

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**Central Jersey Arts Charter School  
Plainfield, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**CENTRAL JERSEY ARTS  
CHARTER SCHOOL**

**Central Jersey Arts Charter School  
Plainfield, New Jersey  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

CENTRAL JERSEY ARTS CHARTER SCHOOL

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**FINANCIAL SECTION**



# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

Independent Trustee Philip Meshinsky  
Members of the Board of Trustees  
Central Jersey Arts Charter School  
Plainfield, New Jersey

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Central Jersey Arts Charter School, in the City of Plainfield, State of New Jersey (the "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 as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Charter School's financial statements.

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.

### ***Basis for Disclaimer of Opinion***

The lack of availability of the Charter School's records do not permit the application of certain audit procedures necessary to provide the basis for an audit opinion.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information on pages 5 through 9 and 40 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The other supplementary information, such as, the combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedule 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 used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significant matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the combining and individual fund financial statements and schedule of expenditures of federal awards and state financial assistance in relation to the basic financial statements as a whole.

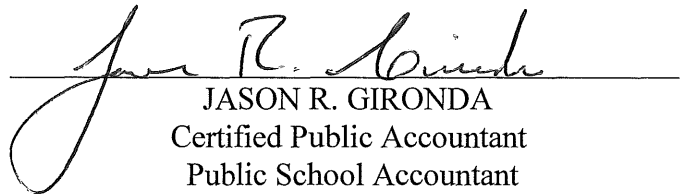
The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accountants

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
October 19, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

CENTRAL JERSEY ARTS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

The discussion and analysis of the Central Jersey Arts 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.

**Financial Highlights**

*Key financial highlights for 2014-2015 are as follows:*

- General revenues accounted for \$4,990,706. Program-specific revenues in the form of charges for services, operating grants and contributions accounted for \$559,759 of total revenues of \$5,550,465.
- The Charter School had \$5,597,709 in expenses; \$559,759 of these expenses were offset by program specific charges for services, grants or contributions. General revenues were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,990,706 in revenues and \$4,963,544 in expenditures. The General Fund's fund balance totaled \$95,712.

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

This annual report consists of a series of financial statements and notes to those statements. This report is organized to show the Central Jersey Arts Charter School as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole Central Jersey Arts 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. For the Charter School, the General Fund is the most significant fund.

CENTRAL JERSEY ARTS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Reporting the Charter School as a Whole**

**Statement of Net Position and the Statement of Activities**

While this report 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 asks the question, "How did we do financially during the fiscal year 2015?" Both 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 consideration 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 those assets. This change in net position is important because it identifies whether 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. Nonfinancial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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.
- Business-type activities - This service is provided on a charge-for-goods-or-services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund and the Aftercare program are reported as business activities.

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

**Funds financial Statements**

Fund financial reports provide detailed information about the Charter School's major funds. The Charter School uses many funds to account for a multitude of financial transactions. However, these funds focus on the Charter School's most significant funds. The Charter School's major governmental funds are the General Fund and the Special Revenue Fund.

CENTRAL JERSEY ARTS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Governmental Funds**

Most of the Charter School's activities are reported in governmental funds, which focus on the method in which money flows into and out of those funds and the balances left at fiscal 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 funds statements provide a detailed, short-term view of the Charter School's general government operations and the basic services it provides. Governmental funds information help 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 the governmental funds, is reconciled in the financial statements.

**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 the governmental 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 deficit was \$(66,505) on June 30, 2015.

**Governmental Activities**

The Charter School's total revenues generated from governmental activities were \$5,337,861 for the year ended June 30, 2015.

The total cost of all programs and services was \$5,310,699 for 2015.

**Business-type Activities**

Revenues for the Charter School's business-type activities, Food Service and Aftercare program, were comprised of charges for services and federal and state reimbursements.

Food service expenses exceeded revenue by \$83,286 for 2015.

Charges for food services represent \$6,017 of revenue for 2015.

Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts, were \$180,378 for 2015.



CENTRAL JERSEY ARTS CHARTER SCHOOL  
 PLAINFIELD, NEW JERSEY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 UNAUDITED

Aftercare revenues exceeded expenses by \$8,880 for 2015.

**The Charter School's Funds**

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015.

<u>REVENUE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Local Sources	\$ 925,188	17.3%
State Sources	4,063,866	76.1%
Federal Sources	<u>348,807</u>	<u>6.6%</u>
Total	<u>\$ 5,337,861</u>	<u>100%</u>

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015.

<u>EXPENDITURES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>
Instruction	\$ 5,033,076	94.8%
Undistributed	<u>277,623</u>	<u>5.2%</u>
Total	<u>\$ 5,310,699</u>	<u>100%</u>

**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.

CENTRAL JERSEY ARTS CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Plan of Dissolution**

The State of New Jersey, Department of Education (the "NJDOE") did not renew the Charter School's academic charter causing the Charter School to cease all academic activities effective June 30, 2015. The Board adopted and approved the Dissolution Plan as prescribed by the NJDOE and began the orderly wind down of its operations. The terms of the Plan call for the complete cessation of all academic activities.

In addition, an independent trustee was appointed by the Board to oversee the dissolution, including, but not limited to, the collection of amounts due the Charter School, payment of outstanding liabilities and expenses owed by the Charter School, assistance with the final audit for the fiscal year ended June 30, 2015, and to issue a report on the Charter School's post June 30<sup>th</sup> dissolution activities.

The financial statements reflect all known adjustments to reflect the cessation of operations effective June 30, 2015. There may be adjustments that could result from the actual outcome of the dissolution that could affect the reported amounts of assets, liabilities, revenues and expenses.

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

This financial report is designed to provide our citizens, taxpayers and creditors with a snapshot of the Charter School's finances and to show the Charter School's accountability for the money it receives. Questions about this report or additional information needs should be directed to Philip Meshinsky; Independent Trustee, 2204 Morris Avenue, Suite 206, Union, New Jersey 07083.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Assets:			
Cash and cash equivalents	\$ 723,690	\$ 59,695	\$ 783,385
Receivables, net	312,545	116,109	428,654
Restricted assets:			
Prepaid insurance	<u>15,611</u>	<u>          </u>	<u>15,611</u>
Total assets	<u>1,051,846</u>	<u>175,804</u>	<u>1,227,650</u>
<b>LIABILITIES</b>			
Accounts payable - General	\$ 803,727	\$ 52,565	\$ 856,292
Interfund payable	6,000	285,456	291,456
Intergovernmental payable:			
Local	68,406		68,406
State	20,615		20,615
Cash deficiency	<u>57,386</u>	<u>          </u>	<u>57,386</u>
Total liabilities	<u>956,134</u>	<u>338,021</u>	<u>1,294,155</u>
<b>NET POSITION</b>			
Unrestricted	<u>95,712</u>	<u>(162,217)</u>	<u>(66,505)</u>
Total net position	<u>\$ 95,712</u>	<u>\$ (162,217)</u>	<u>\$ (66,505)</u>

See accompanying notes to financial statements.

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Activities**  
**for the Fiscal Year ended June 30, 2015**

Functions/Programs	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 5,033,076	\$	\$ 69,532	\$
Support services:				
Student & instruction related services	<u>277,623</u>	<u>                    </u>	<u>277,623</u>	<u>                    </u>
Total governmental activities	<u>5,310,699</u>	<u>                    </u>	<u>347,155</u>	<u>                    </u>
Business-type activities:				
Food service	269,681	6,017	180,378	
Aftercare	<u>17,329</u>	<u>26,209</u>	<u>                    </u>	
Total business-type activities	<u>287,010</u>	<u>32,226</u>	<u>180,378</u>	<u>                    </u>
Total primary government	<u>\$ 5,597,709</u>	<u>\$ 32,226</u>	<u>\$ 527,533</u>	<u>\$</u>

General revenues:

Equalization/Local Levy - Local Aid

Federal and State aid not restricted

Miscellaneous income

Total general revenues, special items, extraordinary items and transfers

Change in Net Position

Net Position - July 1

Net Position - June 30

See accompanying notes to financial statements.

**Net (Expense) Revenue and  
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (4,963,544)	\$	\$ (4,963,544)
<u>(4,963,544)</u>	<u></u>	<u>(4,963,544)</u>
	(83,286)	(83,286)
	8,880	8,880
	<u>(74,406)</u>	<u>(74,406)</u>
\$ <u>(4,963,544)</u>	\$ <u>(74,406)</u>	\$ <u>(5,037,950)</u>
908,752		908,752
4,065,518		4,065,518
<u>16,436</u>	<u></u>	<u>16,436</u>
<u>4,990,706</u>	<u></u>	<u>4,990,706</u>
27,162	(74,406)	(47,244)
<u>68,550</u>	<u>(87,811)</u>	<u>(19,261)</u>
\$ <u>95,712</u>	\$ <u>(162,217)</u>	\$ <u>(66,505)</u>

**FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUNDS**

CENTRAL JERSEY ARTS CHARTER SCHOOL  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015

	Governmental Fund Types		
	General	Special Revenue	Total Governmental Funds
<b>ASSETS:</b>			
Assets:			
Cash and cash equivalents	\$ 723,690	\$	\$ 723,690
Deposits			
Accounts receivable:			
Interfund	223,647		223,647
State	5,404		5,404
Other	20,108	63,386	83,494
Prepaid insurance	15,611		15,611
Total assets	\$ 988,460	\$ 63,386	\$ 1,051,846
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable - General	\$ 803,727	\$	\$ 803,727
Interfund payable		6,000	6,000
Intergovernmental payable:			
Local	68,406		68,406
State	20,615		20,615
Cash deficiency		57,386	57,386
Deferred revenue			
Total liabilities	892,748	63,386	956,134
Fund balances:			
Unassigned	95,712		95,712
Total fund balances	95,712		95,712
Total liabilities and fund balances	\$ 988,460	\$ 63,386	
Net position of governmental activities			\$ 95,712

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**for the Fiscal Year ended June 30, 2015**

	<u>Governmental Fund Types</u>		Total Governmental Funds
	<u>General</u>	<u>Special Revenue</u>	
<b>REVENUES:</b>			
Local sources:			
Local tax levy	\$ 908,752	\$	\$ 908,752
Tuition			
Interest on investments			
Miscellaneous	16,436		16,436
Grants			
Total revenues-local sources	<u>925,188</u>		<u>925,188</u>
State sources	4,063,866		4,063,866
Federal sources	<u>1,652</u>	<u>347,155</u>	<u>348,807</u>
Total revenues	<u>4,990,706</u>	<u>347,155</u>	<u>5,337,861</u>
<b>EXPENDITURES:</b>			
Current expense:			
Instruction	4,963,544	69,532	5,033,076
Undistributed expenditures		<u>277,623</u>	<u>277,623</u>
Total expenditures	<u>4,963,544</u>	<u>347,155</u>	<u>5,310,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,162</u>		<u>27,162</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds			
Operating transfers			
Capital leases (Nonbudgeted)			
Cancellation of State Construction Grant receivable			
Total other financing sources (uses)			
Net changes in fund balance	<u>27,162</u>		<u>27,162</u>
Fund balances, July 1	<u>68,550</u>		<u>68,550</u>
Fund balances, June 30	<u>\$ 95,712</u>	<u>\$</u>	<u>\$ 95,712</u>

See accompanying notes to financial statements.

**CENTRAL JERSEY ARTS 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 (from B-2) \$ 27,162

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$	
Capital Outlays		0

Repayment of bond principal and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Repayment of Bond Principal		
Issuance of Capital Leases		
Payments of Capital Leases Payable		0

In the statement of activities, compensated absences are measured by the amount earned during the year. In the Governmental Funds, however, expenditures for these items are reported based on the amount paid. When the earned amount exceeds the paid amount, the difference is a decrease on this reconciliation.

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>27,162</u></b>
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**PROPRIETARY FUNDS**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 35,848	\$ 23,847	\$ 59,695
Accounts receivable:			
State	665		665
Federal	33,027		33,027
Other		463	463
Interfund		<u>81,954</u>	<u>81,954</u>
Total current assets	<u>69,540</u>	<u>106,264</u>	<u>175,804</u>
Total assets	<u>\$ 69,540</u>	<u>\$ 106,264</u>	<u>\$ 175,804</u>
<b>LIABILITIES AND NET POSITION:</b>			
Current liabilities:			
Accounts payable	\$ 52,078	\$ 487	\$ 52,565
Interfund payable	<u>178,489</u>	<u>106,967</u>	<u>285,456</u>
Total current liabilities	<u>230,567</u>	<u>107,454</u>	<u>338,021</u>
Net position:			
Unrestricted	<u>(161,027)</u>	<u>(1,190)</u>	<u>(162,217)</u>
Total net position	<u>(161,027)</u>	<u>(1,190)</u>	<u>(162,217)</u>
Total liabilities and net position	<u>\$ 69,540</u>	<u>\$ 106,264</u>	<u>\$ 175,804</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**for the Fiscal Year ended June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Local sources:			
Charges for Services	\$ 6,017	\$ 26,209	\$ 32,226
Total operating revenues	<u>6,017</u>	<u>26,209</u>	<u>32,226</u>
<b>OPERATING EXPENSES:</b>			
Labor costs	76,212	13,106	89,318
Cost of sales	192,637		192,637
General Supplies	<u>832</u>	<u>4,223</u>	<u>5,055</u>
Total operating expenses	<u>269,681</u>	<u>17,329</u>	<u>287,010</u>
Operating (loss) gain	<u>(263,664)</u>	<u>8,880</u>	<u>(254,784)</u>
Non-operating revenues:			
State sources:			
State school breakfast/lunch program	3,090		3,090
Federal sources:			
National school breakfast/lunch program	<u>177,288</u>		<u>177,288</u>
Total non-operating revenues	<u>180,378</u>		<u>180,378</u>
Net income (loss) before operating transfers	(83,286)	8,880	(74,406)
Operating transfers:			
Operating transfers in - General fund			
Change in net position	<u>(83,286)</u>	<u>8,880</u>	<u>(74,406)</u>
Net position - July 1	<u>(77,741)</u>	<u>(10,070)</u>	<u>(87,811)</u>
Net position - June 30	<u>\$ (161,027)</u>	<u>\$ (1,190)</u>	<u>\$ (162,217)</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year ended June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 6,017	\$ 41,465	\$ 47,482
Payments to employees	(76,212)	(13,106)	(89,318)
Payments to suppliers	<u>(81,418)</u>	<u>(4,512)</u>	<u>(85,930)</u>
Net cash (used for) provided by operating activities	<u>(151,613)</u>	<u>23,847</u>	<u>(127,766)</u>
<b>Cash flows from non-capital financing activities:</b>			
State sources	3,040		3,040
Federal sources	<u>184,421</u>		<u>184,421</u>
Net cash provided by non-capital financing activities	<u>187,461</u>		<u>187,461</u>
Net increase in cash and cash equivalents	35,848	23,847	59,695
Balances - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balances - June 30	\$ <u>35,848</u>	\$ <u>23,847</u>	\$ <u>59,695</u>
<b>Reconciliation of operating income to net cash (used for) provided by operating activities:</b>			
Operating (loss) gain	\$ <u>(263,664)</u>	\$ <u>8,880</u>	\$ <u>(254,784)</u>
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:			
Decrease in interfund receivable	37,838		37,838
Decrease in other receivable		2,534	2,534
Increase in interfund payable	22,135	12,722	34,857
Increase (decrease) in accounts payable	<u>52,078</u>	<u>(289)</u>	<u>51,789</u>
Total adjustments	<u>112,051</u>	<u>14,967</u>	<u>127,018</u>
Net cash (used for) provided by operating activities	\$ <u>(151,613)</u>	\$ <u>23,847</u>	\$ <u>(127,766)</u>



**FIDUCIARY FUNDS**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<u>Agency</u>	
	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ <u>50</u>	\$ <u>57,483</u>
Total assets	\$ <u><u>50</u></u>	\$ <u><u>57,483</u></u>
 <b>LIABILITIES AND NET POSITION:</b>		
Liabilities:		
Interfund Payable	\$	\$ 14,145
Payroll deductions & withholdings		43,338
Due to student groups	<u>50</u>	<u>          </u>
Total liabilities	<u>50</u>	<u>57,483</u>
Total liabilities and net position	\$ <u><u>50</u></u>	\$ <u><u>57,483</u></u>

## **NOTES TO FINANCIAL STATEMENTS**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

The financial statements of the Board of Trustees (Board) of the Central Jersey Arts 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.

In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Board's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Board has elected to implement the general provisions of the Statement in the current year.

The more significant of the Board's accounting policies are described below.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity:**

The Central Jersey Arts Charter School is a charter school located in the County of Middlesex, State of New Jersey. As a charter school, the school functions independently through a Board of Trustees. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. An administrative Principal is appointed by the Board and is responsible for administrative control of the Charter School.

**B. Basic Financial Statements - District -Wide Statements:**

The Charter School's basic financial statements include both district-wide (reporting the Charter School as a whole) and fund financial statements (reporting the Charter School's major funds). Both the district-wide and fund financial statements categorize primary activities as either governmental or business type. The Charter School's general operating services and special revenue are classified as governmental activities. The Board's food service and aftercare program are classified as a business-type activity.

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds.

In the district-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter School's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Charter School first utilizes restricted resources to finance qualifying activities.

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

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

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements - District -Wide Statements (Continued):**

The district-wide focus is more on the sustainability of the Charter School as an entity and the change in the Charter School's net position resulting from the current year's activities.

**C. Basic Financial Statements - Fund Financial Statements:**

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

**1. GOVERNMENTAL FUNDS**

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

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance Capital Outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted Capital Outlay purposes are normally derived from State of New Jersey Aid, district 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.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basic Financial Statements - Fund Financial Statements (Continued):**

**1. GOVERNMENTAL FUNDS (Continued)**

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**2. PROPRIETARY FUNDS**

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

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

The Charter School's Enterprise Funds are comprised of the Food Service Fund and Aftercare Program.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported net position (net total position) is segregated into invested in capital assets, net of related debt, restricted for capital projects or unrestricted, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basic Financial Statements - Fund Financial Statements (Continued):**

**2. PROPRIETARY FUNDS (Continued)**

The estimated useful lives are as follows:

Food Service Fund:

Equipment	10 Years
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**3. FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds and therefore are not available to support school programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Charter School considers all governmental and business-type activities to be major.

The Charter School's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, students, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.



**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Measurement and Accounting Focus:**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All fiduciary trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use net position as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operation; therefore, measurement focus is not applicable to them.

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Measurement and Accounting Focus (Continued):**

Basis of Accounting

In the district-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds, fiduciary trust funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and if approved, are then voted on by the Board at their monthly meeting after a budget hearing takes place. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item units 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. Line-item transfers from an advertised appropriation account as defined under N.J.A.C. 6A:23A-2.3, which on a cumulative basis exceed ten percent of the amount included in the original budget, require county superintendent approval. Effective December 2004, line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgets/Budgetary Control (Continued)**

Pursuant to N.J.S.A. 18A:22-8 and N.J.A.C. 6A:23A-2.3 appropriation of surplus or other unbudgeted or under budgeted revenue is allowed only between April 1 and June 30 and requires Regional Assistant Commissioner Approval. Six revenue categories identified under N.J.A.C. 6A:23A-2.3(c) are excluded from this requirement.

Prior to April 1, a school board may petition the Commissioner for appropriation of surplus or other unbudgeted or under budgeted revenue (except for those exempted under N.J.A.C. 6A:23A-2.3(c)) an "emergent circumstance." Such petition must be submitted by a two-thirds affirmative vote of the authorized membership of the Board and include the items listed and demonstrate the need pursuant to N.J.A.C. 6A:23A-2.3(b).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the Special Revenue Fund as noted in Exhibit C-3. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgets/Budgetary Control (Continued)**

	<u>2014 - 2015</u>
Total Revenues (Budgetary Basis)	\$ 347,155
Adjustments:	
Add: Prior Year Encumbrances	0
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes	0
Less: Current Year Encumbrances	( 0)
State Aid Payment Recognized for Budgetary Purposes not Recognized for GAAP Statements	( 0)
Total Revenues (GAAP Basis)	<u>\$ 347,155</u>

**F. Encumbrances:**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the Special Revenue Fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public 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 governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**H. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Short-Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**J. Fixed Assets:**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-Wide Statements

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements	20 years
Machinery and Equipment	5 - 20 years

Fund Financial Statements

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 used in proprietary fund operations are accounted for the same as in the district-wide statements.

**K. Deferred Revenue:**

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Long-Term Debt:**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources are reported as liabilities in the district-wide statement. The long-term debt consists primarily of accrued compensated absences, serial general obligation bonds and obligations under capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the district-wide statements.

**M. Equity Classifications:**

District-Wide Statements

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

- a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Government fund equity is classified as fund balance. Under GASB No. 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Restrictions are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. The categories used are detailed below.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Equity Classifications (Continued):**

*Committed - Year-End Encumbrances* – This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

*Assigned* – This reserve was created to reflect management’s intended use of fund balance in the subsequent year’s budget.

*Unassigned* – This classification is used for all other fund balance.

Proprietary fund equity is classified the same as in the district-wide statements.

**N. Operating and Non-operating Revenue:**

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues include reimbursements by the State for school breakfast, lunch and food distribution programs.

**O. Expenditures/Expenses:**

In the district-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Non-operating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.



**CENTRAL JERSEY ARTS CHARTER SCHOOL  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015**

**NOTE 2. CASH AND CASH EQUIVALENTS AND DEPOSITS**

It is the Charter School's policy to only deposit and invest funds with financial institutions located in the State of New Jersey which are insured as a part of the Governmental Unit Deposit Protection Act (GUDPA).

Custodial credit risk is the risk that, in the event of a bank failure, the Charter School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Charter School's name.

As of June 30, 2015, the Charter School's cash and cash equivalents are summarized as follows:

<u>Category</u>	<u>Amount</u>
Insured - FDIC	\$ 250,000
Insured - GUDPA	<u>590,918</u>
	<u>\$ 840,918</u>

Reconciliation to District-Wide Statement of Net Position:

Unrestricted Cash	\$ 783,385
Restricted Cash	-0-
Fiduciary Funds (Not Included in District-Wide Statement)	<u>57,533</u>
	<u>\$ 840,918</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3. INTERFUND TRANSFERS AND BALANCES**

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

<u>Type</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$223,647	\$ 0
Special Revenue		6,000
Agency		14,145
Food Service		178,489
Aftercare	<u>81,954</u>	<u>106,967</u>
	<u>\$305,601</u>	<u>\$305,601</u>

**NOTE 4. LONG-TERM DEBT**

The Charter School's long-term debt is summarized as follows:

Governmental Activities

	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Compensatd Absences	\$ 5,783	\$-0-	(\$ 5,783)	\$ -0-

**NOTE 5. DEFERRED COMPENSATION**

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) and Section 457. The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6. PENSION PLANS**

**A. Description of Plans:**

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

**B. Teachers' Pension and Annuity Fund (TPAF):**

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

**C. Public Employees' Retirement System (PERS):**

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6. PENSION PLANS (Continued)**

**D. Vesting and Benefit Provisions:**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Service retirement benefits of 1/55th of the final average salary for each year of service credit is available to tiers 1 and 3 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each service credit are available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

**F. Contribution Requirements:**

The contribution policy is set by N.J.S.A. 43:15A for PERS and N.J.S.A. 18:66 for TPAF, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in fiscal year 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Charter School is a non-contributing employer of the TPAF.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6. PENSION PLANS (Continued)**

**F. Contribution Requirements (Continued):**

P.L. 2010, c.1, effective May 21, 2010, required the State to resume making actuarially recommended contributions for the pension plans on a phased-in basis over a seven year period beginning in fiscal year 2012. For fiscal year 2015, the State's minimum required contribution was 4/7<sup>th</sup> of the full recommended amounts determined on the basis of the July 1, 2011 actuarial evaluation.

Pension contribution information by the Charter School for the year ended June 30, 2015, was not available.

**NOTE 7. POST-RETIREMENT BENEFITS**

Public Laws 1987, c. 384 and Public Laws 1990, c.6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Public Law 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 premiums 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.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8. COMPENSATED ABSENCES**

The Charter School accounts for compensated absences (e.g., 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 sick time. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the District-Wide Statement of Net Position, the liability for vested compensated absences of the governmental fund types is recorded in long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**NOTE 9. RISK MANAGEMENT**

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

**A. Property and Liability Insurance:**

The District 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.

**B. 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.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10. CONTINGENT LIABILITIES**

The Charter School is not involved in any claims or lawsuits incidental to its operations.

**NOTE 11. CONTINGENT LIABILITIES**

The State of New Jersey, Department of Education (the "NJDOE") did not renew the Charter School's academic charter causing the Charter School to cease all academic activities effective June 30, 2015. The Board adopted and approved the Dissolution Plan as prescribed by the NJDOE and began the orderly wind down of its operations. The terms of the Plan call for the complete cessation of all academic activities.

In addition, an independent trustee was appointed by the Board to oversee the dissolution including, but not limited to, the collection of amounts due the Charter School, payment of outstanding liabilities and expenses owed by the Charter School, assistance with the final audit for the fiscal year ended June, 30, 2015, and to issue a report on the Charter School's post June 30<sup>th</sup> dissolution activities.

The financial statements reflect all known adjustments to reflect the cessation of operations effective June 30, 2015. There may be adjustments that could result from the actual outcome of the dissolution that could affect the reported amounts of assets, liabilities, revenues and expenses.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**



**BUDGETARY COMPARISON SCHEDULES**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2015**

\*\* The expense detail for this schedule was unavailable\*\*

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local sources:					
Equalization Aid - Local share	\$ 956,812	\$ (90,756)	\$ 866,056	\$ 908,752	\$ 42,696
Contributions					
Interest on investments					
Miscellaneous	<u>15,000</u>		<u>15,000</u>	<u>16,436</u>	<u>1,436</u>
Total revenues - local sources	<u>971,812</u>	<u>(90,756)</u>	<u>881,056</u>	<u>925,188</u>	<u>44,132</u>
Federal sources:					
Spec. Ed. Medicaid Reimb. (SEMI)	<u>5,288</u>	<u>723</u>	<u>6,011</u>	<u>1,652</u>	<u>-4,359</u>
Total revenues - federal sources	<u>5,288</u>	<u>723</u>	<u>6,011</u>	<u>1,652</u>	<u>-4,359</u>
State sources:					
Equalization aid	3,939,152		3,939,152	3,864,842	(74,310)
Special education aid	89,762		89,762	56,116	(33,646)
Bilingual education					
Security aid	148,054		148,054	142,908	(5,146)
Aid for adult and post-graduate Academic Achievement Reward					
Other unrestricted state aid					
On-Behalf TPAF Pension Contributions (Non-budgeted)					
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
Total - State sources	<u>4,176,968</u>		<u>4,176,968</u>	<u>4,063,866</u>	<u>-113,102</u>
Total revenues	<u>\$ 5,154,068</u>	<u>\$ (90,033)</u>	<u>\$ 5,064,035</u>	<u>\$ 4,990,706</u>	<u>\$ -73,329</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	\$	\$	\$	\$	\$
Grades 1-5					
Grades 6-8					
Grades 9-12					
Total regular programs - Instruction	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Regular education home instruction:					
Salaries of teachers					
Purchases professional - Education services					
General supplies					
Textbooks					
Total regular education home instruction	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Regular programs - undistributed instruction:					
Other salaries for instruction					
Other purchased services					
General supplies					
Textbooks					
Miscellaneous					
Total regular programs - undistributed instruction	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total regular programs	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>4,963,544</u>	<u>                    </u>

CENTRAL JERSEY ARTS CHARTER SCHOOL  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2015

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Special education:					
Mentally retarded - trainable:					
Salaries of teachers	\$	\$	\$	\$	\$
Other salaries for instruction					
General supplies					
Textbooks					
Other objects					
Purchased professional services					
Total mentally retarded - trainable	_____	_____	_____	_____	_____
Learning & language disability: (Formerly perceptually impaired)					
Salaries of teachers					
Other salaries for instruction					
General supplies					
Textbooks					
Total learning & language disability	_____	_____	_____	_____	_____
Resource room:					
Salaries of teachers					
Other salaries for instruction					
General supplies					
Textbooks					
Total resource room	_____	_____	_____	_____	_____
Preschool handicapped:					
Salaries of teachers					
Other salaries for instruction					
General supplies					
Total preschool handicapped	_____	_____	_____	_____	_____
Supplementary instruction:					
Salaries of teachers					
General supplies					
Textbooks					
Total supplementary instruction	_____	_____	_____	_____	_____
Speech instruction:					
General supplies					
Total speech instruction	_____	_____	_____	_____	_____
Total special education	_____	_____	_____	_____	_____

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2015**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Basic skills/remedial:					
Salaries of teachers	\$	\$	\$	\$	\$
General supplies					
Textbooks					
Total basic skills/remedial					
Bilingual education:					
Salaries of teachers					
General supplies					
Textbooks					
Total bilingual education					
Other instructional:					
School sponsored co-curricular activities:					
Salaries					
General supplies					
Other objects					
School sponsored athletics and community service programs:					
Salaries					
Other purchased services					
General supplies					
Other expenditures					
Total other instructional programs					
Total - instruction				4,963,544	
Undistributed expenditures:					
Instruction:					
Tuition - charter schools					
Tuition to private schools for the handicapped and other LEAs-special, within the State					
Tuition to private schools outside the State					
Tuition - County voc. reg.					
Tuition - County voc. sp.					
Tuition - State facilities					
Total undistributed expenditures - instruction					
Attendance and social work services:					
Salaries					
Total attendance and social work services					

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2015**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Health services:					
Salaries	\$	\$	\$	\$	\$
Purchased professional services					
General supplies					
Miscellaneous expenditures					
Total health services	_____	_____	_____	_____	_____
Related services:					
Salaries of professional staff					
Purchased professional services					
General supplies					
Total related services	_____	_____	_____	_____	_____
Extraordinary services:					
Salaries of professional staff					
Purchased professional services					
General Supplies					
Total extraordinary services	_____	_____	_____	_____	_____
Other support services - students - regular:					
Salaries of other professional staff					
Secretarial salaries					
Other salaries					
Other purchased professional services					
Other purchased services					
Supplies					
Total other support services - students- regular	_____	_____	_____	_____	_____
Other support services - students - special services:					
Salaries of other professional staff					
Secretarial salaries					
Purchased professional services					
General supplies					
Other expenses					
Total other support services - students - special services	_____	_____	_____	_____	_____
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction					
Salaries of other professional staff					
Other salaries					
Salaries of secretarial assistants					
Purchased professional services					
Travel					
General supplies					
Miscellaneous					
Total improvement of instruction services/ other support services-instructional staff	_____	_____	_____	_____	_____

CENTRAL JERSEY ARTS CHARTER SCHOOL  
 Budgetary Comparison Schedule  
 General Fund  
 for the Fiscal Year ended June 30, 2015

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Educational media services/school library:					
Salaries	\$	\$	\$	\$	\$
Other purchased services					
Supplies and materials	_____	_____	_____	_____	_____
Total educational media services/school library	_____	_____	_____	_____	_____
Instruction staff training:					
Salaries of supervisors of instruction					
Salaries of other professional services					
Secretarial salaries					
Purchased professional services					
Other purchased services					
General supplies					
Other expenses	_____	_____	_____	_____	_____
Total instruction staff training	_____	_____	_____	_____	_____
Support services general administration:					
Salaries					
Legal services					
Other purchased professional services					
Technical services					
Communications/telephone					
Other purchased services					
Supplies and materials					
Miscellaneous expenditures	_____	_____	_____	_____	_____
Total support services general administration	_____	_____	_____	_____	_____
Support services school administration:					
Salaries of principals/asst. principals					
Salaries of secretarial assistants					
Travel					
General supplies					
Miscellaneous expenditures	_____	_____	_____	_____	_____
Total support services school administration	_____	_____	_____	_____	_____
Operation and maintenance of plant services:					
Salaries					
Purchased professional and technical services					
Cleaning, repair and maintenance services					
Rental of Board Office					
Insurance					
Other purchased property, water					
General supplies					
Energy					
Miscellaneous expenditures	_____	_____	_____	_____	_____
Total operation and maintenance of plant services	_____	_____	_____	_____	_____

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2015**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Student transportation services:					
Other transportation salaries	\$	\$	\$	\$	\$
Other salaries					
Contracted services other					
Contracted services spec. ed.					
Cleaning, repair and maintenance services					
Miscellaneous transport services					
Miscellaneous expenditures					
Supplies and materials					
Total student transportation services					
Business and other support services:					
Salaries					
Purchased professional services					
Other purchased services					
Supplies and materials					
Miscellaneous expenditures					
Total business and other support services					
Employee benefits:					
Social Security contribution					
Other retirement compensation					
Workers' Compensation					
Health benefits					
Tuition					
Other employee benefits					
Total employee benefits					
Transfer to food service					
On-Behalf TPAF Pension Contributions (Non-budgeted)					
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
Total undistributed expenditures					
TOTAL EXPENDITURES - CURRENT EXPENSE				4,963,544	

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2015**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
<b>CAPITAL OUTLAY:</b>					
Equipment					
Undistributed expenditures:					
Instruction - Buses, Special Education	\$	\$	\$	\$	\$
Instruction - Capital Reserve					
School administration equipment					
Operation and maintenance of plant services					
Media Center equipment					
High school and athletic equipment					
Total equipment	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Facilities acquisition and construction services:					
Other purchased professional services - Regular					
Other purchased professional services - Capital Res					
Construction services - Regular					
Construction services - Capital					
Total facilities acquisition and construction services	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets acquired under capital leases (Non-budgeted)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>SPECIAL SCHOOLS:</b>					
Summer school - instruction:					
Salaries					
General supplies					
Total summer school - instruction	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total special schools	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$                      </u>	<u>\$                      </u>	<u>\$                      </u>	<u>\$   4,963,544</u>	<u>\$                      </u>
Excess (deficiency) of revenues over (under) expenditures	\$   5,154,068	\$   (90,033)	\$   5,064,035	\$    27,162	\$  -5,036,873
Other financial sources (uses):					
Operating transfers out:					
Transfer to Capital Projects					
Capital leases (Non-budgeted)					
Excess (deficiency) of revenues and other financial sources over (under) expenditures and other financing uses	5,154,068	(90,033)	5,064,035	27,162	-5,036,873
Fund balances, July 1	<u>        68,550</u>	<u>                    </u>	<u>        68,550</u>	<u>        68,550</u>	<u>                    </u>
Fund balances, June 30	<u>\$   5,222,618</u>	<u>\$   (90,033)</u>	<u>\$   5,132,585</u>	<u>\$    95,712</u>	<u>\$  -5,036,873</u>
<b>Recapitulation</b>					
Restricted Fund Balance:					
Unassigned fund balance				\$    95,712	
				<u>95,712</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>                    </u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$    95,712</u>	



**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**for the Fiscal Year ended June 30, 2015**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
State sources	\$	\$	\$	\$	\$
Federal sources	350,481	2,674	353,155	347,155	(6,000)
Local sources	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	\$ <u>350,481</u>	\$ <u>2,674</u>	\$ <u>353,155</u>	\$ <u>347,155</u>	\$ <u>(6,000)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$	\$	\$	\$	\$
Purchased prof. & tech. services	88,732		88,732	69,532	19,200
General supplies and equipment					
Textbooks	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total instruction	<u>88,732</u>	<u>          </u>	<u>88,732</u>	<u>69,532</u>	<u>19,200</u>
Support services:					
Salaries of other professional staff	249,009	2,674	251,683	267,431	-15,748
Salaries of secretarial & clerical asst.					
Personal services-employee benefits	12,740		12,740	10,192	2,548
Instructional equipment	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total support services	<u>261,749</u>	<u>2,674</u>	<u>264,423</u>	<u>277,623</u>	<u>-13,200</u>
Total expenditures	<u>350,481</u>	<u>2,674</u>	<u>353,155</u>	<u>347,155</u>	<u>6,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**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**

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources /Inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 4,990,706	[C-2]	\$ 347,155
<b>Difference - budget to GAAP:</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				0
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
State Aid Payment recognized for budgetary purposes, not recognized for GAAP statements		<u>0</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ <u>4,990,706</u>	[B-2]	\$ <u>347,155</u>
<b>Uses/Outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 4,963,544	[C-2]	\$ 347,155
<b>Difference - budget to GAAP:</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ <u>4,963,544</u>	[B-2]	\$ <u>347,155</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**NOT APPLICABLE**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NOT APPLICABLE**

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

Not Applicable

**SPECIAL REVENUE FUND**



**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year ended June 30, 2015**

	<u>Title I</u> <u>Part A</u>	<u>Title II</u> <u>Part A</u>	<u>IDEA-Part</u> <u>B - Basic</u> <u>Reg. Prog.</u>	<u>2015</u>
<b>REVENUES:</b>				
State sources	\$	\$	\$	\$
Federal sources	259,231	1,190	86,734	347,155
Local sources	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 259,231</u>	<u>\$ 1,190</u>	<u>\$ 86,734</u>	<u>\$ 347,155</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	\$	\$	\$	\$
Purchased prof. & tech. services	40,800	1,190	27,542	69,532
General supplies and equipment	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Textbooks	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total instruction	<u>40,800</u>	<u>1,190</u>	<u>27,542</u>	<u>69,532</u>
Support services:				
Salaries of other professional staff	218,431	<u>          </u>	49,000	267,431
Salaries of secretarial & clerical asst.	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Personal services-employee benefits	<u>          </u>	<u>          </u>	10,192	10,192
Instructional equipment	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total support services	<u>218,431</u>	<u>          </u>	<u>59,192</u>	<u>277,623</u>
Total expenditures	<u>\$ 259,231</u>	<u>\$ 1,190</u>	<u>\$ 86,734</u>	<u>\$ 347,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Enterprise Fund**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 35,848	\$ 23,847	\$ 59,695
Accounts receivable:			
State	665		665
Federal	33,027		33,027
Other		463	463
Interfund receivable		<u>81,954</u>	<u>81,954</u>
Total current assets	<u>69,540</u>	<u>106,264</u>	<u>175,804</u>
Total assets	<u>\$ 69,540</u>	<u>\$ 106,264</u>	<u>\$ 175,804</u>
<b>LIABILITIES AND NET POSITION:</b>			
Current liabilities:			
Accounts payable	\$ 52,078	\$ 487	\$ 52,565
Interfund payable	<u>178,489</u>	<u>106,967</u>	<u>285,456</u>
Total current liabilities	<u>230,567</u>	<u>107,454</u>	<u>338,021</u>
Net position:			
Unrestricted	<u>(161,027)</u>	<u>(1,190)</u>	<u>(162,217)</u>
Total net position	<u>(161,027)</u>	<u>(1,190)</u>	<u>(162,217)</u>
Total liabilities and net position	<u>\$ 69,540</u>	<u>\$ 106,264</u>	<u>\$ 175,804</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**for the Fiscal Year ended June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Local sources:			
Charges for Services	\$ 6,017	\$ 26,209	\$ 32,226
Total operating revenues	<u>6,017</u>	<u>26,209</u>	<u>32,226</u>
<b>OPERATING EXPENSES:</b>			
Labor costs	76,212	13,106	89,318
Cost of sales	192,637		192,637
General Supplies	<u>832</u>	<u>4,223</u>	<u>5,055</u>
Total operating expenses	<u>269,681</u>	<u>17,329</u>	<u>287,010</u>
Operating (loss) gain	<u>(263,664)</u>	<u>8,880</u>	<u>(254,784)</u>
Non-operating revenues:			
State sources:			
State school breakfast/lunch program	3,090		3,090
Federal sources:			
National school breakfast/lunch program	<u>177,288</u>		<u>177,288</u>
Total non-operating revenues	<u>180,378</u>	<u>0</u>	<u>180,378</u>
Net income (loss) before operating transfers	(83,286)	8,880	(74,406)
Operating transfers:			
Operating transfers in - General fund			
Change in net position	<u>(83,286)</u>	<u>8,880</u>	<u>(74,406)</u>
Net position - July 1	<u>(77,741)</u>	<u>(10,070)</u>	<u>(87,811)</u>
Net position - June 30	<u>\$ (161,027)</u>	<u>\$ (1,190)</u>	<u>\$ (162,217)</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**for the Fiscal Year ended June 30, 2015**

	<u>Food Service Fund</u>	<u>Aftercare Program</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 6,017	\$ 41,465	\$ 47,482
Payments to employees	(76,212)	(13,106)	(89,318)
Payments to suppliers	(81,418)	(4,512)	(85,930)
Net cash (used for) provided by operating activities	<u>(151,613)</u>	<u>23,847</u>	<u>(127,766)</u>
<b>Cash flows from non-capital financing activities:</b>			
State sources	3,040		3,040
Federal sources	184,421		184,421
Net cash provided by non-capital financing activities	<u>187,461</u>		<u>187,461</u>
Net increase in cash and cash equivalents	35,848	23,847	59,695
Balances - July 1	<u>          </u>	<u>          </u>	<u>          </u>
Balances - June 30	<u>\$ 35,848</u>	<u>\$ 23,847</u>	<u>\$ 59,695</u>
<b>Reconciliation of operating income to net cash (used for) provided by operating activities:</b>			
Operating (loss) gain	\$ <u>(263,664)</u>	\$ <u>8,880</u>	\$ <u>(254,784)</u>
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:			
Decrease in interfund receivable	37,838		37,838
Decrease in other receivable		2,534	2,534
Increase in interfund payable	22,135	12,722	34,857
Increase (decrease) in accounts payable	52,078	(289)	51,789
Total adjustments	<u>112,051</u>	<u>14,967</u>	<u>127,018</u>
Net cash (used for) provided by operating activities	<u>\$ (151,613)</u>	<u>\$ 23,847</u>	<u>\$ (127,766)</u>

**FIDUCIARY FUNDS**

CENTRAL JERSEY ARTS CHARTER SCHOOL  
 Fiduciary Fund  
 Combining Statement of Fiduciary Net Position  
 June 30, 2015

	Agency		Total
	Student Activity	Payroll	2015
<b>ASSETS:</b>			
Cash and cash equivalents	\$ <u>50</u>	\$ <u>57,483</u>	\$ <u>57,533</u>
Total assets	\$ <u><u>50</u></u>	\$ <u><u>57,483</u></u>	\$ <u><u>57,533</u></u>
 <b>LIABILITIES AND NET POSITION:</b>			
Liabilities:			
Interfund Payable	\$	\$ 14,145	\$ 14,145
Payroll deductions & withholdings		43,338	43,338
Due to student groups	<u>50</u>	<u>          </u>	<u>50</u>
Total liabilities	<u>50</u>	<u>57,483</u>	<u>57,533</u>
Total liabilities and net position	\$ <u><u>50</u></u>	\$ <u><u>57,483</u></u>	\$ <u><u>57,533</u></u>



**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Fiduciary Fund**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2015**

	<u>Balance,</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2015</u>
Student Activities Fund	\$ <u>11,410</u>	\$ <u>4,655</u>	\$ <u>(16,015)</u>	\$ <u>50</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL**  
**Fiduciary Fund**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2015**

	<u>Balance,</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2015</u>
<b>PAYROLL AGENCY FUND:</b>				
Gross payroll, deductions and withholdings (Payroll Agency Account)	\$ 16,035	\$ 2,570,292	\$ (2,528,844)	\$ 57,483
Accrued salaries and wages (Net Payroll Account)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total payroll agency fund	\$ <u>16,035</u>	\$ <u>2,570,292</u>	\$ <u>(2,528,844)</u>	\$ <u>57,483</u>

**LONG-TERM DEBT**

**NOT APPLICABLE**

**STATISTICAL SECTION  
(Unaudited)**

**Central Jersey Arts Charter School  
Net Position by Component  
Last Four Fiscal Years  
(accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,			
	2012	2013	2014	2015
Governmental activities				
Unrestricted	239,977	299,365	32,767	95,712
Total governmental activities net position	<u>\$ 239,977</u>	<u>\$ 299,365</u>	<u>\$ 32,767</u>	<u>\$ 95,712</u>
Business-type activities				
Unrestricted	-	-	(87,811)	(162,217)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,811)</u>	<u>\$ (162,217)</u>
District-wide				
Unrestricted	239,977	299,365	(55,044)	(66,505)
Total district net position	<u>\$ 239,977</u>	<u>\$ 299,365</u>	<u>\$ (55,044)</u>	<u>\$ (66,505)</u>

Source: CAFR Schedule A-1

**Central Jersey Arts Charter School**  
**Changes in Net Position**  
**Last Four Fiscal Years**  
*(accrual basis of accounting)*  
**Unaudited**

Exhibit J-2

	Fiscal Year Ending June 30,			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
Instruction	\$ 2,797,733	\$ 3,054,914	\$ 2,065,689	\$ 5,033,076
Administration	868,787	677,736	535,992	
Support Services	1,656,224	1,830,224	3,424,862	277,623
Capital Outlay	-	28,093	9,663	-
Total governmental activities expenses	<u>5,322,744</u>	<u>5,590,967</u>	<u>6,036,206</u>	<u>5,310,699</u>
Business-type activities:				
Food service	248,979	164,949	279,533	269,681
After care	15,384	55,767	57,753	17,329
Total business-type activities expense	<u>264,363</u>	<u>220,716</u>	<u>337,286</u>	<u>287,010</u>
Total charter school expenses	<u>\$ 5,587,107</u>	<u>\$ 5,811,683</u>	<u>\$ 6,373,492</u>	<u>\$ 5,597,709</u>
<b>Program Revenues</b>				
Governmental activities:				
Operating grants and contributions	\$ 756,255	\$ 838,905	\$ 480,806	\$ 347,155
Total governmental activities program revenues	<u>756,255</u>	<u>838,905</u>	<u>480,806</u>	<u>347,155</u>
Business-type activities:				
Charges for services				
Food service	6,892	975	7,581	6,017
After care	18,919	9,030	47,683	26,209
Operating grants and contributions	78,411	24,768	194,211	180,378
Total business type activities program revenues	<u>104,222</u>	<u>34,773</u>	<u>249,475</u>	<u>212,604</u>
Total charter school program revenues	<u>\$ 860,477</u>	<u>\$ 873,678</u>	<u>\$ 730,281</u>	<u>\$ 559,759</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (4,566,489)	\$ (4,752,062)	\$ (5,555,400)	\$ (4,963,544)
Business-type activities	(160,141)	(185,943)	(87,811)	(74,406)
Total charter school-wide net expense	<u>\$ (4,726,630)</u>	<u>\$ (4,938,005)</u>	<u>\$ (5,643,211)</u>	<u>\$ (5,037,950)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Charter school aid - local share	\$ 948,988	\$ 900,781	\$ 935,116	\$ 908,752
Federal and State aid not restricted	4,148,734	4,030,344	4,256,056	4,065,518
Miscellaneous income	128,888	66,238	97,630	16,436
Transfers	(166,934)	(185,913)	-	-
Total governmental activities	<u>5,059,676</u>	<u>4,811,450</u>	<u>5,288,802</u>	<u>4,990,706</u>
Business-type activities:				
Transfers	166,934	185,913	-	-
Total business-type activities	<u>166,934</u>	<u>185,913</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 5,226,610</u>	<u>\$ 4,997,363</u>	<u>\$ 5,288,802</u>	<u>\$ 4,990,706</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 493,187	\$ 59,388	\$ (266,598)	\$ 27,162
Business-type activities	6,793	(30)	(87,811)	(74,406)
Total charter school wide	<u>\$ 499,980</u>	<u>\$ 59,358</u>	<u>\$ (354,409)</u>	<u>\$ (47,244)</u>

Source: CAFR Schedule A-2

**Central Jersey Arts Charter School  
Fund Balances - Governmental Funds  
Last Four Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,			
	2012	2013	2014	
General Fund				
Reserved	\$ 10,927	\$ -	\$ -	\$ -
Unreserved	230,306	306,296	32,767	95,712
Total general fund	<u>\$ 241,233</u>	<u>\$ 306,296</u>	<u>\$ 32,767</u>	<u>\$ 95,712</u>

Source: CAFR Schedule B-1

**Central Jersey Arts Charter School**  
**Changes in Fund Balances - Governmental Funds**  
**Last Nine Fiscal Years**  
**Unaudited**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>			
Local sources	\$ 437,739	\$ 723,553	\$ 609,871
State sources	2,378,188	2,134,241	3,070,369
Federal sources	22,730	152,131	247,117
Total revenue	<u>2,838,657</u>	<u>3,009,925</u>	<u>3,927,357</u>
<b>Expenditures</b>			
Current expense:			
Instruction	1,189,105	1,352,128	1,665,201
Administration	444,989	704,556	1,103,896
Support Services	847,277	1,003,361	1,092,308
Unallocated benefits	-	-	-
Capital outlay	-	-	19,865
Total expenditures	<u>2,481,371</u>	<u>3,060,045</u>	<u>3,881,270</u>
Excess (Deficiency) of revenues over (under) expenditures	357,286	(50,120)	46,087
<b>Other Financing sources (uses)</b>			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 357,286</u>	<u>\$ (50,120)</u>	<u>\$ 46,087</u>

Source: CAFR Schedule B-2



Exhibit J-4

2010	2011	2012	2013	2014	2015
\$ 770,992	\$ 871,570	\$ 1,077,876	\$ 967,019	\$ 1,032,746	\$ 925,188
3,615,389	3,964,994	4,514,355	4,446,409	4,250,054	4,063,866
107,605	280,742	390,634	422,840	486,808	348,807
<u>4,493,986</u>	<u>5,117,306</u>	<u>5,982,865</u>	<u>5,836,268</u>	<u>5,769,608</u>	<u>5,337,861</u>
1,691,108	1,897,978	1,948,305	2,172,731	2,065,689	5,033,076
1,284,398	1,907,686	754,632	586,673	535,992	
1,225,425	2,058,561	1,528,687	1,930,393	2,482,381	277,623
-	-	1,089,864	867,402	913,629	
60,927	170,801	-	28,093	9,663	
<u>4,261,858</u>	<u>6,035,026</u>	<u>5,321,488</u>	<u>5,585,292</u>	<u>6,007,354</u>	<u>5,310,699</u>
232,128	(917,720)	661,377	250,976	(237,746)	27,162
-	-	(166,934)	(185,913)	-	-
-	-	(166,934)	(185,913)	-	-
<u>\$ 232,128</u>	<u>\$ (917,720)</u>	<u>\$ 494,443</u>	<u>\$ 65,063</u>	<u>\$ (237,746)</u>	<u>\$ 27,162</u>

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED**

<u>Fiscal Year Ended June 30,</u>	<u>Interest Income</u>	<u>Other</u>	<u>Charter School Aid - Local</u>	<u>Cancel PY A/P</u>	<u>Total</u>
2007	15,969	4,529	-	-	20,498
2008	8,734	4,218	-	-	12,952
2009	230	657	-	-	887
2010	-	17,440	-	-	17,440
2011	-	15,390	-	-	15,390
2012	-	69,473	948,988	59,415	1,077,876
2013	-	66,238	900,781	-	967,019
2014	-	97,630	935,116	-	1,032,746
2015	16,436	-	908,752	-	925,188

Source: District Records

Central Jersey Arts Charter School  
Full-time Equivalent District Employees by Function/Program  
Last Eight Fiscal Years  
Unaudited

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction	39	47	47	46	47	41	41	N/A
Support Services	4	4	4	3	2	1	3	N/A
Administrative	5	5	5	11	12	9	9	N/A
Food Service	2	1	2	3	2	2.5	5	N/A
Total	<u>50</u>	<u>57</u>	<u>58</u>	<u>63</u>	<u>63</u>	<u>53.5</u>	<u>58</u>	<u>N/A</u>

Source: New Jersey SMART Staff Report

**Central Jersey Arts Charter School  
Operating Statistics  
Last Nine Fiscal Years  
Unaudited**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	223	1,902,007	8,529	N/A	N/A	N/A	223	217	N/A	97.31%
2008	282	2,838,938	10,067	18.03%	39.0	14%	280	252	16.31%	90.14%
2009	330	3,614,388	10,953	8.80%	47.0	14%	292	265	4.99%	90.75%
2010	297	4,104,001	13,818	26.16%	47.0	16%	390	273	3.02%	70.00%
2011	362	5,592,521	15,449	11.80%	46.0	13%	359	334	22.34%	93.04%
2012	353	5,321,488	15,075	-2.42%	47.0	13%	336	317	-5.15%	94.43%
2013	385	5,557,199	14,434	-4.25%	37.0	10%	377	352	11.14%	93.30%
2014	386	6,026,543	15,613	8.16%	41.0	11%	378	356	1.11%	94.18%
2015	N/A	5,310,699	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Sources:** Charter School records

**Note:** Enrollment based on annual October Charter School count and includes Special Education placements.

- a Operating expenditures equal total expenditures less special revenue, debt service and capital outlay; Exhibit B-2.
- b Teaching staff includes full-time and part-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Central Jersey Arts Charter School  
School Building Information  
Last Nine Fiscal Years  
Unaudited**

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
All Grades - (K-8)									
Square Feet	25,000	25,000	35,000	35,000	37,282	37,282	37,282	37,282	37,282
Functional Capacity (students)	250	250	300	300	405	405	405	405	405
Enrollment	223	282	330	297	362	353	385	386	N/A

Number of Buildings at June 30, 2015  
Charter School (K-8) = 1

Source: Charter School records, October Enrollment Reports not including Special Education Placements. Functional Capacity based on LRFP.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
NJ School Boards Association Insurance Group		
Article I - Property	N/A	N/A
Article II - Electronic Data Processing	N/A	N/A
Article III - Equipment Breakdown	N/A	N/A
Article IV - Crime	N/A	N/A
Article V - Comprehensive General Liability	N/A	N/A
Article VI - Automobile	N/A	N/A
Workers' Compensation and Employers' Liability Declarations	N/A	N/A
School Leaders Errors & Omissions Liability Policy Declarations	N/A	N/A

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
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Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

## EXHIBIT K-1

**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**

Independent Trustee Philip Meshinsky  
Members of the Board of Trustees  
Central Jersey Arts Charter School  
Plainfield, New Jersey

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Jersey Arts Charter School, in the City of Plainfield, State of New Jersey, (the "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 and have issued our report thereon dated October 19, 2017.



## **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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Because of the matter described in the "Basis for Disclaimer of Opinion", paragraph, we believe that there was not sufficient evidence obtained to state whether deficiencies in internal control existed that would be considered material weaknesses.

## **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we attempted to perform 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we were not able to perform those tests of compliance, and thus are not able to state whether any instances of noncompliance or other matters 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, existed. In addition, providing an opinion on compliance with the above provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

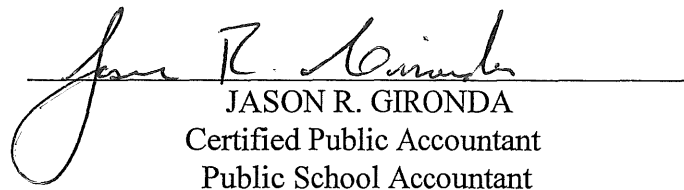
## **Basis for Disclaimer of Opinion**

The lack of availability of the Charter School's records do not permit the application of certain audit procedures necessary to provide the basis for an opinion on the Charter School's basic financial statements as listed in the table of contents.

**Purpose of this Report**

This 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 audit requirements as prescribed by 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.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accounts

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
October 19, 2017

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

---

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
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## EXHIBIT K-2

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 15-08

Independent Trustee Philip Meshinsky  
Members of the Board of Trustees  
Central Jersey Arts Charter School  
Plainfield, New Jersey

#### **Report on Compliance for Each Major State Program**

We were engaged to audit the Central Jersey Arts Charter School, in the City of Plainfield, State of New Jersey's (the "Charter School") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2015. The Charter School's major state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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 federal and 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and *New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and/or 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.

Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we believe that there was not sufficient evidence obtained in order to provide a basis for our audit opinion on compliance for each major federal and/or state program. Our audit does not provide a legal determination of the Charter School's compliance.

### ***Basis for Disclaimer of Opinion***

The lack of availability of the Charter School's records do not permit the application of certain audit procedures necessary to provide a basis for an audit opinion.

### ***Opinion on Each Major State Program***

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.


### **Report on Internal Control Over Compliance**

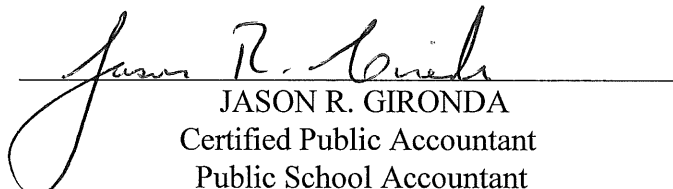
Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 15-08, 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 federal or 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 federal or 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 federal or 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. Because of the matter described in the “Basis for Disclaimer of Opinion” paragraph, we believe that there was not sufficient evidence obtained to state whether deficiencies in internal control existed that would be considered material weaknesses. Material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB’s Circular 015-08. Accordingly, this report is not suitable for any other purpose.

  
DONOHUE, GIRONDA, DORÍA & TOMKINS, LLC  
Certified Public Accountants

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
October 19, 2017

CENTRAL JERSEY ARTS 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
				FROM	TO	
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<b>PASSED-THROUGH STATE</b>						
<b>DEPARTMENT OF EDUCATION:</b>						
Special Revenue Fund:						
Title I-A, Grants to Local Ed. Agencies						
Title I-A, Grants to Local Ed. Agencies	84.010A	N/A	293,275	07/01/13	06/30/14	\$ (18,475)
Title I-A, Grants to Local Ed. Agencies	84.010A	N/A	259,231	07/01/14	06/30/15	
Total Title I-A, Grants to Local Ed. Agencies						(18,475)
Title II-A, Improv. Teacher Quality						
Title II-A, Improv. Teacher Quality	84.367A	N/A	1,190	07/01/14	06/30/15	
Special Education Cluster (IDEA)						
IDEA B Flow-Through Entitlements	84.027	N/A	97,130	07/01/13	06/30/14	(16,852)
IDEA B Flow-Through Entitlements	84.027	N/A	86,734	07/01/14	06/30/15	
Total Special Education Cluster (IDEA)						(16,852)
Total Special Revenue Fund						(35,327)
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
General Fund:						
Special Education Medicaid Reimbursement	93.778	N/A	1,652	07/01/14	06/30/15	
Total General Fund						
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<b>PASSED-THROUGH STATE</b>						
<b>DEPARTMENT OF EDUCATION:</b>						
Enterprise Fund:						
Child Nutrition Cluster						
National School Lunch Program	10.555	N/A	235,314	07/01/13	06/30/14	(32,219)
National School Lunch Program	10.555	N/A	177,288	07/01/14	06/30/15	
National School Breakfast Program	10.553	N/A	31,625	07/01/13	06/30/14	(7,107)
Child and Adult Care Food	10.558	N/A	4,230	07/01/13	06/30/14	(834)
Total Child Nutrition Cluster						(40,160)
Total Enterprise Fund						(40,160)
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						<b>\$ (75,487)</b>

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

EXHIBIT K-3  
SCHEDULE A

CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDI- TURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015		
					ACCOUNTS RECEIVABLE	DEFERRED REVENUE	DUE TO GRANTOR
\$	\$ 18,475	\$	\$	\$	\$	\$	\$
	208,187	259,231			(51,044)		
	226,662	259,231			(51,044)		
	1,190	1,190					
	16,852						
	74,392	86,734			(12,342)		
	91,244	86,734			(12,342)		
	319,096	347,155			(63,386)		
	1,652	1,652					
	1,652	1,652					
	32,219						
	144,261	177,288			(33,027)		
	7,107						
	834						
	184,421	177,288			(33,027)		
	184,421	177,288			(33,027)		
\$	\$ 505,169	\$ 526,095	\$	\$	\$ (96,413)	\$	\$

CENTRAL JERSEY ARTS 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			CARRYOVER/ (WALKOVER) AMOUNT	
			FROM	TO	BUDGETARY RECEIVABLE	DEFERRED REVENUE (ACCTS. REC.)	DUE TO GRANTOR		
<b>STATE DEPARTMENT OF EDUCATION</b>									
General Fund:									
Equalization Aid	14-495-034-5120-014	4,801,653	7/01/13	6/30/14	\$	\$	\$	34,885	
Equalization Aid	15-495-034-5120-014	3,864,842	7/01/14	6/30/15					
Special Education Aid	14-495-034-5120-089	85,883	7/01/13	6/30/14				2,787	
Special Education Aid	15-495-034-5120-089	56,116	7/01/14	6/30/15					
Security Aid	14-495-034-5120-084	144,020	7/01/13	6/30/14				2,232	
Security Aid	15-495-034-5120-084	142,908	7/01/14	6/30/15					
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	153,614	7/01/13	6/30/14			(13,512)		
<b>Total General Fund</b>							<u>(13,512)</u>	<u>39,904</u>	
<b>STATE DEPARTMENT OF AGRICULTURE</b>									
Enterprise Fund:									
National School Lunch Program (State Share)	14-100-010-3350-023	3,041	7/01/13	6/30/14			(615)		
National School Lunch Program (State Share)	15-100-010-3350-023	3,090	7/01/14	6/30/15					
<b>Total National School Lunch Program (State Share)</b>							<u>(615)</u>		
<b>Total Enterprise Fund</b>							<u>(615)</u>		
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>					<b>\$</b>	<b>\$</b>	<b>(14,127)</b>	<b>\$ 39,904</b>	<b>\$</b>
Less:									
On Behalf TPAF Pension Contributions									
<b>TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT</b>									

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



EXHIBIT K-4  
SCHEDULE B

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO	
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ 3,864,842	\$ 3,864,842	\$	\$ 34,885	\$	\$	\$	\$	\$ 3,864,842
56,116	56,116		2,787					56,116
142,908	142,908		2,232					142,908
8,108				(5,404)				
<u>4,071,974</u>	<u>4,063,866</u>		<u>39,904</u>	<u>(5,404)</u>				<u>4,063,866</u>
615								
2,425	3,090			(665)				3,090
3,040	3,090			(665)				3,090
3,040	3,090			(665)				3,090
\$ <u>4,075,014</u>	\$ <u>4,066,956</u>	\$	\$ <u>39,904</u>	\$ <u>(6,069)</u>	\$	\$	\$	\$ <u>4,066,956</u>
	<u>4,066,956</u>							

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
AWARDS AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 - GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Central Jersey Arts Charter School (the "Charter School"). The Charter School is defined in Note 1 (A) to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are 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 with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or 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 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 payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
AWARDS AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**  
**(Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$0) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 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 Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,652	\$4,063,866	\$4,065,518
Special Revenue Fund	347,155		347,155
Food Service Fund	<u>177,288</u>	<u>3,090</u>	<u>180,378</u>
Total Awards and Financial Assistance	<u>\$526,095</u>	<u>\$4,066,956</u>	<u>\$4,593,051</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 - OTHER**

The lack of availability of the Charter School's records precluded us from being able to report the amount of TPAF Pension Contributions and TPAF Social Security Contributions for the year ended June 30, 2015. See the "Basis for Disclaimer of Opinion" paragraph in the Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 15-08.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Section I - Summary of Auditors' Results*

**Financial Statements**

Type of auditor's report issued: Disclaimer

Internal control over financial reporting:

- 1) Material weakness(es) identified?    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ no
- 2) Significant deficiencies identified?    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ none reported

Non-compliance material to basic financial statements noted?    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ no

**Federal Awards**

Internal control over major programs:

- 1) Material weakness(es) identified?    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ no
- 2) Significant deficiencies identified    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?    Unknown due to scope limitation    \_\_\_ yes    \_\_\_ no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
Unable to be determined due to scope limitation	Unable to be determined due to scope limitation

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?    Unable to be determined due to scope limitation    \_\_\_ yes    \_\_\_ no

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Section I - Summary of Auditors' Results (Continued)*

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?      Unable to be determined due to scope limitation  yes       no

Internal control over major programs:

1) Material weakness(es) identified?      Unknown due to scope limitation       yes       no

2) Significant deficiencies identified that are not considered to be material weaknesses?      Unknown due to scope limitation       yes       none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?      Unknown due to scope limitation       yes       no

Identification of major programs:

<b>State Grant/Project Number(s)</b>	<b>Name of State Program</b>
<u>Unable to be determined due to scope limitation</u>	<u>Unable to be determined due to scope limitation</u>

**CENTRAL JERSEY ARTS 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 and New Jersey OMB Circular 04-04 audit. See paragraphs 13.15 and 13.35.

The lack of availability of the Charter School's records did not permit the application of certain audit procedures necessary to provide the basis for identifying financial statement findings. See the "Basis for Disclaimer of Opinion" paragraph in the Independent Auditor's Report Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 15-08

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJ OMB Circular Letter 15-08.

The lack of availability of the Charter School's records did not permit the application of certain audit procedures necessary to provide the basis for identifying Federal Awards and State Financial Assistance findings. See the "Basis for Disclaimer of Opinion" paragraph in the Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 15-08.

**CENTRAL JERSEY ARTS CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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*, *OMB Circular A-133* and *NJOMB Circular 15-08*.

The lack of availability of the Charter School's records did not permit the application of certain audit procedures necessary to provide the basis for identifying whether there were any prior-year findings and what the status of those findings were in the current year. See the "Basis for Disclaimer of Opinion" paragraph in the Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by *OMB Circular A-133* and *New Jersey OMB Circular 15-08*.