	453,648	405,104	370,522	251,110
<b>Total General Fund</b>	<b>\$ 1,096,413</b>	<b>\$ 407,997</b>	<b>\$ 453,648</b>	<b>\$ 405,104</b>	<b>\$ 375,654</b>	<b>\$ 251,110</b>
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:						
Special Revenue Fund	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Changes in Fund Balances - Governmental Funds  
 Last Six Fiscal Years  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>						
Local Sources:						
Local Tax Levy	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278	\$ 925,472
Interest In Investments	-	8	368	-	-	-
Miscellaneous	1,652	6,418	15,965	8,076	13,859	70,350
State Sources	2,446,623	2,174,554	2,375,096	2,051,441	1,292,674	817,972
Federal Sources	180,848	138,039	253,363	246,128	385,512	346,881
Total Revenues	<u>4,660,468</u>	<u>3,970,035</u>	<u>4,228,871</u>	<u>3,901,893</u>	<u>3,034,714</u>	<u>2,180,372</u>
<b>Expenditures:</b>						
Instruction	1,750,001	1,847,777	1,853,406	1,553,992	1,206,091	822,504
Administration	1,026,478	1,133,017	1,197,618	896,964	851,138	465,055
Support Services	1,195,573	1,034,892	1,129,303	1,045,587	845,945	625,858
Capital Outlay	-	-	-	375,900	6,996	15,845
Total Expenditures	<u>3,972,052</u>	<u>4,015,686</u>	<u>4,180,327</u>	<u>3,872,443</u>	<u>2,910,170</u>	<u>1,929,262</u>
Net Change in Fund Balance	<u>\$ 688,416</u>	<u>\$ (45,651)</u>	<u>\$ 48,544</u>	<u>\$ 29,450</u>	<u>\$ 124,544</u>	<u>\$ 251,110</u>

Source: Charter School records

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**

General Fund - Other Local Revenue by Source

Last Six Fiscal Years

*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2012	\$ -	\$ 1,491	\$ 161	\$ 1,652
2011	5,300	-	1,118	\$ 6,418
2010	-	460	15,505	\$ 15,965
2009	-	1,468	6,608	\$ 8,076
2008	450	-	13,409	\$ 13,859
2007	61,045	-	9,305	70,350

Source: Charter School records

***OPERATING INFORMATION***

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Full-Time Equivalent Charter School Employees by Function  
 Last Six Fiscal Years

Function	2012	2011	2010	2009	2008	2007
Instruction	37	34	29	29	23	15
Administrative	3	5	4	6	5	2
Support Services	10	10	12	10	8	5
Food Service	-	-	-	-	-	1
<b>Total</b>	<b>50</b>	<b>49</b>	<b>45</b>	<b>45</b>	<b>36</b>	<b>23</b>

**Source:** Charter School Personal Records

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 Operating Statistics  
 Last Five Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2012	309	\$ 3,972,052	\$ 12,855	-11.65%	37	N/A	8:1	N/A	309	309	11.96%	100.00%
2011	276	4,015,686	14,550	-12.29%	29	N/A	10:1	N/A	276	276	9.52%	100.00%
2010	252	4,180,327	16,589	-2.27%	29	N/A	9:1	N/A	252	252	22.33%	100.00%
2009	206	3,496,543	16,974	-4.12%	23	N/A	9:1	N/A	206	206	25.61%	100.00%
2008	164	2,903,174	17,702	0.00%	15	N/A	11:1	N/A	164	160	100.00%	97.56%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certified staff.

c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
 School Building Information  
 Last Five Fiscal Years

<b><u>Charter School Building</u></b>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Middle School</u>					
Square Feet	45,000	45,000	45,000	45,000	45,000
Capacity (students)	336	336	336	288	240
Enrollment	309	276	252	206	164

Number of Schools at June 30, 2012  
 Middle School = 1

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2012

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<b>Selective Insurance Company</b>		
<u>Commercial Property Coverage</u>		
		Policy #S1914529 Annual Premium - \$543.00
Business Personal Property Coverage	\$324,480	
Computer Equipment	\$40,000	
Business Income	\$80,000	
<u>New Jersey Workers Compensation Coverage</u>		
		Policy #WC7968209 Annual Premium - \$29,823.00
<u>Payroll Basis</u>		
Class Code #8868 - Professional Employees & Clerical	\$2,100,000	
Class Code #9106 - School - All Other Employees	\$39,000	
<u>Employers Liability Limits</u>		
Bodily Injury Each Accident	\$500,000	
Bodily Injury Policy Limit	\$500,000	
Bodily Injury Each Employee	\$500,000	
<u>Professional Liability Coverage</u>		
		Policy #S1914529 Annual Premium - \$2,022.00
Directors & Officers Liability	\$1,000,000	Each Policy Period
Aggregate, All Parts	\$2,000,000	Each Policy Period
<b>Selective Insurance Company</b>		
<u>Commercial General Liability Coverage</u>		
		Policy #S1914952 Annual Premium - \$4,382.00
General Aggregate Limit	\$3,000,000	
Products/Completed Operations Aggregate	\$3,000,000	
Personal Advertising	\$1,000,000	Any One Person
Each Occurrence Limit	\$1,000,000	
Damage to Premises Rented	\$100,000	Any One Premise
Medical Expense Limit	\$5,000	Any One Person
Hired & Non-Owned Auto	\$1,000,000	
<b>Selective Insurance Company</b>		
<u>Excess Liability Coverage</u>		
		Policy #S1914952 Annual Premium - \$446.00
Each Occurrence & Aggregate	\$1,000,000/\$3,000,000	
<b>Western Surety C.N.A. Bond #70193571</b>		
		Annual Premium - \$450.00
<u>Principal - Veli Altas</u>	\$150,000	Bond Limit

***SINGLE AUDIT SECTION***

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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

Honorable President and  
Members of the Board of Trustees  
Central Jersey College Prep Charter School  
County of Somerset  
Somerset, New Jersey

We have audited the financial statements of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 9, 2012. 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; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control over Financial Reporting**

Management of the Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

*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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the audit committee, Central Jersey College Prep Charter School Board of Trustees, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

October 9, 2012

**BARRE & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and  
Members of the Board of Trustees  
Central Jersey College Prep Charter School  
County of Somerset  
Somerset, New Jersey

**Compliance**

We have audited the compliance of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the year ended June 30, 2012. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

In our opinion, the Board of Education of Central Jersey College Prep Charter School, in the County of Somerset, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

### **Internal Control over Compliance**

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. Since we did not have any such findings relating to any deficiencies in internal control, there were no responses on behalf of The Charter School, and as such, no opinion on our part was necessitated.

This report is intended solely for the information and use of management, the audit committee, Central Jersey College Prep Charter School Board of Trustees, the New Jersey State Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

October 9, 2012

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June, 30, 2012

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012	
				From	To						Accounts Receivable	Due to Grantor
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education</b>												
Special Revenue Fund:												
I.D.E.A. Part B Basic	84.027	IDEA601812	60,739	9/1/11	8/31/12			(60,739)			(60,739)	
I.D.E.A. Part B Basic Carryover	84.027	IDEA601811	51,494	9/1/10	8/31/11	(21,483)	21,483					
ARRA - I.D.E.A. Part B	84.391	IDEA601811	71,243	7/1/10	8/31/12	(13,289)	13,289					
No Child Left Behind												
Title I - Carryover	84.010	NCLB601812	\$ 111,056	9/1/11	8/31/12	\$ -	\$ 48,110	\$ (111,056)	\$ -	\$ -	\$ (64,946)	\$ -
Title II Part A	84.367	NCLB601812	81,102	9/1/10	8/31/11	(22,943)	22,943					
Title II Part A Carryover	84.367	NCLB601811	2,645	9/1/11	8/31/12	(165)	165	(2,645)			(2,645)	
Title II Part D	84.318	NCLB601812	120	9/1/11	8/31/12	(10,923)	10,923	(120)			(120)	
ARRA - Title I	84.389	ARRA 2012	45,496	9/1/11	8/31/12	(12,621)	11,827				(794)	
ARRA - Title I	84.389	ARRA 2012	45,496	9/1/11	8/31/12	(12,621)	11,827				(794)	
Other												
NJ Charter School Start Up Program Cadre 11A	94.004	12000198	53,217	9/1/11	8/31/12	(505)	505				(3,501)	
Learn and Serve		Learn and Serve	14,000	9/1/11	8/31/12	-	2,787	(6,288)				
Total Special Revenue Fund						(82,641)	130,744	(180,848)			(132,745)	
<b>U.S. Department of Agriculture</b>												
<b>Passed-through State Department of Education</b>												
Enterprise Fund:												
School Snack Program		N/A	1	7/1/11	6/30/12		1	(1)				
School Snack Program		N/A	7	7/1/10	6/30/11	(2)	2					
School Breakfast Program	10.553	N/A	29,409	7/1/11	6/30/12	(8,082)	27,285	(29,409)			(2,124)	
School Breakfast Program	10.553	N/A	25,957	7/1/10	6/30/11	(8,082)	8,082					
National School Lunch Program	10.555	N/A	69,476	7/1/11	6/30/12	(17,637)	65,244	(69,476)			(4,232)	
National School Lunch Program	10.555	N/A	61,443	7/1/10	6/30/11	(17,637)	17,637					
Total Enterprise Fund						(25,721)	118,251	(98,886)			(6,356)	
Total Federal Financial Awards						\$ (108,362)	\$ 248,995	\$ (279,734)	\$ -	\$ -	\$ (139,101)	\$ -

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June, 30, 2012

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012		MEMO
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Interfund Payable/ Deferred Revenue					Due to Grantor	Budgetary Receivable	
<b>State Department of Education:</b>													
General Fund:													
"Local Levy" State Share - Charter School Aid	12-495-034-5120-071	\$ 1,916,440	7/1/11 6/30/12	\$ -	\$ -	\$ -	\$ 1,916,440	\$ (1,916,440)	\$ -	\$ -	\$ -	\$ -	\$ 1,916,440
Special Education Aid	12-495-034-5120-089	84,934	7/1/11 6/30/12	-	-	-	84,934	(84,934)	-	-	-	-	84,934
Security Aid	12-495-034-5120-084	69,243	7/1/11 6/30/12	-	-	-	69,243	(69,243)	-	-	-	-	69,243
Nonpublic Aid	12-100-034-5065-042	94,004	7/1/11 6/30/12	-	-	-	94,004	(94,004)	-	-	-	-	94,004
Reimbursed TPAF - Pension	12-495-034-5095-006	157,938	7/1/11 6/30/12	-	-	-	157,938	(157,938)	-	-	-	-	157,938
Reimbursed TPAF - Social Security	12-495-034-5095-002	124,064	7/1/11 6/30/12	(11,427)	-	-	124,064	(124,064)	-	-	-	-	124,064
Reimbursed TPAF - Social Security	11-495-034-5095-002	114,316	7/1/10 6/30/11	-	-	-	11,427	-	-	-	-	-	-
Total General Fund				(11,427)	-	-	2,458,050	(2,446,623)	-	-	-	-	2,446,623
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	12-100-010-3350-023	1,952	7/1/11 6/30/12	(461)	-	-	1,841	(1,952)	-	-	(111)	-	1,952
National School Lunch Program (State Share)	11-100-010-3350-023	1,593	7/1/10 6/30/11	-	-	-	461	-	-	-	-	-	-
Total Enterprise Fund				(461)	-	-	2,302	(1,952)	-	-	(111)	-	1,952
Total State Financial Assistance				\$ (11,888)	\$ -	\$ -	\$ 2,460,352	\$ (2,448,575)	\$ -	\$ -	\$ (111)	\$ -	\$ 2,448,575

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2012

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**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Central Jersey College Prep Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2012

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,446,623	\$ 2,446,623
Special Revenue Fund	180,848	-	180,848
Food Service Fund	98,885	1,952	100,837
Total Awards & Financial Assistance	<u>\$ 279,733</u>	<u>\$ 2,448,575</u>	<u>\$ 2,728,308</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING**

Central Jersey College Prep Charter School has no loan balances outstanding at June 30, 2012.

**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements		<u>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes <u>  X  </u> No	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u>  X  </u> None Reported	
Noncompliance material to basic financial statements noted?	_____ Yes <u>  X  </u> No	

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes    _____ No	
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes <u>  X  </u> No	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u>  X  </u> None Reported	
Type of auditors’ report issued on compliance for major programs		<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes <u>  X  </u> No	

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>12-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____
_____	_____

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

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***Section II – Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

**Finding**

There were no matters reported.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

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***Section III – Federal Awards and State Financial Assistance***  
***Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJOMB Circular Letter 04-04.

**STATE AWARDS**

**Findings**

There were no matters reported.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2012

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**STATUS OF PRIOR YEAR FINDINGS**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

**Findings**

There were no matters reported.