

JERSEY CITY GLOBAL CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2015

JERSEY CITY GLOBAL CHARTER SCHOOL

***Jersey City Global Charter School
Board of Trustees
Jersey City, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

***Jersey City Global Charter School
Finance Department***

And

Barre & Company, CPAs

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INTRODUCTORY SECTION

***JERSEY CITY GLOBAL CHARTER SCHOOL
255 CONGRESS STREET
JERSEY CITY, NEW JERSEY 07307***

December 10, 2015

Honorable President and
Members of the Board of Trustees
Jersey City Global Charter School
County of Hudson
Jersey City, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Jersey City Global Charter School (Charter School) for the fiscal year ended June 30, 2015. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

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

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

Charter School Organization

An elected seven member Board of Trustees, together with three ex-officio members (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

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

The focus of education at Jersey City Global Charter School has always been what is best for the success of the children. With this in mind, the school provides a full range of services appropriate to meeting the needs of all students in Kindergarten through Grade Four (4). Such instructional services include regular education and special education.

Jersey City Global Charter School ended the 2014-2015 school year with an enrollment of 227 students. The following details the student enrollment of the Charter School over the last year:

REPORTING ENTITY AND ITS SERVICES (CONTINUED):

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Attendance Rate</u>
2014-2015	234	97.3%
2013-2014	158	95.9%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Charter School is located in Jersey City, New Jersey and has completed its first year of implementation. The Charter School is located in one of the major urban areas in the State of New Jersey. They are experiencing some of the same social and economic phenomena as other urban areas its size. These phenomena include, but are not limited to, unemployment, and under employment among its working class population.

3. **INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision which serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievements, staff development and technology in the classroom.

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

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

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

INTERNAL ACCOUNTING CONTROLS (CONTINUED):

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

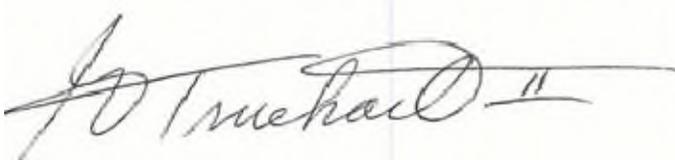
7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

8. **OTHER INFORMATION:**

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

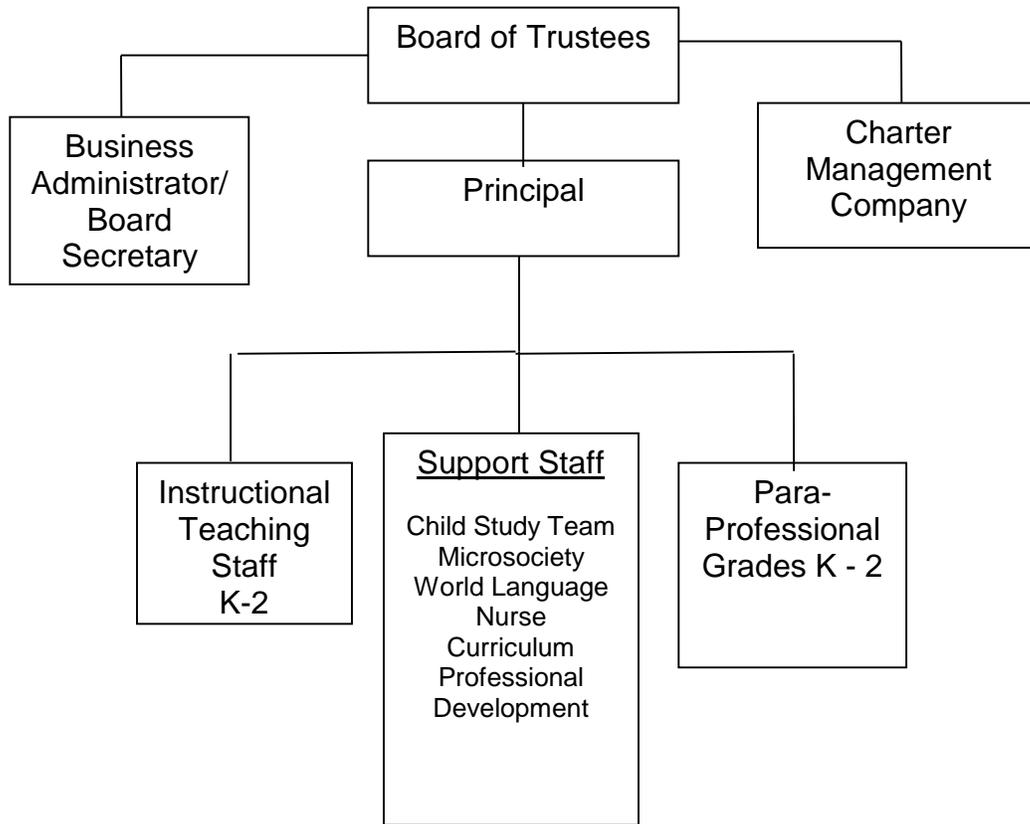
9. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of Jersey City Global Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating school district and thereby contributing their full support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

Respectfully submitted,

A handwritten signature in black ink on a light-colored background. The signature is cursive and appears to read "G. Truehart". There is a horizontal line drawn through the signature, and a small "11" is written at the end of the line.

Gerald Truehart
School Business Administrator
Board Secretary

JERSEY CITY GLOBAL CHARTER SCHOOL
ORGANIZATIONAL CHART
JUNE 30, 2015



**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
President, Kathleen Davis	3/31/18
Trustee, Jose Arango	3/31/18
Trustee, Ajay Karippot	3/31/18
Trustee, Alice Minor	3/31/18
Trustee, Frank Garguilo	3/31/18
Trustee, Tiffany Burress	3/31/18
Trustee, George Brady	3/31/18
Trustee, Dr. Diane Punaless Morejon	3/31/18
<u>OTHER OFFICIALS</u>	
Principal, Nadira Raghunandan	
Rev. Gerald Truehart QPA, SBA/Board Secretary	
Attorney, Gerard Pizzillo, ESQ	
Charter Management Organization, Sam Howard, ACEP	
Charter Management Organization. Angie Chiaravalloti, ACEP	

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Margulies Wind Attorney
3 2nd Street
Jersey City, NJ 07306

Official Depository

Provident Bank
100 Wood Avenue
South Iselin, NJ 08830

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor’s Report

Honorable President
Members of the Board of Trustees
Jersey City Global Charter School
County of Hudson
Jersey City, 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 Jersey City Global Charter School (Charter School), in the , 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 School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of

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

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

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 Jersey City Global Charter School, in the , State of New Jersey, as of June 30, 2015, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 15 and 64 respectively, 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 response 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state

financial assistance, as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated December 7, 2015 on our consideration of the Jersey City Global Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance



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

December 7, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Jersey City Global Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A, however, since this is the initial year of operations, comparative information will not be presented.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$2,530,493 or 98% of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$50,598 or 2% of total revenues of \$2,581,091. There were no charges for services.
- ❖ The Charter School had \$2,504,675 in expenses; only \$50,598 of these expenses were offset by program specific charges for grants or contributions. General revenues of \$2,530,493 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$2,381,419 in revenues and \$2,297,091 in expenditures. The General Fund's fund balance increased by \$84,328. This increase was anticipated by the Board of Trustees.
- ❖ During 2015, the Charter School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities.

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.

Statement of Net Position and the Statement of Activities (Continued)

- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. There is no business-type activities as all Food Service is managed and paid by the Charter School.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

Proprietary Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same. There was no activity in this fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position were 160,872 on June 30, 2015. and \$84,456 on June 30, 2014.

Governmental Activities

The Charter School's total revenues were \$2,581,091 for 2015 and \$2,105,584 for 2014, this includes \$61,772 for 2015 and \$48,349 for 2014 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$2,504,675 for 2015 and \$2,021,128 for 2014. Instruction comprises 44% for 2015 and 49% for 2014 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

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

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

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

Business-Type Activities

There is no business-type activities.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,581,091 and expenditures were \$2,496,763. The net change in fund balance for the year was most significant in the general fund, an increase of \$84,328.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015. The amount and percentage of increases and decreases in relation to prior year revenues were not calculated since this is the initial year of operations.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2014	Percent of Increase/ (Decrease)
Local Sources	\$ 653,023	25.30%	\$ 115,037	21.38%
State Sources	1,738,051	67.34%	515,289	42.14%
Federal Sources	190,017	7.36%	(154,819)	-44.90%
Total	\$ 2,581,091	100.00%	\$ 475,507	

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015. The amount and percentage of decreases in relation to prior year amounts were not calculated since this is the school's initial year.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 996,303	39.90%	\$ 71,317	7.71%
Administration	775,296	31.05%	202,329	35.31%
Support Services	666,564	26.70%	208,587	45.55%
Capital Outlay	58,600	2.35%	(38,244)	-39.49%
Total	\$ 2,496,763	100.00%	\$ 443,989	

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School has \$23,734 invested in capital assets for 2015 and \$31,646 for 2014.

**JERSEY CITY GLOBAL CHARTER SCHOOL
JERSEY CITY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(CONTINUED)**

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Gerald Truehart, School Board Administrator at Jersey City Global Charter School, 255 Congress Street, Jersey City, New Jersey 07307.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL – WIDE FINANCIAL STATEMENTS

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

JERSEY CITY GLOBAL CHARTER SCHOOL
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 86,985	\$ -	\$ 86,985
Interfund Receivables	1,174		1,174
Receivables	202,413		202,413
Security Deposit	25,000		25,000
Capital Assets, Net	23,734		23,734
Total Assets	339,306	-	339,306
LIABILITIES:			
Interfund Payable	1,048		1,048
Payable to State Government	26,017		26,017
Accounts Payable and Accrued Expense	132,384		132,384
Deferred Revenue	18,985		18,985
Total Liabilities	178,434	-	178,434
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	23,734		23,734
Unassigned	137,138	-	137,138
Total Net Position	\$ 160,872	\$ -	\$ 160,872

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

JERSEY CITY GLOBAL CHARTER SCHOOL
 Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,004,215	\$ 96,950	\$ -	\$ 50,598	\$ -	\$ (1,050,567)	\$ -	\$ (1,050,567)
Administration	646,514	21,411				(667,925)	-	(667,925)
Support Services	666,564	10,421				(676,985)	-	(676,985)
Capital Outlay	58,600	-				(58,600)	-	(58,600)
Total Governmental Activities	<u>2,375,893</u>	<u>\$ 128,782</u>	<u>-</u>	<u>50,598</u>	<u>-</u>	<u>(2,454,077)</u>	<u>-</u>	<u>(2,454,077)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service	-	-				-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 2,375,893</u>			<u>\$ 50,598</u>		<u>\$ (2,454,077)</u>		<u>\$ (2,454,077)</u>
GENERAL REVENUES								
General Purposes						\$ 2,187,749	\$ -	\$ 2,187,749
Federal and State Aid Not Restricted						311,540	-	311,540
Miscellaneous Income						31,204	-	31,204
Total General Revenues						<u>2,530,493</u>	<u>-</u>	<u>2,530,493</u>
Change in Net Position						76,416	-	76,416
Net Position - Beginning						84,456	-	84,456
Net Position - Ending						<u>\$ 160,872</u>	<u>\$ -</u>	<u>\$ 160,872</u>

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

JERSEY CITY GLOBAL CHARTER SCHOOL

Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 64,516	\$ 22,469	\$ 86,985
Interfund Receivables		1,174	1,174
Receivables from Other Governments	113,505	40,705	154,210
Security Deposit	25,000		25,000
Other Receivables	48,203		48,203
Total Assets	<u>\$ 251,224</u>	<u>\$ 64,348</u>	<u>\$ 315,572</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ 1,048	\$ -	\$ 1,048
Payables to State Government	26,017		26,017
Accounts Payable & Accrued Expenses	87,021	45,363	132,384
Deferred Revenues		18,985	18,985
Total Liabilities	<u>114,086</u>	<u>64,348</u>	<u>178,434</u>
Fund Balances:			
Unassigned:			
General Fund	137,138		137,138
Total Fund Balances	<u>137,138</u>	<u>-</u>	<u>137,138</u>
Total Liabilities and Fund Balances	<u>\$ 251,224</u>	<u>\$ 64,348</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 governmental funds. The cost of the assets is \$39,558 and the accumulated depreciation is \$15,824.

23,734

Net Position of Governmental Activities

\$ 160,872

-

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

JERSEY CITY GLOBAL CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 621,819	\$ -	\$ 621,819
Miscellaneous	21,549	9,655	31,204
Total Local Sources	643,368	9,655	653,023
State Sources	1,738,051		1,738,051
Federal Sources		190,017	190,017
Total Revenues	2,381,419	199,672	2,581,091
EXPENDITURES:			
Instruction	922,570	73,733	996,303
Administration	775,296		775,296
Support Services	599,225	67,339	666,564
Capital Outlay		58,600	58,600
Total Expenditures	2,297,091	199,672	2,496,763
NET CHANGE IN FUND BALANCES	84,328	-	84,328
FUND BALANCES, JULY 1	52,810	-	52,810
FUND BALANCES, JUNE 30	\$ 137,138	\$ -	\$ 137,138

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

JERSEY CITY GLOBAL CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds (B-2)	\$	84,328
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p style="padding-left: 40px;">Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>		
Depreciation Expense		<u>(7,912)</u>
Change in net position of governmental activities	\$	<u><u>76,416</u></u>

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

FIDUCIARY FUNDS

JERSEY CITY GLOBAL CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 26,441	\$ 50	\$ 26,491
Total Assets	<u>\$ 26,441</u>	<u>\$ 50</u>	<u>\$ 26,491</u>
LIABILITIES:			
Interfund Accounts Payable	\$ 76	\$ 50	\$ 126
Payroll Deductions and Withholdings	<u>26,365</u>	<u>-</u>	<u>26,365</u>
Total Liabilities	<u>\$ 26,441</u>	<u>\$ 50</u>	<u>\$ 26,491</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (Board) of Jersey City Global Charter School (Charter School) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Board's accounting policies are described below.

In June 1999, the Governmental Account Standards Board (GASB) unanimously approve *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No. 34)*. This Statement provides for most significant change in financial reporting in over twenty years and was implemented for the fiscal year ending June 30, 2004. In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net position, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

A. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School. Oversight

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees exercises operating control.

B. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

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

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

Enterprise (Food Service) Fund: Not Applicable.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and include the Net Payroll Account and Payroll Agency Fund.

C. Basis of Accounting – Measurement Focus

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

Charter School-wide and Fiduciary Fund Financial Statements: The Charter School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus (Continued)

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

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

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 199,672
Adjustments:	
Less Encumbrances at June 30,2015	-
Plus Encumbrances at June 30,2014	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 199,672</u>

E. Encumbrances Accounting

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

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

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

Inventory purchases are recorded as expenditures during the year of purchase.

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

Asset Class	Estimated Useful Lives
Building Improvements	20
Office & Computer Equipment	5-10

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value. As of June 30, 2015 the Charter School has not yet begun contribute to either pension plan.

H. PENSIONS

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

Deposits

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

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

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

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

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Investments (Continued)

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

As of June 30, 2015, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Fiduciary Funds	Total
Operating Account	\$ 64,516	\$ 22,469	\$ 26,491	\$ 113,476

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$113,476 and the bank balance was \$202,735. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Risk Category (Continued)

As of June 30, 2015, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2015, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2015, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 113,505	\$ 113,505
Federal Aid	40,705	40,705
Other	48,203	48,203
Gross Receivables	202,413	202,413
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 202,413</u>	<u>\$ 202,413</u>

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 1,048
Special Revenue Fund	1,174	
Fiduciary Fund		126
Total	<u>\$ 1,174</u>	<u>\$ 1,174</u>

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 39,558	\$ -	\$ -	\$ 39,558
Totals at Historical Cost	39,558	-	-	39,558
Less Accumulated Depreciation For:				
Machinery and Equipment	7,912	7,912	-	15,824
Total Accumulated Depreciation	7,912	7,912	-	15,824
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	31,646	(7,912)	-	23,734
Government Activity Capital Assets, Net	\$ 31,646	\$ (7,912)	\$ -	\$ 23,734

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

Depreciation expense of \$7,912 was charged to an instruction function.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6: RENTAL LEASE

The Charter School entered into a lease agreement with Saint Anne Church for the building located at 255 Congress Street, Jersey City, New Jersey. The term of the lease is from July 1, 2013 and will expire on June 30, 2017 with an option to extend the lease for four (4) more years to June 30, 2021. The lease requires a security deposit of \$25,000. For the fiscal year ended June 30, 2015 rent expense amounted to \$300,000. Future minimum lease rental payments are as follows:

<u>School Year</u>	<u>Rent Expense</u>
2015-2016	\$348,000
2016-2017	\$396,000

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

On September 1, 2013, the Charter School entered into equipment lease agreements for one (1) copier with an option to purchase for a period of four (4) years to August 31, 2017 with a minimum monthly payment of \$852. Total lease payments amounted to \$8,583 for the year. The following is a schedule of the future minimum lease payments at June 30, 2015:

<u>Year</u>	<u>Amount</u>
2015- 2016	\$ 10,222
2016- 2017	10,222
2017-2018	1,704
Total Minimum Lease Payments	\$ 22,148

NOTE 8: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and required contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$0 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the Charter School reported a liability of \$0 for its proportionate share of the net pension liability.

For the fiscal year ended June 30, 2014, the Charter School recognized no pension expense. At June 30, 2014, the Charter School reported no deferred outflows of resources and deferred related to pensions from the following sources.

Actuarial Assumptions

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' 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%
Mortgage	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. 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%

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and June 30, 2013, respectively. 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 June 30, 2013, respectively 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 contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension 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 pension plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to th member's accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

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

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,498)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,266

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2013. The total pension liability for the June 30, 2013 measurement date 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 Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for 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, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 TPAF' target asset allocation as of June 30, 2014 is 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-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. 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%

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and June 30, 2013, respectively. 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 June 30, 2013, respectively 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 contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension 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 applied to projected benefit payments after that date in determining the total pension liability.

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2015. There were no employee contributions to DCRP for the fiscal year ended June 30, 2015.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10: COMPENSATED ABSENCES

The Board accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences 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 School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. Upon termination, employees are paid for accrued vacation. The Charter School's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the Charter School for the unused sick leave in accordance with the Charter School's agreements with the various employee unions.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance of \$137,138 in the fund financial statements at June 30, 2015 is unassigned and undesignated.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance

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

**JERSEY CITY GLOBAL CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12: RISK MANAGEMENT

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter 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 School is billed quarterly for amounts due to the State.

NOTE 13: LINE OF CREDIT

During the year, the Charter School obtained a \$127,000 working line of credit with Community Loan Fund of New Jersey. The line of credit was fully paid at June 30, 2015. In July, 2015, the Charter School obtained a new \$125,000 working line of credit with Community Loan Fund of New Jersey due June 30, 2016 with an interest rate at 7.50% per annum.

NOTE 14: MANAGEMENT AGREEMENT

On March 1, 2012, the Charter School entered into an operating agreement with Athena Community Education Partners, Inc., a New Jersey not-for-profit corporation. This agreement became effective as of March 1, 2012 and unless otherwise renewed, revised, or terminated pursuant to the agreement shall continue until termination or expiration of the Charter, inclusive of any Charter renewal periods. The fee shall not exceed 6.5% of the agreed upon revenues. On May 6, 2014, the Board of Trustees reduced the fee for the 2013-2014 school year from 6.5% of revenue to a flat fee of \$60,000 as a result of the school's reduced enrollment from 306 to 158 students per the October 15, 2013 school enrollment. The total cost amounted to \$60,000 for the year. Effective July 1, 2014, the fee went back to the 6.5% of revenue which amounted to a fee of \$162,431 per year for June 30, 2015. The agreement was renewed for an additional year to June 30, 2016 with the same terms and conditions.

NOTE 15: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2015, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

JERSEY CITY GLOBAL CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 734,849	\$ (113,030)	\$ 621,819	\$ 621,819	\$ -
Total Local Levy Budget	734,849	(113,030)	621,819	621,819	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	1,998,825	(432,895)	1,565,930	1,565,930	-
Special Education	63,637	(13,039)	50,598	50,598	-
Security Aid	60,115	(364)	59,751	59,751	-
Total Categorical Aid	2,122,577	(446,298)	1,676,279	1,676,279	-
Revenues From Other Sources:					
Donations and Contributions				17	17
Miscellaneous Revenue	69,927		69,927	21,532	(48,395)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				61,772	61,772
Total Revenues From Other Sources	69,927	-	69,927	83,321	13,394
Total Revenues	2,927,353	(559,328)	2,368,025	2,381,419	13,394
EXPENDITURES:					
Instruction:					
Salaries of Teachers	821,413		821,413	678,909	142,504
Other Salaries for Instruction	145,000	(83,150)	61,850	61,850	-
Purchased Prof/Tech Services	145,340	(60,590)	84,750	83,958	792
Other Purchased Services	67,800	(26,500)	41,300	41,300	-
General Supplies	49,838	(14,520)	35,318	26,911	8,407
Textbooks	39,000	(10,543)	28,457	28,457	-
Miscellaneous	8,500	(7,315)	1,185	1,185	-
Total Instruction	1,276,891	(202,618)	1,074,273	922,570	151,703
Administration:					
Salaries - General Administration	88,000	(2,600)	85,400	85,400	-
Salaries of Secretarial/Clerical Assistants	78,500	(308)	78,192	78,192	-
Total Benefits Cost	385,999	(119,011)	266,988	197,075	69,913
Purchases Prof/Tech Services	366,344	(57,490)	308,854	308,854	-
Communications/Telephone	42,000	8,159	50,159	6,912	43,247
Travel		1,885	1,885	1,884	1
Supplies and Materials	22,500	(8,377)	14,123	14,123	-
Interest on Current Loans		5,652	5,652	5,652	-
Miscellaneous Expenses	8,200	7,232	15,432	15,432	-
Total Administration	991,543	(164,858)	826,685	713,524	113,161

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

JERSEY CITY GLOBAL CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 80,000	\$ (375)	\$ 79,625	\$ 79,625	\$ -
Purchased Prof/Tech Services	87,800	(9,292)	78,508	78,508	-
Purchased Prof/Ed Services	47,400	(1,134)	46,266	46,266	-
Rental of Land and Buildings	300,000		300,000	300,000	-
Supplies and Materials	22,900	(11,288)	11,612	10,960	652
Energy Costs (Heat and Electricity)	72,000	9,000	81,000	81,000	-
Miscellaneous Expenses	45,000	(34,565)	10,435	2,866	7,569
Total Support Services	655,100	(47,654)	607,446	599,225	8,221
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				61,772	(61,772)
Total Expenditures	2,923,534	(415,130)	2,508,404	2,297,091	211,313
Excess of Revenues Over Expenditures	3,819	(144,198)	(140,379)	84,328	224,707
FUND BALANCE, JULY 1	52,810	-	52,810	52,810	-
FUND BALANCE, JUNE 30	\$ 56,629	\$ (144,198)	\$ (87,569)	\$ 137,138	\$ 224,707

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

JERSEY CITY GLOBAL CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 123,504	\$ 73,698	\$ 197,202	\$ 190,017	\$ (7,185)
Other Sources	7,500	2,155	9,655	9,655	-
Total Revenues	131,004	75,853	206,857	199,672	(7,185)
EXPENDITURES:					
Instruction:					
General Supplies	47,852	30,366	78,218	73,733	4,485
Total Instruction	47,852	30,366	78,218	73,733	4,485
Support Services:					
Purchased Prof/Ed Services	62,890	(2,506)	60,384	57,684	2,700
Supplies and Materials	7,500	2,155	9,655	9,655	-
Total Support Services	70,390	(351)	70,039	67,339	2,700
Capital Outlay:					
Instructional Equipment	12,762	45,838	58,600	58,600	-
Total Capital Outlay	12,762	45,838	58,600	58,600	-
Total Expenditures	131,004	75,853	206,857	199,672	7,185
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

JERSEY CITY GLOBAL CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget To GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 2,381,419	[C-2] 199,672
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	 	 -
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 2,381,419	[B-2] \$ 199,672
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,297,091	[C-2] 199,672
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	 	 -
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 2,297,091	[B-2] \$ 199,672

OTHER SUPPLEMENTAL INFORMATION

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

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

JERSEY CITY GLOBAL CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Charter Implementation Grant	Title I	Title I Carryover	Title II Part A	IDEA	Rutgers University	Ciphers Tech	Total
REVENUES:								
Federal Sources	\$ 144,743	\$ 14,886	\$ 1,526	\$ 3,043	\$ 25,819	7,155	2,500	\$ 190,017
Other Sources								9,655
Total Revenues	\$ 144,743	\$ 14,886	1,526	\$ 3,043	\$ 25,819	\$ 7,155	\$ 2,500	\$ 199,672
EXPENDITURES:								
Instruction:								
General Supplies	\$ 57,321	\$ 14,886	\$ 1,526	\$ -	\$ -			\$ 73,733
Total Instruction	57,321	14,886	1,526	-	-	-	-	73,733
Support Services:								
Purchased Prof/Ed Services	28,822			3,043	25,819			28,822
Other Purchased Prof. Services						7,155		28,862
Supplies and Materials							2,500	9,655
Total Support Services	28,822	-	-	3,043	25,819	7,155	2,500	67,339
Capital Outlay:								
Instructional Equipment	58,600							58,600
Total Capital Outlay	58,600	-	-	-	-	-	-	58,600
Total Expenditures	\$ 144,743	\$ 14,886	\$ 1,526	\$ 3,043	\$ 25,819	\$ 7,155	\$ 2,500	\$ 199,672

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

The school has no Food Service or Proprietary Fund.

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school for a specific purpose.

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

Payroll Fund – this agency fund is used to account for payroll transactions of the school Charter School.

JERSEY CITY GLOBAL CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Position
 June 30, 2015

	Agency		Total Agency Funds
	Payroll Agency	Net Payroll	
ASSETS:			
Cash and Cash Equivalents	\$ 26,441	\$ 50	\$ 26,491
Total Assets	<u>\$ 26,441</u>	<u>\$ 50</u>	<u>\$ 26,491</u>
LIABILITIES:			
Interfund Accounts Payable	\$ 76	\$ 50	\$ 126
Payroll Deductions and Withholdings	<u>26,365</u>		<u>26,365</u>
Total Liabilities	<u>\$ 26,441</u>	<u>\$ 50</u>	<u>\$ 26,491</u>

JERSEY CITY GLOBAL CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and Cash Equivalents	\$ 7,299	\$ 379,099	\$ 359,957	\$ 26,441
Total Assets	<u>\$ 7,299</u>	<u>\$ 379,099</u>	<u>\$ 359,957</u>	<u>\$ 26,441</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 7,299	\$ 352,734	\$ 359,957	\$ 76
Payroll Deductions and Withholdings	\$ -	\$ 26,365	\$ -	\$ 26,365
Total Liabilities	<u>\$ 7,299</u>	<u>\$ 379,099</u>	<u>\$ 359,957</u>	<u>\$ 26,441</u>

**STATISTICAL SECTION
(UNAUDITED)**

The Charter School has been in operation for two (2) years. GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

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Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

JERSEY CITY GLOBAL CHARTER SCHOOL
 Net Assets/Position by Component
(accrual basis of accounting)

	<u>2015</u>	<u>2014</u>
Governmental Activities		
Invested in capital assets, net of related debt	\$ 23,734	\$ 31,646
Unassigned	<u>137,138</u>	<u>52,810</u>
Total Governmental Activities Net Assets/Position	<u><u>\$ 160,872</u></u>	<u><u>\$ 84,456</u></u>
Charter School-wide		
Invested in capital assets, net of related debt	\$ 23,734	\$ 31,646
Unassigned	<u>137,138</u>	<u>52,810</u>
Total Charter School-wide Net Assets/Position	<u><u>\$ 160,872</u></u>	<u><u>\$ 84,456</u></u>

Source: Charter School's Records

JERSEY CITY GLOBAL CHARTER SCHOOL

Changes in Net Assets/Position
(accrual basis of accounting)

	<u>2015</u>	<u>2014</u>
Expenses		
Governmental Activities:		
Instruction	\$ 1,101,165	\$ 994,840
Administration	667,925	511,025
Support Services	676,985	457,977
Capital Outlay	58,600	57,286
Total Governmental Activities Expenses	<u>2,504,675</u>	<u>2,021,128</u>
 Total Charter School Expenses	 <u><u>\$ 2,504,675</u></u>	 <u><u>\$ 2,021,128</u></u>
 Program Revenues		
Governmental Activities:		
Operating Grants and Contributions	\$ 50,598	\$ 22,732
Total Governmental Activities Expenses	<u>50,598</u>	<u>22,732</u>
 Total Charter School Program Revenue	 <u><u>\$ 50,598</u></u>	 <u><u>\$ 22,732</u></u>
 Net (Expense)/Revenue		
Governmental Activities	\$ (2,454,077)	\$ (1,998,396)
Total Charter School Net Expense	<u><u>\$ (2,454,077)</u></u>	<u><u>\$ (1,998,396)</u></u>
 General Revenues		
Governmental Activities:		
General Purposes	\$ 2,187,749	\$ 1,514,012
Federal and State Aid Not Restricted	311,540	438,979
Miscellaneous Income	31,204	129,861
Total Governmental Activities	<u>2,530,493</u>	<u>2,082,852</u>
 Total Charter School Wide	 <u><u>\$ 2,530,493</u></u>	 <u><u>\$ 2,082,852</u></u>
 Change in Net Assets/Position		
Governmental Activities	\$ 76,416	\$ 84,456
Total Charter School	<u><u>\$ 76,416</u></u>	<u><u>\$ 84,456</u></u>

Source: Charter School's Records

JERSEY CITY GLOBAL CHARTER SCHOOL
Fund Balances - Governmental Funds
(modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>
General Fund Unassigned	<u>\$ 137,138</u>	<u>\$ 52,810</u>
Total General Fund	<u><u>\$ 137,138</u></u>	<u><u>\$ 52,810</u></u>

Source: Charter School's Records

JERSEY CITY GLOBAL CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
(modified accrual basis of accounting)

	2015	2014
Revenues:		
Local Sources	621,819	408,125
Miscellaneous	31,204	129,861
State Sources	1,738,051	1,222,762
Federal Sources	190,017	344,836
Total Revenues	2,581,091	2,105,584
Expenditures:		
Instruction	996,303	924,986
Administration	775,296	572,967
Support Services	666,564	457,977
Capital Outlay	58,600	96,844
Total Expenditures	2,496,763	2,052,774
Net Change in Fund Balance	\$ 84,328	\$ 52,810

Source: Charter School's Records

JERSEY CITY GLOBAL CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Fundraising	Miscellaneous Revenue	Annual Total
2015	\$ 17	\$ -	\$ 21,532	\$ 21,549
2014	22	5,993	123,846	129,861

Source: Charter School records

OPERATING INFORMATION

JERSEY CITY GLOBAL CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function

Function	2015	2014
Instruction	18	11
Administrative	3	2
Support Services	<u>2</u>	<u>1</u>
Total	<u><u>23</u></u>	<u><u>14</u></u>

Source: Charter School's Records

JERSEY CITY GLOBAL CHARTER SCHOOL

Operating Statistics

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio	Average Daily		Percent Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2015	237	\$ 2,438,163	\$ 10,288	-14.79%	18	13.2:1	234	227.7	32.48%	97.31%
2014	162	1,955,930	12,074	N/A	11	14.7:1	158	151.5	N/A	95.89%

Sources: Charter School records

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 School Register Summary (SRS).

**2014-15 SCHEDULE OF INSURANCE
FOR
Jersey City Global Charter School**

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<u>Package</u> Western World Insurance Company NPP8172491 08/26/14-15 \$18,046 (Based on 306 Students)		
<u>Property</u>	\$400,000	Business Personal Property –All Risk w/ \$1,000 Deductible
	\$25,000	EDP-Computers w/ \$500 Deductible
<u>General Liability</u>	\$2,000,000	General Aggregate Limit
	\$1,000,000	Each Occurrence Limit w/ \$250 Deductible
	\$2,000,000	Products/Completed Operations Aggregate Limit w/ \$250 Deductible
	\$1,000,000	Sexual Abuse per Occurrence
	\$2,000,000	Sexual Abuse Aggregate
	\$1,000,000	Personal Injury/Advertising Injury
	\$5,000	Medical Expense Limit
	\$100,000	Damage to Premises Rented to You
<u>Automobile Liability</u>	\$1,000,000	Hired and Non Owned-Occurrence
<u>Student Accident</u> Berkley Life & Health Insurance Co 8SO L40490482 001 09/01/14-15 \$702	\$1,000,000	Accident Medical Excess Benefit (Gold Plan)
	\$10,000	AD&D
<u>Workers' Compensation</u> Rochdale Insurance Company RWC3335840 08/23/14-15 \$17,891 Based on School Professional \$950,000	\$1,000,000	Each Accident
	\$1,000,000	Each Employee
	\$1,000,000	Policy Limit
<u>Educators E&O/EPLI</u> Darwin national Assurance Company 0202-5168 09/03/14-15 \$3,390.50	\$1,000,000	Educators E&O Limit w/\$2,500 Deductible
	\$1,000,000	Employment Practices Liability Limit w/\$5,000 Deductible

JERSEY CITY GLOBAL CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Near Term and Sustainability Indicators
 (Initial Year)

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	\$ -	\$ 55,877	\$ 86,985	Audit: Exhibit A-1
Current Assets	-	211,341	315,572	Audit: Exhibit A-1
Total Assets	-	298,864	339,306	Audit: Exhibit A-1
Current Liabilities	-	214,408	178,434	Audit: Exhibit A-1
Total Liabilities	-	214,408	178,434	Audit: Exhibit A-1
Net Assets	-	84,456	160,872	Audit: Exhibit A-1
Total Revenue	-	2,105,584	2,581,091	Audit: Exhibit A-2
Total Expenses	-	2,021,128	2,504,675	Audit: Exhibit A-2
Change in Net Assets	-	84,456	76,416	Audit: Exhibit A-2
Depreciation Expense	-	7,912	7,912	Financial Statements/Audit Workpapers
Interest Expense	N/A	N/A	N/A	Financial Statements/Audit Workpapers
Principal Payments	N/A	N/A	N/A	Financial Statements/Audit Workpapers
Interest Payments	N/A	N/A	N/A	Financial Statements/Audit Workpapers

Final Average Daily Enrollment	0.00	162.00	0.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	0	0	0	Charter School Budget

RATIOS ANALYSIS...				
	2013	2014	2015	3 YR CUM
Near Term Indicators				
1a. Current Ratio	0.00	0.99	1.77	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	0.00	10.09	12.68	Cash/(Total Expenses/365)
1c. Enrollment Variance	0%	0%	0%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit
Sustainability Indicators				
2a. Total Margin	0%	4%	3%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.00	0.72	0.53	Total Liabilities/Total Assets
2c.** Cash Flow	\$ -	\$ 55,877	\$ 31,108	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with “Government Auditing Standards”

Honorable President and
Members of the Board of Trustees
Jersey City Global Charter School
County of Hudson
Jersey City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jersey City Global Charter School (Charter School), in the , 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 School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 7, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity’s financial

statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Jersey City Global Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated December 7, 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 and the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 7, 2015

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

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**Independent Auditor’s Report on Compliance for Each Major State
Program; Report on Internal Control over Compliance; and Report on the
Schedule of Expenditures of State Financial Assistance
Required New Jersey OMB Circular 04-04**

Honorable President and
Members of the Board of Trustees
Jersey City Global Charter School
County of Hudson
Jersey City, New Jersey

Report on Compliance for Each State Program

We have audited the Jersey City Global Charter School’s compliance with the types of compliance requirements described in the “U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement” and the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015. The Jersey City Global Charter School’s major federal and state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter 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 Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of*

Federal Grants, State Grants and State Aid. Those standards and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Jersey City Global Charter School, in the State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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.

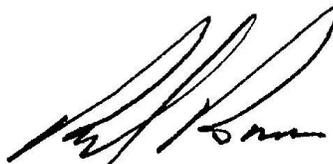
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 that the testing based on the requirements of NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jersey City Global Charter School, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated December 7, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by the New Jersey OMB Circular 04-04 is presented for purposed of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and related directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

In our opinion, the Schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statement as a whole.



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

December 7, 2015

JERSEY CITY GLOBAL CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Deferred Revenue	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2015	
				From	To							Accounts Receivable	Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
No Child Left Behind Cluster:													
	84.010A	NCLB - 6083 - 15	\$ 14,886	7/1/14	6/30/15	\$ -	\$ -	\$ (14,886)	\$ -	\$ -	\$ -	\$ (14,886)	\$ -
	84.010A	NCLB - 6083 - 14	1,526	7/1/13	6/30/14	1,526	-	(1,526)	-	-	-	-	-
	84.367A	NCLB - 6083 - 15	3,067	7/1/14	6/30/15	1,526	-	(3,067)	-	-	-	(14,886)	24
		Total No Child Left Behind Cluster				1,526	-	(3,067)	-	-	-	(14,886)	24
Individuals with Disabilities Cluster:													
	84.027	IDEA - 6083 - 15	25,819	7/1/14	6/30/15	(24,274)	-	24,274	(25,819)	-	-	(25,819)	-
	84.027	IDEA - 6083 - 14	24,274	7/1/13	6/30/14	(24,274)	-	24,274	(25,819)	-	-	(25,819)	-
		Total Individuals with Disabilities Cluster				-	-	-	-	-	-	-	-
Other Special Revenue Funds:													
	84.282	N/A	58,913	7/1/14	6/30/15	(2,367)	-	64,924	(58,913)	-	-	6,011	6,011
	84.282	N/A	85,830	7/1/13	6/30/14	(2,367)	-	100,803	(85,830)	-	-	12,606	12,606
		Public Charter Schools (CSP Grant)-1				(2,367)	-	165,727	(144,743)	-	-	18,617	18,617
		Public Charter Schools (CSP Grant)-2				-	-	-	-	-	-	-	-
		Total Other Special Revenue Funds				(25,115)	-	193,068	(190,017)	-	-	(40,705)	18,641
		Total Special Revenue Fund				(25,115)	-	193,068	(190,017)	-	-	(40,705)	18,641
		Sub-Total Federal Financial Awards				(25,115)	\$ -	\$ 193,068	\$ (190,017)	\$ -	\$ -	\$ (40,705)	\$ 18,641

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

JERSEY CITY GLOBAL CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2015		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				Deferred Revenue/ Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education													
General Fund:													
Equalization Aid	15-495-034-5120-078	1,565,930	7/1/14	6/30/15			1,525,618	(1,565,930)		26,017 *	40,312	1,565,930	
Equalization Aid	14-495-034-5120-078		7/1/13	6/30/14	(23,518)		23,518						
Special Education Aid	15-495-034-5120-089	50,598	7/1/14	6/30/15			50,598	(50,598)				50,598	
Security Aid	15-495-034-5120-084	59,751	7/1/14	6/30/15			59,751	(59,751)				59,751	
Reimbursed TPAF - Social Security	15-495-034-5095-002	61,772	7/1/14	6/30/15	(48,349)		14,596	(61,772)		(47,176)	47,176	61,772	
Reimbursed TPAF - Social Security	14-495-034-5095-002	-	7/1/13	6/30/14			48,349						
Total General Fund					(71,867)		1,722,430	(1,738,051)		(113,505)	87,488	1,738,051	
Total State Financial Assistance					\$ (71,867)		\$ 1,722,430	\$ (1,738,051)		\$ (113,505)	\$ 87,488	\$ 1,738,051	

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

JERSEY CITY GLOBAL CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
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, Jersey City Global Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as Charter Schools are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

JERSEY CITY GLOBAL CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2015

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. 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. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,738,051	\$ 1,738,051
Special Revenue Fund	190,017	-	190,017
Total Awards & Financial Assistance	<u>\$ 190,017</u>	<u>\$ 1,738,051</u>	<u>\$ 1,928,068</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Jersey City Global Charter School has no loan balances outstanding at June 30, 2015.

JERSEY CITY GLOBAL CHARTER SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2015

NOTE 6. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2015. 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. There were no TPAF pension contributions paid by the State on behalf of the Charter School.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing to the funds in the Schedule of Expenditures of Federal Awards. There are no funds by program included in schoolwide programs in the charter school.

JERSEY CITY GLOBAL CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

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

State Awards

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>15-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____
_____	_____

JERSEY CITY GLOBAL CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section II – Financial Statement Findings

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

Finding

None - There were no matters reported.

JERSEY CITY GLOBAL CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

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

STATE AWARDS

Findings

There were no matters reported.

JERSEY CITY GLOBAL CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2015

STATUS OF PRIOR-YEAR FINDINGS

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

Findings

None