

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2015

The Barack Obama Green Charter High School

35 Watchung Avenue
Plainfield, New Jersey 07060



We plant the seeds

Prepared

**The Barack Obama Green Charter High School
Plainfield, New Jersey**

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

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The Barack Obama Green Charter High School
35 Watchung Avenue
Plainfield, NJ 07060

November 13, 2015

Commissioner David C. Hespe
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Acting Commissioner Hespe:

We hereby submit the Comprehensive Annual Financial Report of The Barack Obama Green Charter High School (the “Charter High School”) for the period from inception through June 30, 2015. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter High School. 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 fairly present the financial position and result of operations of the various funds and account groups of the Charter High School. All disclosures necessary to enable the reader to gain an understanding of the Charter High School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter High School’s organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter High School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the New Jersey Treasury OMB Circular Letter 04-04 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.*” Information related to this single audit, including the auditors’ report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES**

The Barack Obama Green Charter High School is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter High School are included in this report.

The Charter High School is being established as a high achieving Science based high school in Plainfield, New Jersey. During year 2014-2015, the Charter High School was authorized to enroll up to 240 students total for Grades 9-12. The Charter High School completed the 2014-2015 fiscal year with an average daily enrollment of 227 students, which is 15% higher than the previous fiscal year with an average daily enrollment of 197 students.

1) **REPORTING ENTITY AND ITS SERVICES - CONTINUED**

The Charter High School is founded on the understanding that students have ownership and responsibility for their own educational processes and their future. Accordingly, our curriculum is established using effective, research-based educational practices, hands-on, Problem Based Service Learning adventures and grade appropriate core academic materials with a particular focus on the New Jersey Core Curriculum Content Standards. Our educational program is designed to meet the diverse needs of individual students, including "at risk" students, English Language Learners (ELL) and students with special needs.

2) **ECONOMIC CONDITION AND OUTLOOK**

The City of Plainfield is located in the center of New Jersey's industrial corridor, which extends from New York City to Philadelphia, and has experienced some of the same development, which has affected large parts of northeastern and central New Jersey in terms of industrial relocation. Both manufacturing and non-manufacturing firms have tended, in recent years, to move from the cities large industrial park located near the interstate highways.

Additionally, over the last three decades, downtown commercial activity has generally diminished because of the trend toward suburban regional malls. This trend, combined with demographic shifts, has caused a reduction in Plainfield's retail sales, which is likely to continue in the foreseeable future.

3) **MAJOR INITIATIVES**

The Barack Obama Green Charter High School continued to focus its resources on the implementation of the New Jersey Core Curriculum Content Standards. We completed our fourth year of operation enabling each student to apply content area knowledge and prior learning experiences in new ways to resolve issues that negatively impact the local community. The Charter High School has used and will continue to use "Curriculum Mapping" to develop and monitor the school's curriculum, utilizing our web-based system to align assessment, curriculum and instruction, to ensure all standards within each grade level are being covered.

The Charter High School responded to its "at risk" students, vis-a-vis, the Federal grants available. i.e., NCLB and IDEA, and will continue to do the same in ensuing school year by identifying these students through assessment, teach observations, and parent involvement.

During fiscal year 2014-2015, the Charter High School Board amended its by-laws related to qualifications and requirements of board members; adopted new policies, including travel, School Lunch Negative Balance; and approved the 2014-2015 Student Manual among others. The Charter High School plans to add, revise and update its Policy Manual during the course of the next school year.

4) **INTERNAL ACCOUNTING CONTROLS**

Management of the Charter High School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter High 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; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) **BUDGETARY CONTROLS**

In addition to internal accounting controls, the Charter High 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 Special Revenue Fund. The final budget amount, as amended for the period ended June 30, 2015 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2015.

6) **ACCOUNTING SYSTEM AND REPORT**

The Charter High School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter High School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) **FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter High School has met and will continue to meet its responsibility for sound financial management. The following schedules present a summary of the General Fund and Special Revenue Fund revenues and expenditures:

<u>Revenue</u>	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Local sources	\$ 745,063	\$ 582,805	\$ 162,258	27.8%
State sources	3,152,992	2,749,858	403,134	14.7%
Federal sources	149,119	127,239	21,880	17.2%
	<u>\$ 4,047,174</u>	<u>\$ 3,459,902</u>	<u>\$ 587,272</u>	17.0%
<u>Expenditures</u>				
Instruction	\$ 1,545,397	\$ 1,245,438	\$ 299,959	24.1%
Administrative	884,573	989,124	(104,551)	-10.6%
Support	1,153,380	920,649	232,731	25.3%
Capital Outlay	5,019	-	5,019	0.0%
TPAF Social Security	89,858	80,950	8,908	11.0%
TPAF on-behalf payments	149,313	106,711	42,602	39.9%
Transfer-out - Food Service	-	6,027	(6,027)	-100.0%
Total	<u>\$ 3,827,540</u>	<u>\$ 3,348,899</u>	<u>\$ 478,641</u>	14.3%

For the period ended June 30, 2015, total revenues exceeded expenditures by \$219,634.

8) **CASH MANAGEMENT**

The investment policy of the Charter High School is guided in large part by State Statute as detailed in "Notes to the Financial Statements", Note 2. The Charter High School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA").

9) **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation (see J-20).

10) **BUDGETARY CONCERNS AND FUND RAISING**

The Charter High School understands that it will face several concerns one of which is budgetary/ financial. These budgetary/ financial concerns will be alleviated by engaging in various forms of fund raising. In the ensuing year 2014-2015, the Board of Trustees has laid out a plan to raise more funds for the Charter High School. It is expected that the success of the plan will go a long way in minimizing cash flow and budgetary concerns in the future.

11) **OTHER INFORMATION**

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter High School appointed the accounting firm of Galleros Koh LLP. 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 Amendment of 1996 and the related New Jersey OMB Circular Letter 04-04.

The auditor's report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) **ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of The Barack Obama Green Charter High School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Plainfield Public 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 financial, accounting and administrative staff.

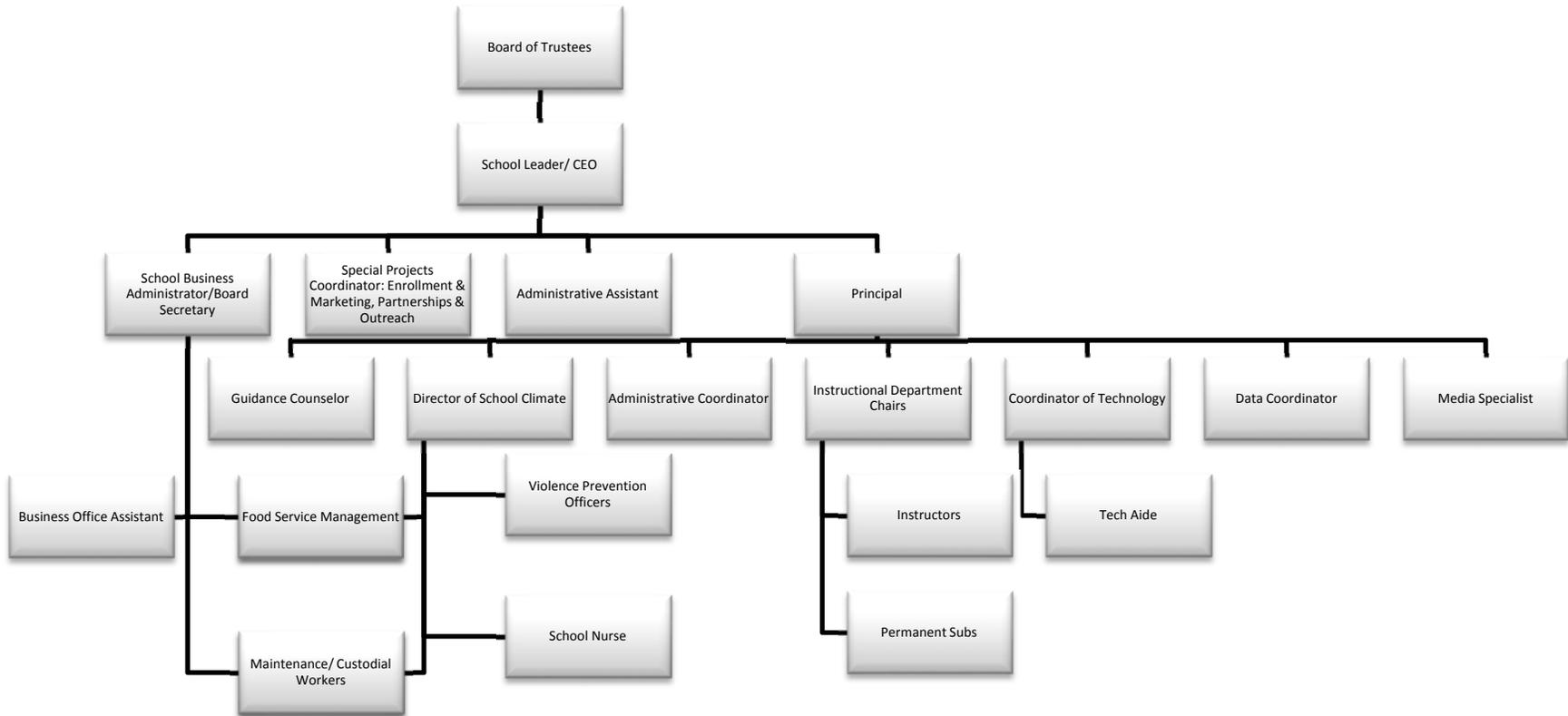
Respectfully submitted,


Steven King
Chief Education Officer


Birna B. Baje, MSA
School Business Administrator

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

ORGANIZATIONAL CHART



**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

ROSTER OF OFFICIALS

JUNE 30, 2015

Members of Board of Trustees

Voting:

Clinton Hall	-	President
Frank Flores	-	Member
Gregory Hambric	-	Member
Safiyah Satterwhite	-	Member
Raquel Romans-Henry	-	Member
Denise Simmons	-	Member

Non-Voting:

Steven King	-	Chief Education Officer
Bima Baje	-	School Business Administrator

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

CONSULTANTS AND ADVISORS

Independent Auditors

Galleros Koh LLP
71 W. Main Street, Suite 302
Freehold, NJ 07028

Attorney

Andrew B. Brown, Esq.
Schwartz Simon Edelstein & Celso LLC
100 South Jefferson Road, Suite 200
Whippany, NJ 07981

Official Depositories

Unity Bank
2222 South Avenue
Scotch Plains, NJ 07076

Official Newspaper

The Star Ledger

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Board of Trustees
The Barack Obama Green Charter High School
Union County, New Jersey

Report on the Financial Statements

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 Barack Obama Green Charter High School (the Charter High School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School, in the County of Union, State of New Jersey as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

We draw attention to Notes 2 and 7 in the notes to the financial statements which disclose the effects of the Charter High School's adoption of the provisions of GASB Statement Nos. 68, "Accounting and Financial Reporting for Pensions" and 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 18, Budgetary Comparison Information on pages 56 through 58, and Schedules Related to Accounting and Reporting for Pensions (GASB 68) on pages 60 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter High School's basic financial statements. The accompanying introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

INDEPENDENT AUDITORS' REPORT - CONTINUED

The accompanying combining and individual fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB's Letter Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not also a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter High School's internal control over financial reporting and compliance.



Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS002239400

November 13, 2015
Freehold, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter High School's overall financial position and results of operations.

Introduction

This section of the Barack Obama Green Charter High School's (the "Charter High School") annual financial report presents our discussion and analysis of the Charter High School's financial performance and provides an overview of the Charter High School's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the transmittal letter at the front of this report and the Charter High School's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model in conformance with the requirements of the Governmental Accounting Standards Board (GASB).

Financial Highlights

Key Financial highlights for the fiscal year 2015 are as follows:

- In total, net position decreased from \$0.9 million to \$0.6 million. This significant decrease is the result of the cumulative effect of change in accounting principle that caused the restatement of the prior year net position (beginning of the fiscal year) by (\$0.57) million offset by a positive change in net position for the year ended June 30, 2015 of \$0.23 million. GASB Statement Nos. 68 and 71 required the Charter High School to record and report the cost of employees' pensions and its proportionate share of the net pension liabilities by June 30, 2015.
- The net position of governmental activities increased by \$0.22 million and the net position of business-type activities, which represents food service, increased by \$0.013 million from fiscal year 2014.
- General revenues accounted for \$3.56 million in revenues or 82% of total revenues of \$4.35 million. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$0.79 million or 18% of total revenues.
- The Charter High School had \$4.03 million in expenses related to governmental activities; \$0.69 million of these expenses was offset by operating grants and contributions. General revenues (primarily Local Levy and State Aid) of \$3.56 million were adequate to provide for the balance of these programs.
- The General Fund reported fund balances at June 30, 2015, of \$1.1 million all of which is unassigned.

Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Barack Obama Green Charter High School as a financial whole, or as an entire operating entity. The first two basic financial

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(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Statements, the Statement of Net Position and the statement of activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter High School, presenting both an aggregate view of the Charter High School's finances and a long-term view of those finances.

Fund Financial Statements

The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter High School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter High School's most significant funds with all other non-major funds presented in total in a single column. For The Barack Obama Green Charter High School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities; the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter High School acts solely as a trustee or agent for the benefits of other, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter High School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the funds used by the Charter High School to provide programs and activities, the view of the Charter High School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter High School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter High School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter High School has improved or diminished for the Charter High School as a whole. This change is the result of many factors some financial, some not. Financial factors represent

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2015. These factors are presented in our discussions on the Charter High School as a whole. Non-financial factors include the property tax base of the School District where the Charter High School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter High School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter High School's programs and services are reported here including instructional, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School Charter High School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter High School's major funds, not the Charter High School as a whole. Funds are accounting devices that the Charter High School uses to keep track of a multitude of financial transactions. The Charter High School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter High School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. 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 statement provides a detailed short-term view of the Charter High School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are sufficient 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 Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Enterprise Fund

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

The Charter High School as a Whole

The perspective of the Statement of Net Position is of the Charter High School as a whole. The table below provides a summary of the Charter High School's net position at June 30, 2015.

The total net position of the Charter School have increased by \$233,999 during the current fiscal year. The increase is due to increase in state revenues and cost savings.

The table that follows reflects the change in net position for fiscal year 2015.

	Governmental Activities	Business Type Activities	Total
Assets			
Current Assets	\$ 1,267,760	\$ 26,324	\$ 1,294,084
Capital Assets, net	17,977	-	17,977
Total Assets	<u>1,285,737</u>	<u>26,324</u>	<u>1,312,061</u>
Deferred Outflow of of Resources	<u>26,616</u>	<u>-</u>	<u>26,616</u>
Liabilities			
Current Liabilities	125,451	13,027	138,478
Noncurrent Liabilities	390,353	-	390,353
Total Liabilities	<u>515,804</u>	<u>13,027</u>	<u>528,831</u>
Deferred Inflow of of Resources	<u>196,379</u>	<u>-</u>	<u>196,379</u>
Net Position			
Invested in Capital Assets (net of related debt)	17,977	-	17,977
Unrestricted	582,193	13,297	595,490
Total Net Position	<u>\$ 600,170</u>	<u>\$ 13,297</u>	<u>\$ 613,467</u>

The total net position of the Charter High School increased by \$226,548 during the current fiscal year. The majority of the increase is attributable to increase in current assets resulting from positive operation results at the end of its fifth year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The table that follows reflects the change in net position for fiscal year 2015.

	Governmental Activities	Business Type Activities	Total
Revenues			
Program Revenues:			
Charge for Services	\$ -	\$ 3,843	\$ 3,843
Operating grants and Contributions	694,947	96,807	791,754
Total Program Revenues	<u>694,947</u>	<u>100,650</u>	<u>795,597</u>
General Revenues:			
Local Aid	641,539	-	641,539
Federal and State Aid	2,913,821	-	2,913,821
Miscellaneous and transfers	7,394	-	7,394
Total General Revenues	<u>3,562,754</u>	<u>-</u>	<u>3,562,754</u>
Total Revenues	<u>4,257,701</u>	<u>100,650</u>	<u>4,358,351</u>
Expenses:			
Instruction	2,097,071	-	2,097,071
Support Services:			
Administrative expenses	624,364	-	624,364
Other support services	1,304,164	-	1,304,164
Unallocated:			
Capital outlay	5,019		5,019
Depreciation	6,381	-	6,381
Food Service		87,353	87,353
Total Expenses	<u>4,036,999</u>	<u>87,353</u>	<u>4,124,352</u>
Changes in Net Position	<u>\$ 220,702</u>	<u>\$ 13,297</u>	<u>\$ 233,999</u>

In 2015, total revenues exceeded governmental and business-type activities expenditures by \$233,999, increasing the Charter High School's net position by the same amount at June 30, 2015.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2015.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

	<u>Total Cost of Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 2,097,071	\$ 368,944	\$ (1,728,127)
Support Services:			
Administrative expenses	624,364	64,551	(559,813)
Other support services	1,304,164	256,433	(1,047,731)
Capital Outlay			
Instructional equipment	5,019	5,019	-
Unallocated:			
Depreciation	6,381	-	(6,381)
Total Expenses	<u>\$ 4,036,999</u>	<u>\$ 694,947</u>	<u>\$ (3,342,052)</u>

Business-Type Activity

The business-type activities of the Charter High School are related to the food service operation. The food service operations had revenues of \$100,650 and operating expenses of \$87,353 for the period ended June 30, 2015. The food service operations' deficiency of revenues over expenses was covered by a transfer from the General Fund of \$13,297 during the year. The Charter High School will enhance its effort to have food services self-operating without assistance from the General Fund.

The Charter High School's Funds

The Charter High School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$3.56 million and expenditures and other financing uses of \$3.83 million.

General Fund Budgeting Highlights

The Charter High 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.

During the course of fiscal year 2015, the Charter High School amended its General Fund budget as needed. The Charter High School uses state-aid and other revenue -based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter High School management teams.

For the General Fund, final budgeted revenues and other financing sources were \$3,655,360 which included a local tax levy of \$641,539. Expenditures and other financing uses were budgeted at \$3,530,502. The Charter High School anticipated an increase in fund balance of \$124,858, resulting from budgeted revenues and other financing sources exceeding the expenditures and other financing uses. Actual revenues and other financing sources were \$3,801,925 and expenditures and other financing uses were \$3,582,291.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The State of New Jersey reimbursed the Charter High School \$89,858 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, and \$149,313 for post-employment retirement benefits. This unbudgeted amount is included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2015, the Charter High School had \$17,977 invested in capital assets all in governmental activities. The table below reflects fiscal year 2015 balances:

	Governmental Activities	Business Type Activities	Total
Machinery & equipment	\$ 38,131	\$ -	\$ 38,131
Less Accumulated Depreciation	(20,154)	-	(20,154)
Totals	<u>\$ 17,977</u>	<u>\$ -</u>	<u>\$ 17,977</u>

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to Charter High Schools. This reality was taken into account when adopting the general fund budget for the fiscal year 2014-2015. Nothing was done to compromise the quality of the programs in place in our Charter High School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter High School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter High School's finances and to reflect the Charter High School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

The Barack Obama Green Charter High School
Business Office
35 Watchung Avenue
Plainfield, NJ 07060

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter High School as a whole. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter High School at fiscal year-end. The Statement of Activities presents a comparison between direct expense and program revenues for each program or function of the Charter High School's governmental and business-type activities.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 909,508	\$ 4,279	\$ 913,787
Accounts receivable	233,125	22,045	255,170
Interfund receivable	10,131	-	10,131
Escrow account	50,000	-	50,000
Security deposits	64,996	-	64,996
Total current assets	<u>1,267,760</u>	<u>26,324</u>	<u>1,294,084</u>
Capital assets:			
Machinery and equipment	38,131	-	38,131
Less: Accumulated depreciation	<u>(20,154)</u>	<u>-</u>	<u>(20,154)</u>
Net capital assets:	<u>17,977</u>	<u>-</u>	<u>17,977</u>
Total assets	<u>1,285,737</u>	<u>26,324</u>	<u>1,312,061</u>
Deferred Outflow of Resources	<u>26,616</u>	<u>-</u>	<u>26,616</u>
Liabilities			
Current Liabilities:			
Accounts payable	53,993	-	53,993
Intergovernmental payables - State	79,107	-	79,107
Interfund payable	(13,027)	13,027	-
Deferred revenue	<u>5,378</u>	<u>-</u>	<u>5,378</u>
Total current liabilities	125,451	13,027	138,478
Noncurrent Liabilities:			
Due within one year	37,717	-	37,717
Due in more than one year	<u>352,636</u>	<u>-</u>	<u>352,636</u>
Total noncurrent liabilities	<u>390,353</u>	<u>-</u>	<u>390,353</u>
Total liabilities	<u>515,804</u>	<u>13,027</u>	<u>528,831</u>
Deferred Inflow of Resources	<u>196,379</u>	<u>-</u>	<u>196,379</u>
Net position			
Invested in capital assets, net of related debt	17,977	-	17,977
Unrestricted	<u>582,193</u>	<u>13,297</u>	<u>595,490</u>
Total net position	<u>\$ 600,170</u>	<u>\$ 13,297</u>	<u>\$ 613,467</u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
Instruction	\$ 2,097,071	\$ -	\$ 368,944	\$ (1,728,127)	\$ -	\$ (1,728,127)
Administrative cost	624,364	-	64,551	(559,813)	-	(559,813)
Support services	1,304,164	-	256,433	(1,047,731)	-	(1,047,731)
Capital outlay				-		-
Instructional equipment	5,019	-	5,019	-	-	-
Unallocated depreciation	<u>6,381</u>	<u>-</u>	<u>-</u>	<u>(6,381)</u>	<u>-</u>	<u>(6,381)</u>
Total governmental activities	4,036,999	-	694,947	(3,342,052)	-	(3,342,052)
Business-type activities:						
Food service	<u>87,353</u>	<u>3,843</u>	<u>96,807</u>	<u>-</u>	<u>13,297</u>	<u>13,297</u>
Total primary government	<u>\$ 4,124,352</u>	<u>\$ 3,843</u>	<u>\$ 791,754</u>	<u>(3,342,052)</u>	<u>13,297</u>	<u>(3,328,755)</u>
General revenues, transfers and special items:						
Local sources				\$ 641,539	-	\$ 641,539
State sources				2,913,821	-	2,913,821
Miscellaneous				<u>7,394</u>	<u>-</u>	<u>7,394</u>
Total general revenues, transfers and special items				<u>3,562,754</u>	<u>-</u>	<u>3,562,754</u>
Changes in net position				220,702	13,297	233,999
Net position at beginning of the year, as reported				<u>947,035</u>	<u>-</u>	<u>947,035</u>
Cumulative effect of change in accounting principle				<u>(567,567)</u>	<u>-</u>	<u>(567,567)</u>
Net position at beginning of the year, as restated				<u>379,468</u>	<u>-</u>	<u>379,468</u>
Net position at ending of the year (A-1)				<u>\$ 600,170</u>	<u>\$ 13,297</u>	<u>\$ 613,467</u>

FUND FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

Governmental Funds

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 909,508	\$ -	\$ 909,508
Accounts receivable:			
Local	-	90,894	90,894
State	21,436	-	21,436
Federal	-	120,795	120,795
Interfund receivables	204,376	-	204,376
Escrow account	50,000	-	50,000
Security deposits and prepayments	<u>64,996</u>	<u>-</u>	<u>64,996</u>
Total assets	<u>\$ 1,250,316</u>	<u>\$ 211,689</u>	<u>\$ 1,462,005</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 28,900	\$ 25,093	\$ 53,993
Intergovernmental payables:			
State	79,107	-	79,107
Interfund payables	-	181,218	181,218
Deferred revenue	<u>-</u>	<u>5,378</u>	<u>5,378</u>
Total liabilities	<u>108,007</u>	<u>211,689</u>	<u>319,696</u>
Fund balances:			
Unassigned	<u>1,142,309</u>	<u>-</u>	<u>1,142,309</u>
Total fund balances	<u>1,142,309</u>	<u>-</u>	<u>1,142,309</u>
Total liabilities and fund balances	<u>\$ 1,250,316</u>	<u>\$ 211,689</u>	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
			38,131
			<u>(20,154)</u>
			<u>17,977</u>
Governmental funds do not report the assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities			
		Deferred amounts on net pension liability	<u>(169,763)</u>
Noncurrent liabilities that are not due and payable in the current period are not reported in the funds.			
		Net pension liability	<u>(390,353)</u>
Net position of governmental activities - A-1			<u>\$ 600,170</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues			
Local Sources:			
Local	\$ 641,539	\$ 96,130	\$ 737,669
Miscellaneous	7,394	-	7,394
Total revenues -local sources	<u>648,933</u>	<u>96,130</u>	<u>745,063</u>
State sources	2,913,821	-	2,913,821
Federal sources	-	149,119	149,119
TPAF-Social Security	89,858	-	89,858
TPAF pension and post-retirement medical benefits and on-behalf payments	149,313	-	149,313
Total revenues	<u>3,801,925</u>	<u>245,249</u>	<u>4,047,174</u>
Expenditures			
Instruction	1,474,096	71,301	1,545,397
Administrative cost	884,575	-	884,575
Support services	984,451	168,929	1,153,380
Capital outlay:			
Instructional equipment	-	5,019	5,019
TPAF-Social Security	89,858	-	89,858
TPAF pension and post-retirement medical benefits and on-behalf payments	149,313	-	149,313
Total expenditures	<u>3,582,293</u>	<u>245,249</u>	<u>3,827,542</u>
Excess of revenues over expenditures before transfers	219,632	-	219,632
Net changes in fund balance	219,632	-	219,632
Fund balances at beginning of the year	<u>922,677</u>	<u>-</u>	<u>922,677</u>
Fund balances at ending of the year	<u>\$ 1,142,309</u>	<u>\$ -</u>	<u>\$ 1,142,309</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (B-2) \$ 219,632

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition;

Depreciation expense	(6,381)
	(6,381)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	7,451
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Change in net position of governmental activities (A-2) **\$ 220,702**

FUND FINANCIAL STATEMENTS

Proprietary Funds

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2015

	FOOD SERVICE
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,279
Accounts receivables:	
Federal	21,732
State	313
Other	-
	<u>22,045</u>
Total Assets	<u>\$ 26,324</u>
Liabilities	
Current liabilities:	
Interfund payables - General Fund	\$ 13,027
Net position	
Unrestricted	<u>13,297</u>
Total liabilities and net position	<u>\$ 26,324</u>

(COUNTY OF UNION, NEW JERSEY)

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2015

	<u>FOOD SERVICE</u>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 3,843
Miscellaneous revenue	<u>-</u>
Total operating revenues	<u>3,843</u>
Operating expenses:	
Cost of sales	87,353
Miscellaneous	<u>-</u>
Total operating expenses	<u>87,353</u>
Operating loss	<u>(83,510)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	1,239
Federal sources:	
National School Lunch Program	62,928
National School Breakfast Program	<u>32,640</u>
Total nonoperating revenues	<u>96,807</u>
Net operating income	13,297
Net position at beginning of the year	<u>-</u>
Net position at end of the year	<u>\$ 13,297</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	FOOD SERVICE
	<hr/>
Cash flows from operating activities	
Operating loss	\$ 13,297
Adjustment to reconcile operating loss to net cash from operating activities	
Changes in current assets and liabilities:	
Increase in accounts receivable	(3,459)
Decrease in interfund receivable	22,357
Increase in accounts payable	<u>(72,643)</u>
Net cash from operating activities	(40,448)
 Net decrease in cash	 (40,448)
Cash at beginning of the year	<u>44,727</u>
 Cash at ending of the year	 <u>\$ 4,279</u>

FUND FINANCIAL STATEMENTS

Fiduciary Funds

EXHIBIT B-7

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

Assets

Cash	\$	13,775
Interfund receivable		<u>1,124</u>
	\$	<u><u>14,899</u></u>

Liabilities

Payroll withholdings payable		
Interfund payable - General Fund	\$	1,326
Accounts payable		11,257
Total liabilities		<u>2,316</u>
	\$	<u><u>14,899</u></u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

Revenues:		
General fund appropriation	\$	15,802
Employees' contributions		<u>8,841</u>
Total revenues		<u>24,643</u>
Expenditures:		
Payments to NJ Unemployment Compensation Fund		<u>24,643</u>
Total expenditures		<u>24,643</u>
Excess (deficiency) of revenue over expenditures		-
Fund balance at beginning of the year		<u>-</u>
Fund balance at ending of the year	\$	<u><u>-</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Barack Obama Green Charter High School (the "Charter High School") is presented to assist in understanding the Charter High School's financial statements and notes are representation of the Charter High School's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and have been consistently applied in the preparation of these financial statements.

A. Reporting Entity:

The Charter High School was incorporated in the State of New Jersey on March 13, 1997 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. The Charter High School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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

B. Component Units

The primary criterion for including activities within the Charter High School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter High School's 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 High School. Based on the aforementioned criteria, the Charter High School has no component units.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation

The financial statements of the Charter High School have been prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter High School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter High School's accounting policies are described below:

D. Basic Financial Statements

The Charter High School's basic financial statements consist of Charter High School or government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter High School as a whole. These statements include the financial activities of the Charter High School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter High School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter High School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter High School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter High School.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

The Charter High School segregates transactions related to certain Charter High School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter High School at a more detailed level.

E. Governmental Funds

General Fund - The General Fund is the primary operating fund of the Charter High School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively 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.

- 1) As required by the New Jersey Department of Education, the Charter High School included 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.
- 2) 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 ground, 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 legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2015 there was no Capital Projects Fund.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2015 there was no debt service fund.

F. Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter High School:

Enterprise Funds - The Enterprise Fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter High School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter High School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Internal Service (Self-Insurance) Fund - The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. Charter High School does not use self-insurance fund.

G. Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter High School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds - Continued

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter High School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter High School is under obligations to maintain the trust principal.

Agency Funds – Agency funds are used to account for the assets that the Charter High School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations. Agency funds include payroll and student activities funds.

H. Measurement Focus and Basis of Accounting

Measurement Focus – Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spend able financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

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(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Measurement Focus and Basis of Accounting - Continued

Basis of Accounting - In the government-wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available.

“Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

J. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the Special Revenue Fund 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.

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(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Budgets/Budgetary Control - Continued

The accounting records of 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 recognized encumbrances as expenditures and also recognized the related revenue, whereas the GAAP basis do not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial report. As presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenue Fund and Debt Service Funds to the GAAP basis of accounting as presented in the Statements of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

Cash and equivalents include petty cash, funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in, New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools. These investments are to be recorded at fair value and will be subject to risk categorization.

K. Deposits, Investments and Risk Disclosure

Additionally, the Charter High School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Deposits, Investments and Risk Disclosure - Continued

Custodial credit risk is the risk that in the event of a bank failure, the Charter High School's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Charter High School's name. The Charter High School's aggregate bank balances were not exposed to custodial credit risk at June 30, 2015.

L. Prepaid Expenses

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

As of June 30, 2015, there are no prepaid expenses.

M. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term Interfund loans are classified as Interfund Receivable/Payable. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide Statements of Net Position.

N. Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter High School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Fixed Assets - Continued

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated lives</u>
Land Improvements	15 years
Building and Buildings Improvements	15 years
Furniture and Equipment	5 years

O. Deferred Outflow/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

P. Compensated Absences

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

Charter High School employees are granted sick and vacation leave in varying amounts under the Charter High School's personnel policies and according to negotiated contracts. In the event of termination, an employee is not reimbursed for accumulated vacation and sick leave. Vacation days not used during the year may only be carried forward with approval from the Head of School.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

P. Compensated Absences - Continued

In the Charter High School-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year. No compensated absences beyond one year are reported at June 30, 2015.

Q. Net Pension Liability (Asset)

The net pension liability (asset) represents the Charter School's proportionate share of the net pension liability (asset) of the New Jersey State Pension Employees' Retirement System and the New Jersey State Teachers' Pension and Annuity Fund System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

R. Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

S. Accrued Liabilities and Long-Term Obligations

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

However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

T. Fund Balance and Equity

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Charter High School is bound to honor constraints on the specific purposes for

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

T. Fund Balance and Equity - Continued

which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Charter High School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter High School's policy to use fund balance in the following order: committed, assigned, and unassigned.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

U. Net Position

Net Position on the *Statement of Net Position* include the following:

Investments in Capital Assets, net of Related Debt - the component of net position there reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction or improvement of those assets.

Restricted for Specific Purposes - the component of net position that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - the difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, net of Related Debt, Net Position Restricted for Specific Purposes or Net Position Restricted for Debt Services.

V. Contributed Capital

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as "Due from/to Other Funds" on the accompanying financial statements. All other interfund transfers are reported as operating transfers.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

X. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2012.

Y. On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter High School's annual budget.

Z. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 13, 2015.

NOTE 2 APPLICATION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2015, the Charter School implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service.

Prior Period Adjustment

As a result of adopting these new standards, the charter school-wide financial statements reflect a cumulative effect for the change in accounting principle of \$567,567 for the recognition of the net pension liability, a restatement which decreased net position at July 1, 2014 by the same amount.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS

As of June 30, 2015, the Charter High School's deposits are summarized as follows:

	General Fund	Enterprise Fund	Trust and Agency Funds	Total
Operating Account	\$ 909,508	\$ 44,727	\$ 544	\$ 954,779

NOTE 4 CAPITAL ASSETS

As required under accounting standards discussed in Note 2, the Charter High School performed a thorough review of the inventory records of all its capital assets. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost have been used. The review of inventory records of all the Charter High School's capital assets was completed during the fiscal year ended June 30, 2015, deletions, if any, have been accounted for in the Charter High School's beginning balances; the table below illustrates the net of additions and deletions for the current year.

Capital assets activities for the year ended June 30, 2015 are as follows:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets being depreciated:			
Machinery and equipment	\$ 38,131	\$ -	\$ 38,131
Less Accumulated depreciation	(13,773)	(6,361)	(20,134)
Capital assets net	<u>\$ 24,358</u>	<u>\$ (6,361)</u>	<u>\$ 17,997</u>
<u>Business-Type Activities</u>			
Capital assets net	<u>\$ 24,358</u>	<u>\$ (6,361)</u>	<u>\$ 17,997</u>

NOTE 5 NONCURRENT LIABILITIES

At June 30, 2015, the Charter High School's noncurrent liabilities reported in the *Statement of Net Position* is as follow.

Noncurrent liability	Balance at 6/30/14 as reported	Cumulative Effect of Change in Accounting Principle	Balance at 6/30/14 as restated	Additions	Retired	Balance at 6/30/15	Due within One Year
	Net pension liability	\$ -	\$ 567,567	\$ 567,567	\$ 37,717	\$ 214,931	\$ 390,353

The net pension liability classified as due within one year amounting to \$37,717 represents pension contributions for fiscal year 2015 due and payable on April 1, 2016.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 NET POSITION

As of June 30, 2015, governmental activities net position consisted of the following components:

**INVESTMENT IN CAPITAL ASSETS,
NET OF RELATED DEBT**

Capital assets, net	\$ 17,977
Less: Long-Term obligations	<u> -</u>
(All long-term debt relates to capital assets)	17,977

UNRESTRICTED

Net assets not restricted above	<u>582,193</u>
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NET POSITION	<u>\$ 600,170</u>
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Business-type activities net position did not have any capital assets or restrictions.

NOTE 7 PENSIONS PLANS

A. Description of Plans

All eligible employees of the Charter High School are covered by either the Public Employees' Retirement System (PERS) or the Teacher's Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (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 PERS and the TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

i. Public Employees' Retirement System (PERS)

The Public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter High School, or public agency provided the employee is not a member of another state-administered retirement system. The PERS 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 High 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

A. Description of Plans - Continued

ii. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The TPAF 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 High School and the systems other related non-contributing 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.

B. Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: 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 55 and are generally determine to be 1/55 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 member 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 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS – CONTINUED

C. Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

D. Contribution Requirement

The contribution policy is set by laws of the State of New Jersey 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 4.5 % and 3%, respectively 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 adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter High School is a non-contributing employer of the TPAF. The Charter School's contribution to PERS for the year ended June 30, 2015 was \$15,527.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS – CONTINUED

D. Contribution Requirement - Continued

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter High School \$89,858 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements.

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

At June 30, 2015, the Charter School reported in the charter school-wide statement of net position a liability of \$352,636 for its proportionate share of the PERS net pension liability. The total pension liability for the June 30, 2014 measurement date as determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The Charter School's proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS for the years ended June 30, 2014 and 2013. At June 30, 2014, the Charter School's proportionate share was 0.0018834633% which is an increase from the proportionate share of 0.0029696890% at June 30, 2013.

For the year ended June 30, 2015, the Charter School recognized pension expense of (\$45,268) in the charter school-wide financial statements. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources: \$15,527 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30,
2016	\$ (30,197)
2017	(30,197)
2018	(30,197)
2019	(30,197)
2020	(30,197)
Thereafter	(13,287)

Actuarial assumptions. The total pension liability for the June 30, 2014 measurement date as determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.01 percent
Salary increases	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.4% based on age
Investment rate of return	7.9%

Mortality rates were based on the RP-2000 Combined Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

Long-term Expected Rate of Return

In accordance with the State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core bonds	1.00%	2.49%
Intermediate-term bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High yield bonds	5.50%	4.82%
Inflation-indexed bonds	2.50%	3.51%
Broad US equities	25.90%	8.22%
Developed foreign equities	12.70%	8.12%
Emerging market equities	6.50%	9.91%
Private equity	8.25%	13.02%
Hedge funds/absolute return	12.25%	4.92%
Real estate (property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 5.39% June 30, 2014. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution from employers will be made based on the average of the last five

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the net pension liability	\$ 443,628	\$ 352,636	\$ 276,226

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

ii. Teachers Pension and Annuity Fund (TPAF)

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

For the year ended June 30, 2015, the Charter School recognized pension expense and related revenue of \$268,232 in the school-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) - continued

At June 30, 2015, the State's proportionate share of the net pension liability attributable to the Charter School amounted to \$4,984,847. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, which was rolled forward to June 30, 2014.

The State's proportionate share of the net pension liability attributable to the Charter School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the years ended June 30, 2014 and 2013. At June 30, 2014 and 2013, the State's proportion of the net pension liability attributable to Charter School was 0.0093267556% and 0.0011649549%.

Actuarial Assumptions. The actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50 percent
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.9%

Mortality were based on the R-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustment for mortality improvements based on Scale AA, Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2003 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF)

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rate of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core fixed income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflation-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Mid cap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute return	12.25%	3.85%
Real estate (Property)	3.20%	4.43%
Real estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%
Total	<u>100.00%</u>	

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) - continued

Discount rate. The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability. The following represents the State's proportionate share of the TPAF net pension liability attributable to the Charter School calculated using the discount rate as disclosed above as well as the State's proportionate share of the TPAF net pension liability attributable to the Charter School, if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
State's proportionate share of the net pension liability attributable to the Charter High School	\$ 6,036,555	\$ 4,984,847	\$ 4,172,685

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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, 2015, there were 100,134 retirees eligible for post-retirement medical benefits. The State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

NOTE 9 DEFERRED COMPENSATION

The Charter High School offered its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Service 403(b). The Plan permits participants to defer apportion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, death or unforeseeable emergency

NOTE 10 RISK MANAGEMENT

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

A. Property and Liability Insurance

The Charter High School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Unaudited) of this Comprehensive Annual Financial Report (Schedule J-20).

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 RISK MANAGEMENT - CONTINUED

B. New Jersey Unemployment Compensation

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

The following is a summary of Charter High School contributions, employee contributions, reimbursements to the State for benefits employees and charged to its account with the State. The Charter High School ending balance of the expendable trust fund for the last four years is as follows:

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-15	\$ 15,802	\$ 8,841	\$ 24,643	\$ -
2013-14	107,655	8,277	115,932	-
2012-13	8,698	5,797	14,495	-
2011-12	7,449	3,838	11,287	-

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter High School-wide Statement of Net Position.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

At June 30, 2015, the interfund balances consisted of the following components:

	<u>RECEIVABLE (PAYABLE)</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>
General fund	\$ 204,378	\$ (181,218)	\$ (13,027)	\$ (10,133)
Fiduciary Fund		-	-	-
GASB No 34 mandated eliminations within governmental activities	<u>(181,218)</u>	<u>181,218</u>	<u>-</u>	<u>-</u>
Net interfund balances reported as follows:				
Entity-wide (eliminated in total column)	<u>\$ (13,027)</u>	<u>\$ -</u>	<u>\$ 13,027</u>	<u>\$ -</u>
External(Due to Trust and Agency Fund)				<u>\$ (10,133)</u>

NOTE 12 CONCENTRATIONS AND CONTINGENCIES

Economic Dependency

The Charter High School receives substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the Charter High School's programs and activities.

Contingencies

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter High School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter High School through June 30, 2015, resulting from a review by a responsible government agency will not have a material effect on the Charter High School financial statements at June 30, 2015.

In addition, an employment related suit is pending involving a former employee. Management and counsel believe that the complaint has no merit and intends to continue its vigorous defense, and accordingly, at June 30, 2015 no liability is recorded.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 641,539	\$ -	\$ 641,539	\$ 641,539	\$ -
Miscellaneous	10,000	-	10,000	7,394	(2,606)
Total revenues -local sources	651,539	-	651,539	648,933	(2,606)
State sources	2,913,821	-	2,913,821	2,913,821	-
Reimbursed TPAF-Social Security (non-budgeted)	90,000	-	90,000	89,858	(142)
TPAF pension and post-retirement medical benefits and on-behalf payments (non-budgeted)	-	-	-	149,313	149,313
Total revenues	3,655,360	-	3,655,360	3,801,925	(2,748)
Expenditures					
Current expense:					
Instruction					
Salaries	1,319,332	6,116	1,313,216	1,299,116	14,100
Professional/Technical service	89,300	7,302	81,998	79,989	2,009
General educational supplies	75,000	1,326	73,674	73,283	391
Instructional textbooks	30,000	25,595	4,405	4,405	-
Other instructional expenses	38,500	19,781	18,719	17,303	1,416
Total current expense	1,552,132	60,120	1,492,012	1,474,096	17,916
Administrative cost:					
Salaries	277,950	(20,000)	297,950	293,229	4,721
Total benefit costs	482,975	1,900	481,075	380,073	101,002
Professional/Technical service	91,000	43,200	47,800	46,371	1,429
Communications and telephones	34,128	(20,000)	54,128	51,665	2,463
Supplies and materials	25,000	(18,700)	43,700	40,406	3,294
Miscellaneous	55,597	(17,801)	73,398	72,831	567
Total administrative cost	966,650	(31,401)	998,051	884,575	113,476
Support services:					
Salaries	251,147	(78,000)	329,147	328,961	186
Purchased Professional/Technical service	33,000	2,000	31,000	26,874	4,126
Purchased Property services	15,000	(12,739)	27,739	27,691	48
Other purchased services	-	(10,000)	10,000	8,846	1,154
Custodial services	76,048	(100)	76,148	76,130	18
Rent on land and buildings	394,544	(7,650)	402,194	390,194	12,000
Insurance-fidelity, liability, property	57,000	(3,000)	60,000	57,933	2,067
Supplies and materials	7,500	(7,600)	15,100	10,154	4,946
Transportation-other than to/from school	15,000	-	15,000	6,345	8,655
Utilities	85,000	35,889	49,111	47,073	2,038
Miscellaneous	5,000	-	5,000	4,250	750
Total support services	939,239	(81,200)	1,020,439	984,451	35,988

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Construction	10,000	-	10,000	-	10,000
Non-instructional equipment	<u>10,000</u>	-	<u>10,000</u>	-	<u>10,000</u>
Total capital outlay	<u>20,000</u>	-	<u>20,000</u>	-	<u>20,000</u>
TPAF-Social Security (non-budgeted)	-	-	-	89,858	(89,858)
TPAF pension and post-retirement medical benefits and on-behalf payments (non-budgeted)	-	-	-	149,313	(149,313)
Total expenditures	<u>3,478,021</u>	<u>(52,481)</u>	<u>3,530,502</u>	<u>3,582,293</u>	<u>(51,791)</u>
Excess of revenues over expenditures	177,339	52,481	124,858	219,632	184,632
Fund balances at beginning of the year	<u>811,674</u>	-	<u>811,674</u>	<u>922,677</u>	<u>111,003</u>
Fund balances at ending of the year	<u>\$ 989,013</u>	<u>\$ 52,481</u>	<u>\$ 936,532</u>	<u>\$ 1,142,309</u>	<u>\$ 295,635</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues					
Local sources	\$ 250,000	\$ -	\$ 250,000	\$ 96,130	\$ (153,870)
State sources	-	-	-	-	-
Federal sources	<u>182,843</u>	<u>-</u>	<u>182,843</u>	<u>149,119</u>	<u>(33,724)</u>
Total revenues	<u>\$ 432,843</u>	<u>\$ -</u>	<u>\$ 432,843</u>	<u>\$ 245,249</u>	<u>\$ (187,594)</u>
Expenditures					
Instruction					
Salaries of teachers	131,800	-	131,800	52,941	78,859
Employee benefits	7,038	-	7,038	1,005	6,033
Other salaries for instruction	50,400	-	50,400	4,552	45,848
Purchased professional and technical services	300	-	300	-	300
Other purchased services	-	-	-	-	-
Instructional supplies	18,985	(11,505)	7,480	5,462	2,018
Miscellaneous expenditures	<u>8,750</u>	<u>-</u>	<u>8,750</u>	<u>7,341</u>	<u>1,409</u>
Total instruction	<u>217,273</u>	<u>(11,505)</u>	<u>205,768</u>	<u>71,301</u>	<u>134,467</u>
Support services					
Salaries of supervisors of instruction	109,500	(6,975)	102,525	68,528	33,997
Salaries of secretarial/clerical assistant	-	-	-	-	-
Employee benefits	13,944	-	13,944	11,697	2,247
Purchased professional educational services	55,455	13,049	68,504	55,817	12,687
Utilities	400	-	400	400	-
Rent	9,000	5,000	14,000	13,798	202
Insurance	200	1,675	1,875	1,875	-
Other purchased services	3,500	(1,544)	1,956	118	1,838
Supplies	10,169	300	10,469	9,786	683
Miscellaneous	<u>8,343</u>	<u>-</u>	<u>8,343</u>	<u>6,910</u>	<u>1,433</u>
Total support services	<u>210,511</u>	<u>11,505</u>	<u>222,016</u>	<u>168,929</u>	<u>53,087</u>
Capital Outlay					
Instructional equipment	<u>5,059</u>	<u>-</u>	<u>5,059</u>	<u>5,019</u>	<u>40</u>
Total facilities acquisition and construction services	<u>5,059</u>	<u>-</u>	<u>5,059</u>	<u>5,019</u>	<u>40</u>
Total Expenditures	<u>\$ 432,843</u>	<u>\$ -</u>	<u>\$ 432,843</u>	<u>\$ 245,249</u>	<u>\$ 187,594</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART II

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2015

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

	<u>General</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 3,801,925		[C-2] \$ 245,249
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognize as expenditures, and the related revenue is recognized.	-		-
Last State aid payment recognized for budgetary purposes only.	-		-
General Fund contribution to Early Childhood Program Aid.	-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>3,801,925</u>		[B-2] <u>245,249</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule:	[C-1] 3,582,293		[C-2] 245,249
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 reporting purposes.	-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund	-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ <u>3,582,293</u>		[B-2] \$ <u>245,249</u>

Note A -The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

REQUIRED SUPPLEMENTARY INFORMATION

PART III

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - PERS**

LAST TEN FISCAL YEARS (1)

	<u>2015</u>
Charter High School's proportion of the net pension liability (asset)	0.0018834633%
Charter High School's proportionate share of the net pension liability (asset)	\$ 352,636
Charter High School's covered-employee payroll	\$ 298,036
Charter High School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	118.32%
Plan fiduciary net position as a percentage of the total pension liability	40.71%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter High School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2014. No data is available prior to fiscal year 2015.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

LAST TEN FISCAL YEARS (1)

	<u>2015</u>
Contractually required contribution	\$ 15,527
Contributions in relation to the contractually required contribution	<u>(15,527)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Charter High School's covered-employee payroll	\$ 298,036
Contributions as a percentage of covered-employee payroll	5.21%

(1) The Charter High School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2014. No data is available prior to fiscal year 2015.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - TPAF**

LAST TEN FISCAL YEARS (1)

	<u>2015</u>
State's proportion of the net pension liability (asset) attributable to Charter High School	0.0093267556%
State's proportionate share of the net pension liability (asset) attributable to Charter High School	\$ 4,984,847
Charter High School's covered-employee payroll	\$ 1,132,432
State's proportionate share of the net pension liability (asset) attributable to Charter High School as a percentage of its covered-employee payroll	440.19%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter High School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2014. No data is available prior to fiscal year 2015.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART III

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

Public Employees Retirement System (PERS)

Change in benefit terms. There is no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Teachers Pension and Annuity Fund (TPAF)

Change in benefit terms. There is no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2015

	<u>Title I</u>	<u>Title III</u>	<u>IDEA</u>	<u>Corporate Grants</u>	<u>Total</u>
Revenues					
Local	\$ -	\$ -	\$ -	96,130	\$ 96,130
State	-	-	-	-	-
Federal	<u>106,111</u>	<u>4,701</u>	<u>38,307</u>	-	<u>149,119</u>
Total revenues	<u>106,111</u>	<u>4,701</u>	<u>38,307</u>	<u>96,130</u>	<u>245,249</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	24,800	-	15,000	13,141	52,941
Employee benefits	-	-	-	1,005	1,005
Other salaries for instruction	-	-	-	4,552	4,552
Purchased professional and technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Supplies and materials	5,462	-	-	-	5,462
Miscellaneous	<u>6,381</u>	-	<u>420</u>	<u>540</u>	<u>7,341</u>
Total instruction	<u>36,643</u>	-	<u>15,420</u>	<u>19,238</u>	<u>71,301</u>
Support services:					
Salaries of supervisors of instruction	18,401	-	-	50,127	68,528
Salaries of secretarial/clerical assistance	-	-	-	-	-
Employee benefits	7,862	-	-	3,835	11,697
Purchased professional educational services	34,131	-	17,750	3,936	55,817
Utilities	-	-	-	400	400
Rent	-	-	-	13,798	13,798
Insurance	-	-	-	1,875	1,875
Other purchased services	-	-	118	-	118
Supplies	2,330	4,701	-	2,755	9,786
Miscellaneous	<u>6,744</u>	-	-	<u>166</u>	<u>6,910</u>
Total support services	<u>69,468</u>	<u>4,701</u>	<u>17,868</u>	<u>76,892</u>	<u>168,929</u>
Capital Outlay	-	-	-	-	-
Instructional equipment	-	-	<u>5,019</u>	-	<u>5,019</u>
Total facilities acquisition and construction services	-	-	<u>5,019</u>	-	<u>5,019</u>
Total expenditures	<u>\$ 106,111</u>	<u>\$ 4,701</u>	<u>\$ 38,307</u>	<u>\$ 96,130</u>	<u>\$ 245,249</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2015, there was no capital project fund.

ENTERPRISE FUNDS DETAIL STATEMENTS

Enterprise 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 High School is that the costs of providing goods and services be financed through user charges. The Charter High School has the Food Service in its Enterprise Fund to account for the operation of food services..

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2015

	<u>FOOD SERVICE</u>
Assets	
Current assets:	
Cash	\$ 4,279
Accounts receivable:	
Federal	21,732
State	313
Other	-
	<u>22,045</u>
Total Assets	<u>\$ 26,324</u>
Liabilities	
Current liabilities :	
Interfund payable	13,027
Net position	
Unrestricted	<u>13,297</u>
Total Liabilities and Net Position	<u>\$ 26,324</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

ENTERPRISE FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2015

	FOOD SERVICE
	<hr/>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 3,843
Miscellaneous	-
	<hr/>
Total operating revenues	3,843
	<hr/>
Operating expenses:	
Cost of sales	87,353
Miscellaneous	-
	<hr/>
Total operating expenses	87,353
	<hr/>
Operating loss	(83,510)
	<hr/>
Nonoperating revenues:	
State sources:	
State School Lunch Program	1,239
Federal sources:	
National School Lunch Program	62,928
National School Breakfast Program	32,640
	<hr/>
Total nonoperating revenues	96,807
	<hr/>
Net operating income	13,297
	<hr/>
Total net position at beginning of year	-
	<hr/>
Total net position at end of year	<u>\$ 13,297</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

ENTERPRISE FUND

COMBINING SCHEDULE OF STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	FOOD SERVICE
	<u> </u>
Cash flows from operating activities	
Operating loss	\$ 13,297
Adjustment to reconcile operating loss to net cash from operating activities	
Changes in current assets and liabilities:	
Increase in accounts receivable	(3,459)
Decrease in interfund receivable	22,357
Decrease in accounts payable	<u>(72,643)</u>
Net cash from operating activities	<u>(40,448)</u>
Cash flows from noncapital financing activities	<u>-</u>
Net decrease in cash	(40,448)
Cash at beginning of the year	<u>44,727</u>
Cash at end of the year	<u>\$ 4,279</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Trust funds are used to account for gifts and bequests to the Charter High School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter High School.

At June 30, 2015 there was no non-expandable trust fund utilized by the Charter High School.

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

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter High School.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	New Jersey Unemployment Benefits	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash	\$ -	\$ 1,192	\$ 12,583	\$ 13,775
Interfund receivable	-	1,124	-	1,124
	<u>\$ -</u>	<u>\$ 2,316</u>	# <u>\$ 12,583</u>	<u>\$ 14,899</u>
Liabilities and Net Assets				
Liabilities:				
Payroll and withholdings payable	\$ -	\$ -	\$ 1,326	\$ 1,326
Interfund payable	-	-	11,257	11,257
Accounts payable	-	2,316	-	2,316
Total liabilities	<u>-</u>	<u>2,316</u>	<u>12,583</u>	<u>14,899</u>
Net Assets				
Restricted				
Unemployment compensation	-	-	-	-
Total liabilities and net position	<u>\$ -</u>	<u>\$ 2,316</u>	<u>\$ 12,583</u>	<u>\$ 14,899</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

FIDUCIARY FUNDS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
(TRUST FUND)**

YEAR ENDED JUNE 30, 2015

	<u>New Jersey Unemployment Benefits</u>
Revenues:	
General fund appropriation	\$ 15,802
Employees' contributions	<u>8,841</u>
Total revenues	<u>24,643</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>24,643</u>
Total expenditures	<u>24,643</u>
Excess (deficiency) of revenue over expenditures	-
Fund balance at beginning of the year	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND REIMBURSEMENTS

YEAR ENDED JUNE 30, 2015

	<u>Balance at June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance at June 30, 2015</u>
Assets				
Cash	\$ -	\$ 13,193	\$ 12,001	\$ 1,192
Interfund receivable	-	<u>5,012</u>	<u>3,888</u>	<u>1,124</u>
	<u>\$ -</u>	<u>\$ 18,205</u>	<u>\$ 15,889</u>	<u>\$ 2,316</u>
Liabilities				
Due to Student Groups	\$ -	<u>\$ 7,168</u>	<u>\$ 4,852</u>	<u>\$ 2,316</u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND REIMBURSEMENTS

YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets				
Cash	\$ 5,544	\$ 2,051,771	\$ 2,044,732	\$ 12,583
Liabilities				
Interfund payable	\$ 5,000	\$ 1,855,075	\$ 1,848,818	\$ 11,257
Payroll deductions and withholdings	<u>544</u>	<u>196,696</u>	<u>195,914</u>	<u>1,326</u>
Total Liabilities	<u>\$ 5,544</u>	<u>\$ 2,051,771</u>	<u>\$ 2,044,732</u>	<u>\$ 12,583</u>

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long term liabilities of the Charter High School. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding or mortgage note payable. The Charter High School has no long-term debts.

STATISTICAL SECTION (Unaudited)

Unless otherwise noted, the information in these Schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	72
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	78
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	80

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

NET ASSETS BY COMPONENT

Fiscal Year Ending June 30,
(Accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	-	-	-	-	-
Unrestricted	<u>1,142,309</u>	<u>922,677</u>	<u>811,674</u>	<u>659,841</u>	<u>306,747</u>
Total governmental activities net position	<u>\$ 1,160,286</u>	<u>\$ 947,035</u>	<u>\$ 818,199</u>	<u>\$ 668,541</u>	<u>\$ 310,896</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	<u>13,297</u>	<u>-</u>	<u>3,571</u>	<u>3,571</u>	<u>368</u>
Total business-type activities net position	<u>\$ 13,297</u>	<u>\$ -</u>	<u>\$ 3,571</u>	<u>\$ 3,571</u>	<u>\$ 368</u>
School-wide					
Invested in capital assets, net of related debt	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	-	-	-	-	-
Unrestricted	<u>1,155,606</u>	<u>922,677</u>	<u>815,245</u>	<u>663,412</u>	<u>307,115</u>
Total charter school net position	<u>\$ 1,173,583</u>	<u>\$ 947,035</u>	<u>\$ 821,770</u>	<u>\$ 672,112</u>	<u>\$ 311,264</u>

Notes

The Exhibit J-1 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

CHANGES IN NET ASSETS
Fiscal Year Ending June 30,
(Accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities					
Instruction					
Regular	\$ 2,097,071	\$ 1,664,155	\$ 1,272,456	\$ 1,171,797	\$ 723,353
Special education	-	-	-	-	-
Other special education	-	-	-	-	-
Vocational	-	-	-	-	-
Other instruction	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-
Support Services:					
Tuition	-	-	-	-	-
Student and instruction related services	900,172	632,716	543,658	544,827	240,771
General administration	624,364	642,568	959,449	576,667	352,034
School administrative services	-	-	-	-	-
Central services	-	-	-	-	-
Administrative information technology	-	-	-	-	-
Plant operations and maintenance	403,992	382,400	360,000	122,000	217,608
Pupil transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Special schools	-	-	-	-	-
Charter schools	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Capital outlay	5,019	-	13,273	46,051	-
Unallocated depreciation	6,381	3,200	2,176	6,323	2,075
Total governmental activities expenses	<u>4,036,999</u>	<u>3,325,039</u>	<u>3,151,011</u>	<u>2,467,664</u>	<u>1,535,841</u>
Business-type activities:					
Food service	87,353	103,364	77,503	59,132	42,485
Total business-type activities expense	<u>87,353</u>	<u>103,364</u>	<u>77,503</u>	<u>59,132</u>	<u>42,485</u>
Total charter high school expenses	<u>\$ 4,124,352</u>	<u>\$ 3,428,403</u>	<u>\$ 3,228,514</u>	<u>\$ 2,526,796</u>	<u>\$ 1,578,326</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-
Central and other support services	-	-	-	-	-
Operating grants and contributions	694,947	316,870	286,375	248,329	178,754
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	<u>694,947</u>	<u>316,870</u>	<u>286,375</u>	<u>248,329</u>	<u>178,754</u>
Business-type activities:					
Charges for services					
Food service	3,843	6,049	4,956	1,991	-
Operating grants and contributions	96,807	87,717	68,178	42,070	27,853
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>100,650</u>	<u>93,766</u>	<u>73,134</u>	<u>44,061</u>	<u>27,853</u>
Total district program revenues	<u>\$ 795,597</u>	<u>\$ 410,636</u>	<u>\$ 359,509</u>	<u>\$ 292,390</u>	<u>\$ 206,607</u>
Net (Expense)/Revenue					
Governmental activities	\$ (3,342,052)	\$ (3,008,169)	\$ (2,864,636)	\$ (2,219,335)	\$ (1,357,087)
Business-type activities	<u>13,297</u>	<u>(9,598)</u>	<u>(4,369)</u>	<u>(15,071)</u>	<u>(14,632)</u>
Total school-wide net expense	<u>\$ (3,328,755)</u>	<u>\$ (3,017,767)</u>	<u>\$ (2,869,005)</u>	<u>\$ (2,234,406)</u>	<u>\$ (1,371,719)</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

CHANGES IN NET ASSETS
Fiscal Year Ending June 30,
(Accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 3,555,360	\$ 3,119,886	\$ 2,929,179	\$ 2,584,096	\$ 1,681,267
Taxes levied for debt service	-	-	-	-	-
Grants and contributions	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-
Tuition Received	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	7,394	23,146	87,056	3,494	1,716
Transfers	-	(6,027)	(1,941)	(10,610)	(15,000)
Total governmental activities	<u>3,562,754</u>	<u>3,137,005</u>	<u>3,014,294</u>	<u>2,576,980</u>	<u>1,667,983</u>
Business-type activities:					
Investment earnings	-	-	-	-	-
Transfers and miscellaneous	-	6,027	4,369	18,274	15,000
Total business-type activities	<u>-</u>	<u>6,027</u>	<u>4,369</u>	<u>18,274</u>	<u>15,000</u>
Total district-wide activities	<u>\$ 3,562,754</u>	<u>\$ 3,143,032</u>	<u>\$ 3,018,663</u>	<u>\$ 2,595,254</u>	<u>\$ 1,682,983</u>
Change in Net Assets					
Governmental activities	\$ 220,702	\$ 128,836	\$ 149,658	\$ 357,645	\$ 310,896
Business-type activities	13,297	(3,571)	-	3,203	368
Total district activities	<u>\$ 233,999</u>	<u>\$ 125,265</u>	<u>\$ 149,658</u>	<u>\$ 360,848</u>	<u>\$ 311,264</u>

Notes

The Exhibit J-2 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year Ending June 30,

(Modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund					
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>1,142,309</u>	<u>922,677</u>	<u>811,674</u>	<u>659,841</u>	<u>306,747</u>
Total general fund	<u>\$ 1,142,309</u>	<u>\$ 922,677</u>	<u>\$ 811,674</u>	<u>\$ 659,841</u>	<u>\$ 306,747</u>
All Other Governmental Funds					
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned reported in:					
Special revenue fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

The Exhibit J-3 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Fiscal Year Ending June 30,
(Unaudited)**

Function	2015	2014	2013	2012	2011
Revenues					
Local Sources:					
Local	\$ 737,669	\$ 559,659	\$ 527,551	\$ 447,313	\$ 318,514
Miscellaneous	7,394	23,146	87,056	15,008	71,916
State sources	3,152,992	2,749,858	2,496,655	2,185,155	1,362,753
Federal sources	<u>149,119</u>	<u>127,239</u>	<u>191,348</u>	<u>188,443</u>	<u>108,554</u>
Total Revenues	<u>4,047,174</u>	<u>3,459,902</u>	<u>3,302,610</u>	<u>2,835,919</u>	<u>1,861,737</u>
Current expense:					
Instruction					
Salaries	1,356,609	1,097,083	1,038,798	766,286	462,601
Professional/Technical service	79,989	32,963	56,112	28,354	63,385
Other purchased services	-	2,920	23,291	15,949	2,974
General educational supplies	78,745	74,109	104,111	158,488	36,821
Instructional text and books	4,405	22,605	13,311	34,819	36,568
Other instructional expenses	17,303	13,471	3,871	13,371	14,623
Miscellaneous	7,341	2,287	-	-	-
Administrative cost:					
Salaries	293,229	281,982	418,348	289,564	184,729
Total benefit costs	380,073	445,289	342,729	226,561	165,535
Professional/Technical service	46,371	122,490	88,629	91,105	97,731
Other purchased services	-	-	-	(54)	5,868
Communications and telephones	51,665	45,851	39,097	27,451	7,889
Supplies and materials	40,406	24,060	24,488	16,927	7,159
Judgments against charter school	-	-	-	85,000	-
Interest on current loans	-	-	-	-	1,665
Miscellaneous	72,831	69,452	22,040	8,280	4,512
Support services:					
Salaries	397,489	241,935	239,411	307,495	148,662
Purchased Professional/Technical service	82,691	21,935	40,532	17,864	18,887
Purchased Property services	27,691	22,129	37,252	93,502	-
Other purchased services	8,964	38,717	33,046	7,409	9,122
Rent on land and buildings	403,992	382,400	360,000	122,000	217,608
Custodial services	76,130	72,405	-	-	-
Insurance-fidelity, liability, property	59,808	50,226	46,971	27,585	9,050
Transportation (Field trips)	6,345	8,194	5,109	11,126	5,726
Supplies and materials	19,940	28,636	8,088	14,144	14,407
Utilities	47,473	45,998	44,409	150	-
Miscellaneous	11,160	8,074	65,525	3,542	730
Capital outlay	5,019	-	13,273	56,925	6,224
TPAF - On behalf payments	149,313	106,711	-	-	-
TPAF - Social Security	<u>89,858</u>	<u>80,950</u>	<u>80,395</u>	<u>48,372</u>	<u>17,514</u>
Total Expenditures	<u>3,814,840</u>	<u>3,342,872</u>	<u>3,148,836</u>	<u>2,472,215</u>	<u>1,539,990</u>
Excess (Deficiency) of Revenues					

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year Ending June 30,

(Unaudited)

Function	2015	2014	2013	2012	2011
Over Expenditures	232,334	117,030	153,774	363,704	321,747
Other financing sources (uses):					
Long term debt	-	-	-	-	-
Operating transfers in (out)	-	(6,027)	(1,941)	(10,610)	(15,000)
Total other financing sources (uses)	-	(6,027)	(1,941)	(10,610)	(15,000)
Net changes in fund balances	<u>\$ 232,334</u>	<u>\$ 111,003</u>	<u>\$ 151,833</u>	<u>\$ 353,094</u>	<u>\$ 306,747</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.11%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Notes

The Exhibit J-4 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Fiscal Year Ending June 30,**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	50,955	**	**	8.50%
2013	50,703	\$ 2,757,330,546	\$ 54,382	8.00%
2012	50,397	2,703,194,286	53,638	9.20%
2011	50,057	2,617,830,929	52,297	9.70%
2010	49,921	2,490,908,137	49,897	9.60%

** Data not available

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

The Exhibit J-14 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**PRINCIPAL EMPLOYERS
Current Year and Four Years Ago**

Employer	2015		2010	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

Information not available

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM

Fiscal Year Ending June 30,

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction:					
Regular	18.0	18.0	18.0	18.0	8.0
Special education	2.0	2.0	2.0	2.0	1.0
Other special education	-	-	-	-	-
Vocational	-	-	-	-	-
Other instruction	2.0	2.0	2.0	2.0	4.0
Nonpublic school programs	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-
Support Services:					
Student and instruction related services	-	-	-	-	2.2
General administration	5.0	5.0	5.0	5.0	2.0
School administrative services	-	-	-	-	-
Other administrative services	3.0	3.0	3.0	3.0	1.5
Central services	-	-	-	-	0
Administrative information technology	-	-	-	-	0.6
Plant operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Other support services - security	2.0	2.0	2.0	2.0	1.5
Special schools	-	-	-	-	-
Food service	-	-	-	-	0.4
Child care	-	-	-	-	-
Total	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>21.2</u>

Source: Charter School's personnel records

Notes

The Exhibit J-16 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

OPERATING STATISTICS

Fiscal Year Ending June 30,
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School					
2015	227.0	\$ 4,124,352	\$ 18,169	13%	20.00	12:1		227.5	223	12%	98.00%
2014	201.0	3,434,430	17,087	12%	20.00	12:1		203.1	199	10%	98.00%
2013	179.0	3,213,066	17,950	10%	16.00	11.8:1		184.0	180	16%	98.00%
2012	162.9	2,366,918	14,530	46%	14.00	11.6:1		158.5	155	75%	98.00%
2011	111.8	1,532,101	13,704	N/A	11.20	11:1		90.6	89	N/A	98.00%

Note: Enrollment based on annual October 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 the School Register Summary (SRS)

The Exhibit J-17 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

SCHOOL BUILDING INFORMATION

Fiscal year Ending June 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
35 Watchung Avenue, Plainfield, NJ 07062					
Square Feet	10,000	10,000	10,000	10,000	10,000
Capacity (students)	260	260	180	180	180
Enrollment	227	240	179	163	163

Source: Charter High School's records

Notes

The Exhibit J-18 should contain information for the last 10 years as required by GASB. However, fiscal year 2011 is the first year of operations.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

INSURANCE SCHEDULE

**June 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial property and general liability:		
Property:		
Building and Contents	\$ 250,000	\$ 1,000
Electronic Data Processing	75,000	1,000
Boiler and Machinery	Included	
Crime Coverage:		
Blanket Faithful Performance	25,000	
Bond Board Secretary	100,000	
Bond Board Treasurer	100,000	
Comprehensive General Liability	3,000,000	
Automobile	1,000,000	
Supplemental Indemnity	Statutory	7-day waiting period
School Leaders Errors and Omissions:		
Coverage A	1,000,000	
Coverage B	1,000,000	
Coverage B - Annual Aggregate	1,000,000	5,000
Student Accident Liability	25,000	
Workers Compensation	1,000,000	
Directors and Officers Liability	1,000,000	5,000

Source: Charter High School's records

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

CHARTER HIGH SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information
(Unaudited)

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	891,086	750,357	913,787	Audit: Exhibit A-1
Current Assets	1,025,326	1,105,826	1,294,084	Audit: Exhibit A-1
Total Assets	1,031,851	1,130,184	1,312,061	Audit: Exhibit A-1
Current Liabilities	210,081	183,149	138,478	Audit: Exhibit A-1
Total Liabilities	210,081	183,149	528,831	Audit: Exhibit A-1
Net Assets	821,770	-	-	Audit: Exhibit A-1
Total Revenue	3,378,172	3,553,668	4,358,351	Audit: Exhibit A-2
Total Expenses	3,228,514	3,428,403	4,124,352	Audit: Exhibit A-2
Change in Net Assets	146,658	125,265	233,999	Audit: Exhibit A-2
Depreciation Expense	2,175	3,200	6,361	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	184	203	227	DOE Enrollment Reports
March 30th Budgeted Enrollment	240	240	240	Charter School Budget

RATIOS ANALYSIS						Source:	Target
Near Term Indicators		2013	2014	2015	3 YR CUM		
1a.	Current Ratio	4.88	6.04	9.35	6.75	Current Assets/Current Liabilities	> 1.1
1b.	Unrestricted Days Cash	100.74	79.89	80.87	87.17	Cash/(Total Expenses/365)	30-60
1c.	Enrollment Variance	77%	85%	95%	85%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.	Default	No	No	No	No	Audit	not in default
Sustainability Indicators							
2a.	Total Margin	4%	4%	5%	4%	Change in Net Assets/Total Revenue	positive
2b.	Debt to Asset	0.20	0.16	0.40	0.26	Total Liabilities/Total Assets	<.9
2c.	Cash Flow	835,712	(140,729)	163,430	858,413	Net change in cash flow from prior years	3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

SINGLE AUDIT SECTION



EXHIBIT K-1

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

The Honorable President and
Members of the Board of Trustees
The Barack Obama Green Charter High School
Union County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School (the Charter High School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter High School's basic financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter High 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, Department of Education, State of New Jersey.

However, we noted certain matters that we have reported to the Board of Trustees of the Barack Obama Green Charter High School in the County of Union, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated November 13, 2015.

Purpose of this Report

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


Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS002239400

November 13, 2015
Freehold, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR STATE PROGRAMS
AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY
NEW JERSEY OMB LETTER CIRCULAR 04-04**

The Honorable President and
Members of the Board of Trustees
The Barack Obama Green Charter High School
Union County, New Jersey

Report on Compliance for Each Major State Programs

We have audited the Barack Obama Green Charter High School's (the Charter High School) in the County of Union, State of New Jersey compliance 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 High School's major state programs for the fiscal year ended June 30, 2015. The Charter High School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter High School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and New Jersey OMB Letter Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Letter 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 major state program occurred. An audit includes examining, on a test basis, evidence about the Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB LETTER CIRCULAR 04-04

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

Opinions on Each Major State Programs

In our opinion, the Barack Obama Green Charter High School Board of Trustees, in the County of Union, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

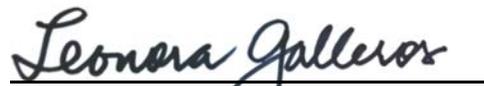
Management of the Charter High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance for each major state programs and to test and report on internal control over compliance in accordance with New Jersey OMB Letter 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 Charter High School's internal control over compliance.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR STATE PROGRAMS
AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB
LETTER CIRCULAR 04-04**

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ OMB Letter Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS002239400

November 13, 2015
Freehold, New Jersey

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

SCHEDULE OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Grant Period	Award Amount	Balance at June 30, 2014	Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2015	Deferred Revenue at June 30, 2015	Due to Grantor at June 30, 2015
U.S. Department of Education:											
Passed-through New Jersey State Department Educator											
No Child Left Behind											
Title I Part A - Grants to Local Educational Agencies	84.010A	9/1/14 - 8/31/15	\$ 106,111	\$ -	\$ -	\$ -	\$ (106,111)	\$ -	\$ (106,111)	\$ -	\$ -
Title I Part A - Grants to Local Educational Agencies	84.010A	9/1/13 - 8/31/14	91,208	(42,320)	-	42,320	-	-	-	-	-
Title III, Part A, English Language Acquisition State Grants	84.365	9/1/14 - 8/31/15	4,701	-	-	-	(4,701)	-	(4,701)	-	-
Title III, Part A, English Language Acquisition State Grants	84.365	9/1/13 - 8/31/14	7,860	(7,860)	-	7,860	-	-	-	-	-
IDEA, Basic	84.027	9/1/14 - 8/31/15	38,307	-	-	28,324	(38,307)	-	(9,983)	-	-
IDEA, Basic	84.027	9/1/13 - 8/31/14	28,171	(28,171)	-	28,171	-	-	-	-	-
Total U.S. Department of Education				(78,351)	-	78,504	(149,119)	-	(120,795)	-	-
U.S. Department of Agriculture											
Passed-through New Jersey State Department of Agriculture											
National School Breakfast Program	10.553	07/1/14 - 6/30/15	32,640	-	-	27,026	(32,640)	-	(5,614)	-	-
National School Breakfast Program	10.553	07/1/13 - 6/30/14	25,829	(7,485)	-	7,485	-	-	-	-	-
National School Lunch Program	10.555	07/1/14 - 6/30/15	62,928	-	-	46,810	(62,928)	-	(16,118)	-	-
National School Lunch Program	10.555	07/1/13 - 6/30/14	60,605	(10,625)	-	10,625	-	-	-	-	-
Total U.S. Department of Agriculture				(18,110)	-	91,946	(95,568)	-	(21,732)	-	-
Total Expenditures of Federal Awards				\$ (96,461)	\$ -	\$ 170,450	\$ (244,687)	\$ -	\$ (142,527)	\$ -	\$ -

See notes to schedules of expenditures of federal awards and state financial assistance.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014	Adjustments	Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2015	Deferred Revenue at June 30, 2015	Due to Grantor at June 30, 2015
New Jersey State Department of Education												
General Fund:												
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	\$ 2,713,407	\$ -	\$ -	\$ -	\$ 2,772,523	\$ (2,713,407)	\$ -	\$ (1,970)	\$ -	\$ 61,086
Equalization Aid	14-495-034-5120-078	7/1/13 - 6/30/14	2,953,994	(96,970)	-	-	96,970	-	-	-	-	-
Equalization Aid	13-495-034-5120-078	7/1/12 - 6/30/13	2,266,194	5,109	-	-	-	-	-	(1,576)	-	6,685
Special Education Categorical Aid	15-495-034-5120-089	7/1/14 - 6/30/15	109,557	-	-	-	114,759	(109,557)	-	-	-	5,202
Special Education Categorical Aid	14-495-034-5120-089	7/1/13 - 6/30/14	90,104	(1,633)	-	-	1,633	-	-	-	-	-
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	90,857	-	-	-	91,634	(90,857)	-	-	-	777
Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	75,788	(2,210)	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	15-495-034-5095-006	7/1/14 - 6/30/15	89,858	-	-	-	89,858	(89,858)	-	-	-	-
On-behalf payments -TPAF Post-retirement benefits	15-495-034-5095-001	7/1/14 - 6/30/15	106,711	-	-	-	149,313	(149,313)	-	-	-	-
				<u>(95,704)</u>	<u>-</u>	<u>-</u>	<u>3,316,690</u>	<u>(3,152,992)</u>	<u>-</u>	<u>(3,546)</u>	<u>-</u>	<u>73,750</u>
Enterprise Fund:												
State School Lunch Program	15-100-010-3350-023	7/1/14 - 6/30/15	1,239	-	-	-	926	(1,239)	-	(313)	-	-
State School Lunch Program	14-100-010-3350-023	7/1/13 - 6/30/14	1,283	(217)	-	-	217	-	-	-	-	-
Total Enterprise Fund				<u>(217)</u>	<u>-</u>	<u>-</u>	<u>1,143</u>	<u>(1,239)</u>	<u>-</u>	<u>(313)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ (95,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,317,833</u>	<u>\$ (3,154,231)</u>	<u>\$ -</u>	<u>\$ (3,859)</u>	<u>\$ -</u>	<u>\$ 73,750</u>

See notes to schedules of expenditures of federal awards and state financial assistance.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE**

FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of those 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 these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Letter Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. 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

Amounts reported in the accompanying schedules agree with the amounts reported in the Board's basic financial statements. The basic financial statements present the special revenue fund on both GAAP and budgetary 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. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
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**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE - CONTINUED**

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$2,913,821	\$2,913,821
Special Revenue Fund	149,119	-	149,119
Enterprise Fund	95,568	1,239	96,807
Total	<u>\$ 244,687</u>	<u>\$2,915,060</u>	<u>\$3,159,747</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

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, 2015.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <input checked="" type="checkbox"/> None
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	_____ Yes <input checked="" type="checkbox"/> No

Federal Awards (Not Applicable)

Dollar threshold used to determine Type A and B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ Yes _____ No
Type of auditor's report on compliance for major programs:	<u>Not applicable</u>
Internal control over compliance:	
Material weakness(es) identified?	_____ Yes _____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes _____ No
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a)?	_____ Yes _____ No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Federal Program</u>
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No major programs identified.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

State Financial Assistance

Dollar threshold used to determine Type A and B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes No

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Letter Circular 04-04? Yes No

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
15-495-034-5120-078	Equalization Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-089	Special Education Aid

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None

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**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS
PREPARED BY MANAGEMENT**

FISCAL YEAR ENDED JUNE 30, 2015

NONE