

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

The Barack Obama Green Charter High School

35 Watchung Avenue
Plainfield, New Jersey 07060



We plant the seeds

Prepared

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

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

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

November 13, 2016

Acting Commissioner Kimberly Harrington
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Acting Commissioner Harrington:

We hereby submit the Comprehensive Annual Financial Report of The Barack Obama Green Charter High School (the “Charter High School”) for the period from inception through June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter High School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and result of operations of the various funds and account groups of the Charter High School. All disclosures necessary to enable the reader to gain an understanding of the Charter High School’s financial activities have been included.

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

The Charter High School is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey Treasury OMB Circular Letter 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.*” Information related to this single audit, including the auditors’ report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES**

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

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

The Charter High School is being established as a high achieving Science based high school in Plainfield, New Jersey. During year 2015-2016, the Charter High School was authorized to enroll up to 240 students total for Grades 9-12. The Charter High School completed the 2015-2016 fiscal year with an average daily enrollment of 231 students, which is 1% higher than previous fiscal year with an average daily enrollment of 227 students.

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

2) **ECONOMIC CONDITION AND OUTLOOK**

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

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

3) **MAJOR INITIATIVES**

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

3) **MAJOR INITIATIVES - CONTINUED**

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

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

4) **INTERNAL ACCOUNTING CONTROLS**

Management of the Charter High School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter High School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) **BUDGETARY CONTROLS**

In addition to internal accounting controls, the Charter High School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount, as amended for the period ended June 30, 2016 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2016.

6) **ACCOUNTING SYSTEM AND REPORT**

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

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

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

<u>Revenue</u>	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Local sources	\$ 750,549	\$ 745,063	\$ 5,486	0.7%
State sources	3,114,094	3,152,992	(38,898)	-1.2%
Federal sources	240,289	149,119	91,170	61.1%
	<u>\$ 4,104,932</u>	<u>\$ 4,047,174</u>	<u>\$ 57,758</u>	1.4%
<u>Expenditures</u>				
Instruction	\$ 1,769,772	\$ 1,545,397	\$ 224,375	14.5%
Administrative	1,007,205	884,575	122,630	13.9%
Support	1,085,344	1,153,380	(68,036)	-5.9%
Capital Outlay	168,816	5,019	163,797	0.0%
TPAF Social Security	95,597	89,858	5,739	6.4%
TPAF on-behalf payments	175,597	149,313	26,284	17.6%
Total	<u>\$ 4,302,331</u>	<u>\$ 3,827,542</u>	<u>\$ 474,789</u>	12.4%

For the period ended June 30, 2016, total expenditures exceeded revenues by \$197,399.

8) **CASH MANAGEMENT**

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

9) **RISK MANAGEMENT**

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

10) **BUDGETARY CONCERNS AND FUND RAISING**

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

11) **OTHER INFORMATION**

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter High School appointed the accounting firm of Galleros Koh LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and the related New Jersey OMB Circular Letter 15-08.

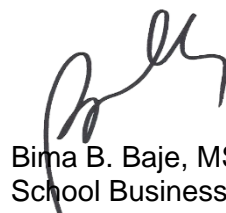
The auditor's report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) **ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of The Barack Obama Green Charter High School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Plainfield Public School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

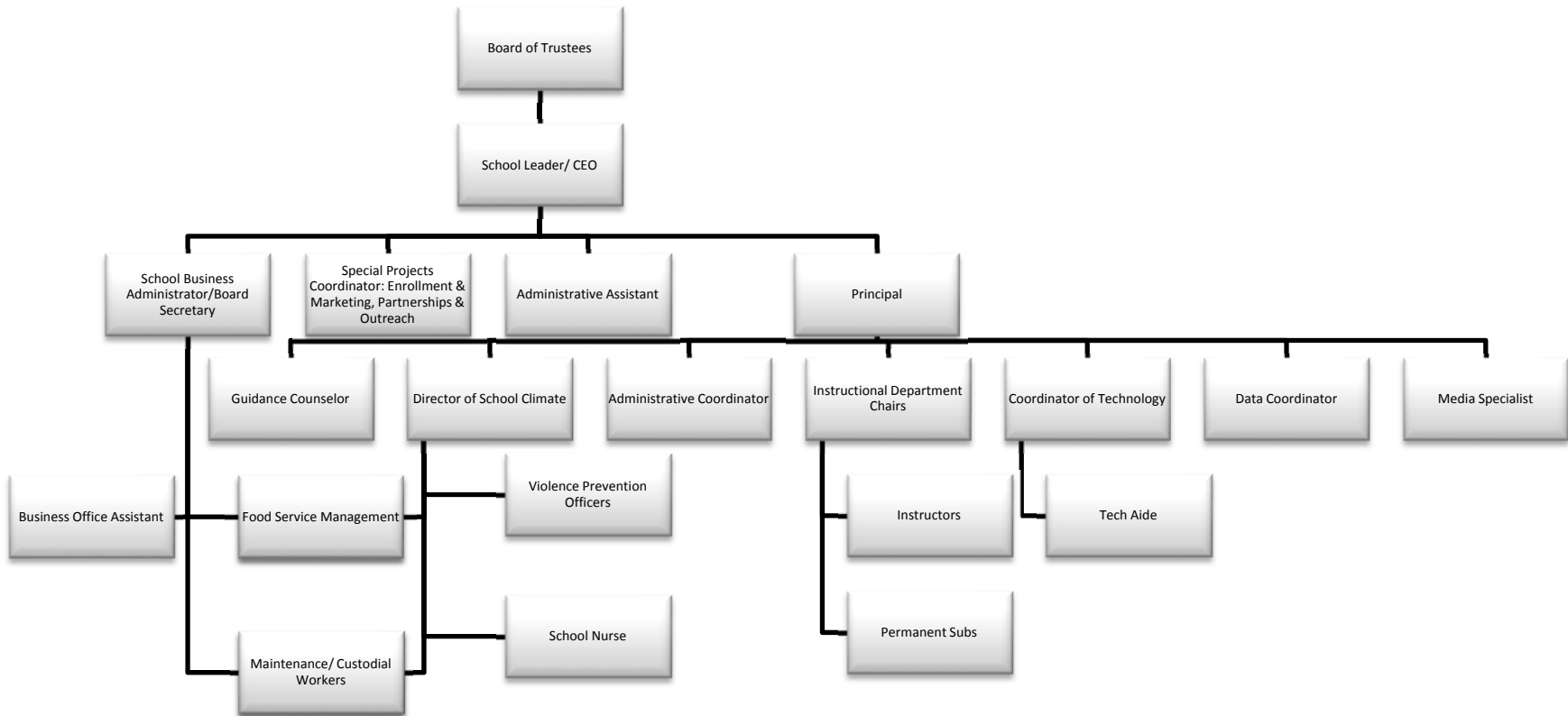
Respectfully submitted,


Steven King
Chief Education Officer


Bima B. Baje, MSA
School Business Administrator

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of Board of Trustees

Voting:

Clinton Hall	-	President
Frank Flores	-	Member
Gregory Hambric	-	Member
Rick Pressler	-	Member
Tamika Pollins	-	Member
Denise Simmons	-	Member

Non-Voting:

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

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

CONSULTANTS AND ADVISORS

Independent Auditors

Galleros Koh LLP
115 Davis Station Road
Cream Ridge, NJ 08514

Attorney

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

Official Depositories

Unity Bank
2222 South Avenue
Scotch Plains, NJ 07076

Official Newspaper

The Star Ledger

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School (the Charter High School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School, in the County of Union, State of New Jersey as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 18, Budgetary Comparison Information on pages 60 through 62, and Schedules Related to Accounting and Reporting for Pensions (GASB 68) on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

The accompanying combining and individual fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) , and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not also a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2016 on our consideration of the Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter High School's internal control over financial reporting and compliance.



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

November 10, 2016

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

Introduction

This section of the Barack Obama Green Charter High School's (the "Charter High School") annual financial report presents our discussion and analysis of the Charter High School's financial performance and provides an overview of the Charter High School's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the transmittal letter at the front of this report and the Charter High School's financial statements, which follow this section.

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

Financial Highlights

Key Financial highlights for the fiscal year 2016 are as follows:

- The net position of governmental activities decreased by \$0.144 million and the net position of business-type activities, which represents food service, increased by \$0.03 million from fiscal year 2015.
- General revenues accounted for \$3.56 million in revenues or 77% of total revenues of \$4.35 million. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$0.94 million or 20% of total revenues.
- The Charter High School had \$4.6 million in expenses related to governmental activities; \$0.94 million of these expenses was offset by operating grants and contributions. General revenues (primarily Local Levy and State Aid) of \$3.56 million were adequate to provide for the balance of these programs.
- The General Fund reported fund balances at June 30, 2016, of \$1.1 million all of which is unassigned.

Basic Financial Statements

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

The report is organized so the reader can understand the Barack Obama Green Charter High School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the statement of activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter High School, presenting both an aggregate view of the Charter High School's finances and a long-term view of those finances.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements

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

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

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

These two statements report the Charter High School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter High School has improved or diminished for the Charter High School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2016. These factors are presented in our discussions on the Charter High School as a whole. Non-financial factors include the property tax base of the School District where the Charter High School is located, current educational funding laws in New Jersey,

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter High School is divided into two distinct kinds of activities:

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

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

Reporting the School Charter High School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Charter High School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statement provides a detailed short-term view of the Charter High School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are sufficient financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Charter High School as a Whole

The perspective of the Statement of Net Position is of the Charter High School as a whole. The table below provides a summary of the Charter High School's net position at June 30, 2016.

The total net position of the Charter High School have decreased by \$140,633 during the current fiscal year.

The table that follows reflects the change in net position for fiscal year 2016.

	Governmental Activities	Business Type Activities	Total
Assets			
Current Assets	\$ 1,115,420	\$ 23,288	\$ 1,138,708
Capital Assets, net	167,853	-	167,853
Total Assets	<u>1,283,273</u>	<u>23,288</u>	<u>1,306,561</u>
Deferred Outflow of of Resources	<u>526,938</u>	<u>-</u>	<u>526,938</u>
Liabilities			
Current Liabilities	170,512	6,438	176,950
Noncurrent Liabilities	1,024,753	-	1,024,753
Total Liabilities	<u>1,195,265</u>	<u>6,438</u>	<u>1,201,703</u>
Deferred Inflow of of Resources	<u>158,962</u>	<u>-</u>	<u>158,962</u>
Net Position			
Invested in Capital Assets (net of related debt)	167,853	-	167,853
Unrestricted	288,131	16,850	304,981
Total Net Position	<u>\$ 455,984</u>	<u>\$ 16,850</u>	<u>\$ 472,834</u>

The total net position of the Charter High School decreased by \$140,633 during the current fiscal year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The table that follows reflects the change in net position for fiscal year 2016.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues:			
Charge for Services	\$ -	\$ 3,394	\$ 3,394
Operating grants and Contributions	947,204	89,665	1,036,869
Total Program Revenues	<u>947,204</u>	<u>93,059</u>	<u>1,040,263</u>
General Revenues:			
Local Aid	633,059	-	633,059
Federal and State Aid	2,842,900	-	2,842,900
Miscellaneous and transfers	13,526	-	13,526
Total General Revenues	<u>3,489,485</u>	<u>-</u>	<u>3,489,485</u>
Total Revenues	<u>4,436,689</u>	<u>93,059</u>	<u>4,529,748</u>
Expenses:			
Instruction	2,514,717	-	2,514,717
Support Services:			
Administrative expenses	780,950	-	780,950
Other support services	1,266,268	-	1,266,268
Unallocated:			
Capital outlay	12,559		12,559
Depreciation	6,381	-	6,381
Food Service		89,506	89,506
Total Expenses	<u>4,580,875</u>	<u>89,506</u>	<u>4,670,381</u>
Changes in Net Position	<u>\$ (144,186)</u>	<u>\$ 3,553</u>	<u>\$ (140,633)</u>

In 2016, total governmental and business-type activities expenditures exceeded revenues by \$140,633, decreasing the Charter High School's net position by the same amount at June 30, 2016.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2016.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

	<u>Total Cost of Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 2,514,717	\$ 629,275	\$ (1,885,442)
Support Services:			
Administrative expenses	780,950	92,249	(688,701)
Other support services	1,266,268	213,121	(1,053,147)
Capital Outlay			
Instructional equipment	12,559	12,559	-
Unallocated:			
Depreciation	6,381	-	(6,381)
Total Expenses	<u>\$ 4,580,875</u>	<u>\$ 947,204</u>	<u>\$ (3,633,671)</u>

Business-Type Activity

The business-type activities of the Charter High School are related to the food service operation. The food service operations had revenues of \$93,059 and operating expenses of \$89,506 for the period ended June 30, 2016. The Charter High School will enhance its effort to have food services self-operating without assistance from the General Fund.

The Charter High School's Funds

The Charter High School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$3.8 million and expenditures and other financing uses of \$3.9 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2016, the Charter High School amended its General Fund budget as needed. The Charter High School uses state-aid and other revenue -based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter High School management teams.

For the General Fund, final budgeted revenues and other financing sources were \$3,550,959 which included a local tax levy of \$615,589. Expenditures and other financing uses were budgeted at \$3,929,747. The Charter High School anticipated a decrease in fund balance of \$378,788, resulting from expenditures and other financing uses exceeding budgeted revenues and other financing sources. Actual revenues and other financing sources were \$3,760,679 and expenditures and other financing uses were \$3,958,078.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The State of New Jersey reimbursed the Charter High School \$95,597 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, and \$175,597 for post-employment retirement benefits. This unbudgeted amount is included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2016, the Charter High School had \$167,853 invested in capital assets all in governmental activities. The table below reflects fiscal year 2016 balances:

	Governmental Activities	Business Type Activities	Total
Machinery & equipment	\$ 194,388	\$ -	\$ 194,388
Less Accumulated Depreciation	(26,535)	-	(26,535)
Totals	\$ 167,853	\$ -	\$ 167,853

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to Charter High Schools. This reality was taken into account when adopting the general fund budget for the fiscal year 2015-2016. Nothing was done to compromise the quality of the programs in place in our Charter High School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter High School's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL WIDE FINANCIAL STATEMENTS

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

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

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 750,766	\$ 4,883	\$ 755,649
Restricted cash	75,000	-	75,000
Accounts receivable	196,334	18,405	214,739
Interfund receivable	949	-	949
Security deposits and prepayments	<u>92,371</u>	<u>-</u>	<u>92,371</u>
Total current assets	<u>1,115,420</u>	<u>23,288</u>	<u>1,138,708</u>
Capital assets:			
Leasehold improvements	156,257	-	156,257
Machinery and equipment	38,131	-	38,131
Less: Accumulated depreciation	<u>(26,535)</u>	<u>-</u>	<u>(26,535)</u>
Net capital assets:	<u>167,853</u>	<u>-</u>	<u>167,853</u>
Total assets	<u>1,283,273</u>	<u>23,288</u>	<u>1,306,561</u>
Deferred Outflow of Resources	<u>526,938</u>	<u>-</u>	<u>526,938</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 103,522	\$ 6,438	\$ 109,960
Intergovernmental payables - State	57,673	-	57,673
Deferred revenue	<u>9,317</u>	<u>-</u>	<u>9,317</u>
Total current liabilities	170,512	6,438	176,950
Long-Term Liabilities			
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>
Due within one year	39,945	-	39,945
Due in more than one year	984,808	-	984,808
Total long-term liabilities	<u>1,024,753</u>	<u>-</u>	<u>1,024,753</u>
Total liabilities	<u>1,195,265</u>	<u>6,438</u>	<u>1,201,703</u>
Deferred Inflow of Resources	<u>158,962</u>	<u>-</u>	<u>158,962</u>
Net position			
Invested in capital assets, net of related debt	167,853	-	167,853
Unrestricted	<u>288,131</u>	<u>16,850</u>	<u>304,981</u>
Total net position	<u>\$ 455,984</u>	<u>\$ 16,850</u>	<u>\$ 472,834</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
Instruction	\$ 2,514,717	\$ -	\$ 629,275	\$ (1,885,442)	\$ -	\$ (1,885,442)
Administrative cost	780,950	-	92,249	(688,701)	-	(688,701)
Support services	1,266,268	-	213,121	(1,053,147)	-	(1,053,147)
Capital outlay				-		
Instructional equipment	12,559	-	12,559	-	-	-
Unallocated depreciation	<u>6,381</u>	<u>-</u>	<u>-</u>	<u>(6,381)</u>	<u>-</u>	<u>(6,381)</u>
Total governmental activities	4,580,875	-	947,204	(3,633,671)	-	(3,633,671)
Business-type activities:						
Food service	<u>89,506</u>	<u>3,394</u>	<u>89,665</u>	<u>-</u>	<u>3,553</u>	<u>3,553</u>
Total primary government	<u>\$ 4,670,381</u>	<u>\$ 3,394</u>	<u>\$ 1,036,869</u>	<u>\$ (3,633,671)</u>	<u>\$ 3,553</u>	<u>\$ (3,630,118)</u>
General revenues, transfers and special items:						
Local sources				\$ 633,059	-	\$ 633,059
State sources				2,842,900	-	2,842,900
Miscellaneous				13,526	-	13,526
Transfers				-	-	-
Total general revenues, transfers and special items				<u>3,489,485</u>	<u>-</u>	<u>3,489,485</u>
Changes in net position				(144,186)	3,553	(140,633)
Net position at beginning of the year				<u>600,170</u>	<u>13,297</u>	<u>613,467</u>
Net position at ending of the year (A-1)				<u>\$ 455,984</u>	<u>\$ 16,850</u>	<u>\$ 472,834</u>

FUND FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

Governmental Funds

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

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 750,766	\$ -	\$ 750,766
Restricted cash	75,000		75,000
Accounts receivable:			
Local	55,321	90,894	146,215
State	17,800	-	17,800
Federal	-	32,319	32,319
Interfund receivables	104,152	-	104,152
Security deposits and prepayments	<u>92,371</u>	<u>-</u>	<u>92,371</u>
Total assets	<u>\$ 1,095,410</u>	<u>\$ 123,213</u>	<u>\$ 1,218,623</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 92,829	\$ 10,693	\$ 103,522
Intergovernmental payables:			
State	57,673	-	57,673
Interfund payables		103,203	103,203
Deferred revenue	<u>-</u>	<u>9,317</u>	<u>9,317</u>
Total liabilities	<u>150,502</u>	<u>123,213</u>	<u>273,715</u>
Fund balances:			
Unassigned	<u>944,908</u>	<u>-</u>	<u>944,908</u>
Total fund balances	<u>944,908</u>	<u>-</u>	<u>944,908</u>
Total liabilities and fund balances	<u>\$ 1,095,410</u>	<u>\$ 123,213</u>	<u>\$ 1,218,623</u>
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
	Cost of capital assets		194,388
	Accumulated depreciation		<u>(26,535)</u>
			<u>167,853</u>
Deferred outflow and deferred inflow of resources and amortized in the statement of activities			
	Deferred amounts on net pension liability		<u>367,976</u>
Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
	Net pension liability		<u>(1,024,753)</u>
Net position of governmental activities - A-1			<u>\$ 455,984</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues			
Local Sources:			
Local	\$ 633,059	\$ 103,964	\$ 737,023
Miscellaneous	13,526	-	13,526
Total revenues -local sources	<u>646,585</u>	<u>103,964</u>	<u>750,549</u>
State sources	2,842,900	-	2,842,900
Federal sources	-	240,289	240,289
TPAF-Social Security	95,597	-	95,597
TPAF pension and post-retirement medical benefits and on-behalf payments	175,597	-	175,597
Total revenues	<u>3,760,679</u>	<u>344,253</u>	<u>4,104,932</u>
Expenditures			
Instruction	1,545,521	224,251	1,769,772
Administrative cost	1,007,205	-	1,007,205
Support services	977,901	107,443	1,085,344
Capital outlay:			
Instructional equipment	156,257	12,559	168,816
TPAF-Social Security	95,597	-	95,597
TPAF pension and post-retirement medical benefits and on-behalf payments	175,597	-	175,597
Total expenditures	<u>3,958,078</u>	<u>344,253</u>	<u>4,302,331</u>
Excess of revenues over expenditures before transfers	(197,399)	-	(197,399)
Transfers -			
Transfer out - Food Service	-	-	-
Net changes in fund balance	(197,399)	-	(197,399)
Fund balances at beginning of the year	<u>1,142,307</u>	<u>-</u>	<u>1,142,307</u>
Fund balances at ending of the year	<u>\$ 944,908</u>	<u>\$ -</u>	<u>\$ 944,908</u>

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

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

Year Ended June 30, 2016

Total net change in fund balances - governmental funds (B-2) \$ (197,399)

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

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

Capital outlay	156,257
Depreciation expense	<u>(6,381)</u>
	<u>149,876</u>

Change in net position of governmental activities (A-2) \$ (47,523)

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

Proprietary Funds

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

PROPRIETARY FUND

STATEMENT OF NET POSITION

June 30, 2016

	FOOD SERVICE
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,883
Accounts receivables:	
Federal	18,164
State	241
Other	-
	<u>18,405</u>
Total Assets	<u>\$ 23,288</u>
Liabilities	
Current liabilities:	
Accounts Payable	\$ 6,438
Interfund payables - General Fund	-
Net position	
Unrestricted	<u>16,850</u>
Total liabilities and net position	<u>\$ 23,288</u>

(COUNTY OF UNION, NEW JERSEY)

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2016

	<u>FOOD SERVICE</u>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 3,394
Miscellaneous revenue	<u>-</u>
Total operating revenues	<u>3,394</u>
Operating expenses:	
Cost of sales	89,469
Miscellaneous	<u>37</u>
Total operating expenses	<u>89,506</u>
Operating loss	<u>(86,112)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	1,249
Federal sources:	
National School Lunch Program	88,416
National School Breakfast Program	<u>-</u>
Total nonoperating revenues	<u>89,665</u>
Change in net position	3,553
Net position at beginning of the year	<u>13,297</u>
Net position at end of the year	<u>\$ 16,850</u>

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

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	FOOD SERVICE
	<hr/>
Cash flows from operating activities	
Operating loss	\$ 3,553
Adjustment to reconcile operating loss to net cash from operating activities	
Depreciation	-
Changes in current assets and liabilities:	
Increase in accounts receivable	3,640
Increase in interfund receivable	(13,027)
Increase in accounts payable	6,438
Net cash from operating activities	<hr/> 604 <hr/>
Cash flows from noncapital financing activities	
Transfer in from General Fund	<hr/> -
Net cash from noncapital financing activities	<hr/> -
Net decrease in cash	604
Cash at beginning of the year	<hr/> 4,279 <hr/>
Cash at ending of the year	<hr/> \$ 4,883 <hr/>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

Fiduciary Funds

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

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

Assets

Cash	\$ <u>34,769</u>
------	------------------

Liabilities and Net Assets

Liabilities:

Payroll withholdings payable	\$ 31,060
Interfund payable - General Fund	949
Accounts payable	<u>2,760</u>
Total current liabilities	<u>34,769</u>

Net position

Restricted	
Unemployment compensation	<u>-</u>
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 34,769</u>

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

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2016

Revenues:		
General fund appropriation	\$	58,311
Employees' contributions		<u>8,993</u>
Total revenues		<u>67,304</u>
Expenditures:		
Payments to NJ Unemployment Compensation Fund		<u>67,304</u>
Total expenditures		<u>67,304</u>
Excess (deficiency) of revenue over expenditures		-
Fund balance at beginning of the year		<u>-</u>
Fund balance at ending of the year	\$	<u><u>-</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Component Units

The primary criterion for including activities within the Charter High School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter High School's management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter High School. Based on the aforementioned criteria, the Charter High School has no component units.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation

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

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

D. Basic Financial Statements

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

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

E. Governmental Funds

General Fund - The General Fund is the primary operating fund of the Charter High School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2016 there was no Capital Projects Fund.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2016 there was no debt service fund.

F. Proprietary Funds

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

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

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

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

G. Fiduciary Funds

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds - Continued

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

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

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

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

H. Measurement Focus and Basis of Accounting

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Measurement Focus and Basis of Accounting - Continued

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

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

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

J. Budgets/Budgetary Control

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

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

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(COUNTY OF UNION, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Budgets/Budgetary Control - Continued

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

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

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

K. Deposits, Investments and Risk Disclosure

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

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

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Deposits, Investments and Risk Disclosure - Continued

counterparty or (b) the counterparty's trust department or agent but not in the government's name.

Deposits

New Jersey statutes require that Charter High Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter High Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Charter High School to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter High School.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2016, the Charter High School did not hold any investments.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Deposits, Investments and Risk Disclosure - Continued

Risk Categories

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

As of June 30, 2016, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

The Charter High School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

L. Prepaid Expenses

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

As of June 30, 2016, there are no prepaid expenses.

M. Interfund Assets/Liabilities

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

N. Fixed Assets

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Fixed Assets - Continued

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

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

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

O. Deferred Outflow/Inflow of Resources

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

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

P. Compensated Absences

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Q. Compensated Absences

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

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

In the Charter High School-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year. No compensated absences beyond one year are reported at June 30, 2016.

R. Net Pension Liability (Asset)

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

S. Deferred Revenue

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

T. Accrued Liabilities and Long-Term Obligations

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

T. Accrued Liabilities and Long-Term Obligations - Continued

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

U. Fund Balance and Equity

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Charter High School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

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

U. Fund Balance and Equity - Continued

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

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

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

V. Net Position

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

W. Contributed Capital

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

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

X. Use of Estimates

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

Y. Accounting for Uncertainty in Income Taxes

The Charter High School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter High School had no uncertain tax positions that would require financial statement recognition. The Charter High School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2013.

Z. On-Behalf Payments

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

AA. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 13, 2016.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 APPLICATION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2016, the Charter High School implemented the following:

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes.

This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The adoption of the above Statements did not have an effect on the Charter High School’s financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Charter High School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter High School’s deposits and investments are exposed to custodial credit risk.

As of June 30, 2016, the Charter High School's deposits are summarized as follows:

	General Fund	Enterprise Fund	Trust and Agency Funds	Total
Operating Account	\$ 750,766	\$ 4,883	\$ 34,769	\$ 790,418
Restricted	75,000	-	-	75,000
Total	<u>\$ 825,766</u>	<u>\$ 4,883</u>	<u>\$ 34,769</u>	<u>\$ 865,418</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS - CONTINUED

Operating cash accounts are held in the Charter High School's name by a banking institution. At June 30, 2016, the Charter High School's carrying amount of deposits was \$865,418 and the bank balance was \$1,030,708. Of the bank balance, up to a maximum of \$250,000 of the Charter High School's cash deposits on June 30, 2016 were secured by federal deposit insurance and \$780,708 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

Restricted Cash

The Charter High School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum is \$75,000, which is fully funded at June 30, 2016. The agreement stipulates that the intended use of the escrow amount is "to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur."

NOTE 4 CAPITAL ASSETS

As required under accounting standards discussed in Note 2, the Charter High School performed a thorough review of the inventory records of all its capital assets. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost have been used. The review of inventory records of all the Charter High School's capital assets was completed during the fiscal year ended June 30, 2016, deletions, if any, have been accounted for in the Charter High School's beginning balances; the table below illustrates the net of additions and deletions for the current year.

Capital assets activities for the year ended June 30, 2016 are as follows:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets being depreciated:			
Leasehold improvements	\$ -	\$ 156,257	\$ 156,257
Machinery and equipment	38,131	-	38,131
Less Accumulated depreciation	(20,154)	(6,381)	(26,535)
Capital assets net	<u>\$ 17,977</u>	<u>\$ 149,876</u>	<u>\$ 167,853</u>
<u>Business-Type Activities</u>			
Capital assets net	<u>\$ 17,977</u>	<u>\$ 149,876</u>	<u>\$ 167,853</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 NONCURRENT LIABILITIES

At June 30, 2016, the Charter High School's noncurrent liabilities reported in the *Statement of Net Position* is as follow.

Noncurrent liability	Balance at 6/30/15	Additions	Retired	Balance at 6/30/16	Due within One Year
Net pension liability	\$ 390,353	\$ 793,362	\$ 158,962	\$ 1,024,753	\$ 39,945

The net pension liability classified as due within one year amounting to \$39,945 represents pension contributions for fiscal year 2016 due and payable on April 1, 2017.

NOTE 6 NET POSITION

As of June 30, 2016, governmental activities net position consisted of the following components:

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

Capital assets, net	\$ 167,853
Less: Long-Term obligations	<u>-</u>
(All long-term debt relates to capital assets)	167,853

UNRESTRICTED

Net assets not restricted above	<u>288,131</u>
NET POSITION	<u>\$ 455,984</u>

Business-type activities net position did not have any capital assets or restrictions.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS

A. Description of Plans

All eligible employees of the Charter High School are covered by either the Public Employees' Retirement System (PERS) or the Teacher's Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the TPAF.

These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

i. Public Employees' Retirement System (PERS)

The Public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

ii. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

B. Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

C. Significant Legislation

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

C. Significant Legislation - Continued

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

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

D. Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 4.5 % and 3%, respectively of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF. The Charter High School's contribution to PERS for the year ended June 30, 2016 was \$37,717.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter High School \$95,597 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

At June 30, 2016, the Charter High School reported in the charter school-wide statement of net position a liability of \$984,808 for its proportionate share of the PERS net pension liability. The total pension liability for the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Charter High School's proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS for the years ended June 30, 2015 and 2014. At June 30, 2015, the Charter High School's proportionate share was 0.0043870658% which is an increase from the proportionate share of 0.0018834633% at June 30, 2014.

For the year ended June 30, 2016, the Charter High School recognized pension expense of \$56,716 in the charter school-wide financial statements. At June 30, 2016, the Charter High School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources: The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended
	June 30,
	<hr/>
2017	\$ 75,566
2018	75,566
2019	75,566
2020	75,568
2021	65,710

Actuarial assumptions. The total pension liability for the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Inflation	3.04 percent
Salary increases	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.4% based on age
Investment rate of return	7.9%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set back 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term Expected Rate of Return

In accordance with the State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 4.9% June 30, 2015. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the net pension liability	\$1,223,996	\$ 984,808	\$ 784,275

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

ii. Teachers Pension and Annuity Fund (TPAF)

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

For the year ended June 30, 2016, the Charter High School recognized pension expense and related revenue of \$411,912 in the school-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

At June 30, 2016, the State's proportionate share of the net pension liability attributable to the Charter High School amounted to \$6,746,126. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, which was rolled forward to June 30, 2015.

The State's proportionate share of the net pension liability attributable to the Charter High School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the years ended June 30, 2015 and 2014. At June 30, 2015 and 2014, the State's proportion of the net pension liability attributable to Charter High School was 0.0106735282 and 0.0093267556%.

Actuarial Assumptions. The total pension liability for the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the July 1, 2004 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High-Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi-strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	<u>100.00%</u>	

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

Discount rate. The discount rate used to measure the total pension liability was 4.13% June 30, 2015. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability. The following presents the Charter High School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the net pension liability	#####	\$ <u>6,746,126</u>	\$ <u>5,684,146</u>

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

NOTE 9 DEFERRED COMPENSATION

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 RISK MANAGEMENT

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

A. Property and Liability Insurance

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

B. New Jersey Unemployment Compensation

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

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

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-16	\$ 58,311	\$ 8,993	\$ 67,304	\$ -
2014-15	15,802	8,841	24,643	-
2013-14	107,655	8,277	115,932	-
2012-13	8,698	5,797	14,495	-
2011-12	7,449	3,838	11,287	-

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

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

At June 30, 2016, the interfund balances consisted of the following components:

	<u>RECEIVABLE (PAYABLE)</u>			
	<u>General</u>	<u>Special</u>	<u>Enterprise</u>	<u>Fiduciary</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>	<u>Fund</u>
General fund	\$ 104,152	\$ (103,203)	\$ -	\$ (949)
Fiduciary Fund		-	-	-
GASB No 34 mandated eliminations within governmental activities	<u>(103,203)</u>	<u>103,203</u>	<u>-</u>	<u>-</u>
Net interfund balances reported as follows:				
Entity-wide (eliminated in total column)	<u>\$ 949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
External(Due to Trust and Agency Fund)				<u>\$ (949)</u>

NOTE 12 CONCENTRATIONS AND CONTINGENCIES

Economic Dependency

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 12 CONCENTRATIONS AND CONTINGENCIES - CONTINUED

Contingencies

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter High School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter High School through June 30, 2016, resulting from a review by a responsible government agency will not have a material effect on the Charter High School financial statements at June 30, 2016.

In addition, an employment related suit is pending involving a former employee. Management and counsel believe that the complaint has no merit and intends to continue its vigorous defense, and accordingly, at June 30, 2016 no liability is recorded.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

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

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 3,296,078	\$ (2,676,489)	\$ 619,589	\$ 633,059	\$ 13,470
Miscellaneous	-	-	-	13,526	13,526
Total revenues -local sources	3,296,078	(2,676,489)	619,589	646,585	26,996
State sources	225,588	2,630,782	2,856,370	2,842,900	(13,470)
Reimbursed TPAF-Social Security (non-budgeted)	75,000	-	75,000	95,597	20,597
Other sources	25,000	-	25,000	-	(25,000)
TPAF pension and post-retirement medical benefits and on-behalf payments (non-budgeted)	-	-	-	175,597	175,597
Total revenues	3,596,666	(45,707)	3,550,959	3,760,679	34,123
Expenditures					
Current expense:					
Instruction					
Salaries	1,378,368	(193,500)	1,184,868	1,157,268	27,600
Professional/Technical service	59,000	193,500	252,500	236,094	16,406
Other purchased services	26,300	24,500	50,800	27,408	23,392
General educational supplies	75,000	(22,000)	53,000	47,729	5,271
Instructional textbooks	30,000	-	30,000	26,669	3,331
Miscellaneous	14,500	36,500	51,000	50,353	647
Total current expense	1,583,168	39,000	1,622,168	1,545,521	76,647
Administrative cost:					
Salaries	289,176	11,568	300,744	300,442	302
Total benefit costs	478,770	40,000	518,770	400,868	117,902
Professional/Technical service	30,000	7,000	37,000	49,010	(12,010)
Other purchased services	91,875	61,432	153,307	139,179	14,128
Communications and telephones	44,128	17,000	61,128	60,865	263
Supplies and materials	25,000	-	25,000	23,004	1,996
Judgments against charter school	-	-	-	-	-
Interest on current loans	-	-	-	-	-
Miscellaneous	36,547	6,500	43,047	33,837	9,210
Total administrative cost	995,496	143,500	1,138,996	1,007,205	131,791
Support services:					
Salaries	295,328	(5,121)	290,207	289,258	949
Purchased Professional/Technical service	15,500	61,000	76,500	76,441	59
Purchased Property services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Custodial services	112,347	(25,379)	86,968	82,374	4,594
Rent on land and buildings	403,908	500	404,408	404,302	106
Insurance-fidelity, liability, property	57,000	(4,500)	52,500	47,512	4,988
Supplies and materials	10,000	4,000	14,000	10,876	3,124
Transportation-other than to/from school	25,000	(9,000)	16,000	11,392	4,608
Utilities	85,000	(28,000)	57,000	42,536	14,464
Miscellaneous	17,000	(3,000)	14,000	13,210	790
Total support services	1,021,083	(9,500)	1,011,583	977,901	33,682

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

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Construction	10,000	(10,000)	-	-	-
Non-instructional equipment	10,000	(10,000)	-	-	-
Purchase Land/Improvements	<u>-</u>	<u>157,000</u>	<u>157,000</u>	<u>156,257</u>	<u>743</u>
Total capital outlay	<u>20,000</u>	<u>137,000</u>	<u>157,000</u>	<u>156,257</u>	<u>743</u>
TPAF-Social Security (non-budgeted)	-	-	-	95,597	(95,597)
TPAF pension and post-retirement medical benefits and on-behalf payments (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,597</u>	<u>(175,597)</u>
Total expenditures	<u>3,619,747</u>	<u>310,000</u>	<u>3,929,747</u>	<u>3,958,078</u>	<u>(28,331)</u>
Excess of revenues over expenditures	(23,081)	(355,707)	(378,788)	(197,399)	276,986
Fund balances at beginning of the year	<u>1,142,307</u>	<u>-</u>	<u>1,142,307</u>	<u>1,142,307</u>	<u>-</u>
Fund balances at ending of the year	<u>\$ 1,119,226</u>	<u>\$ (355,707)</u>	<u>\$ 763,519</u>	<u>\$ 944,908</u>	<u>\$ 276,986</u>

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

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues					
Local sources	\$ 103,964	\$ -	\$ 103,964	\$ 103,964	\$ -
State sources	-	-	-	-	-
Federal sources	282,283	-	282,283	240,289	(41,994)
Total revenues	<u>\$ 386,247</u>	<u>\$ -</u>	<u>\$ 386,247</u>	<u>\$ 344,253</u>	<u>\$ (41,994)</u>
Expenditures					
Instruction					
Salaries of teachers	164,106	2,539	166,645	161,843	4,802
Employee benefits	25,160	-	25,160	21,699	3,461
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	42,000	(15,000)	27,000	21,400	5,600
Other purchased services	12,200	10,000	22,200	10,083	12,117
Instructional supplies	19,530	(7,540)	11,990	9,226	2,764
Miscellaneous expenditures	241	-	241	-	241
Total instruction	<u>263,237</u>	<u>(10,001)</u>	<u>253,236</u>	<u>224,251</u>	<u>28,985</u>
Support services					
Salaries of supervisors of instruction	50,700	-	50,700	50,700	-
Salaries of secretarial/clerical assistant	4,225	-	4,225	4,225	-
Employee benefits	29,099	(5,403)	23,696	19,110	4,586
Purchased professional educational services	23,542	755	24,297	20,792	3,505
Utilities	-	-	-	-	-
Rent	-	-	-	-	-
Insurance	-	-	-	-	-
Other purchased services	5,000	(1,696)	3,304	750	2,554
Supplies	5,444	2,446	7,890	7,446	444
Miscellaneous	5,000	1,340	6,340	4,420	1,920
Total support services	<u>123,010</u>	<u>(2,558)</u>	<u>120,452</u>	<u>107,443</u>	<u>13,009</u>
Capital Outlay					
Instructional equipment	-	12,559	12,559	12,559	-
Total facilities acquisition and construction services	<u>-</u>	<u>12,559</u>	<u>12,559</u>	<u>12,559</u>	<u>-</u>
Total Expenditures	<u>\$ 386,247</u>	<u>\$ -</u>	<u>\$ 386,247</u>	<u>\$ 344,253</u>	<u>\$ 41,994</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART II

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

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

Year Ended June 30, 2016

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

	<u>General</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 3,760,679		[C-2] \$ 344,253
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognize as expenditures, and the related revenue is recognized.	-		-
Last State aid payment recognized for budgetary purposes only.	-		-
General Fund contribution to Early Childhood Program Aid.	-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>3,760,679</u>		[B-2] <u>344,253</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule:	[C-1] 3,958,078		[C-2] 344,253
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund	-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ <u>3,958,078</u>		[B-2] \$ <u>344,253</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

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

Last Ten Fiscal Years (1)

	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	0.0043870658%	0.0018834633%
Charter School's proportionate share of the net pension liability (asset)	\$ 984,808	\$ 352,636
Charter School's covered-employee payroll	\$ 340,551	\$ 298,036
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	289.18%	118.32%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	40.71%

As of June 30, 2015, the Charter School has no proportionate share in the net pension liability (asset).

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

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

Last Ten Fiscal Year (1)

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 37,717	\$ 15,527
Contributions in relation to the contractually required contribution	<u>(37,717)</u>	<u>(15,527)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ 340,551	\$ 298,036
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

As of June 30, 2015, the Charter School has no proportionate share in the net pension liability (asset).

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

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

Last Ten Fiscal Years (1)

	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	0.0106735282%	0.0093267556%
Charter School's proportionate share of the net pension liability (asset)	\$ 6,746,126	\$ 4,984,847
Charter School's covered-employee payroll	\$ 1,135,015	\$ 1,132,432
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	594.36%	440.19%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

As of June 30, 2015, the Charter School has no proportionate share in the net pension liability (asset).

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

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

PART III

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016**

Public Employees Retirement System (PERS)

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

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

Teachers Pension and Annuity Fund (TPAF)

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

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

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

Year Ended June 30, 2016

	<u>Title I</u>	<u>Title III</u>	<u>IDEA</u>	<u>Corporate Grants</u>	<u>Total</u>
Revenues					
Local	\$ -	\$ -	\$ -	103,964	\$ 103,964
State	-	-	-	-	-
Federal	<u>190,976</u>	<u>2,039</u>	<u>47,274</u>	<u>-</u>	<u>240,289</u>
Total revenues	<u>190,976</u>	<u>2,039</u>	<u>47,274</u>	<u>103,964</u>	<u>344,253</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	75,344	-	18,500	67,999	161,843
Employee benefits	-	-	-	21,699	21,699
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	21,400	-	-	-	21,400
Other purchased services	10,083	-	-	-	10,083
Supplies and materials	3,260	2,039	3,927	-	9,226
Miscellaneous	-	-	-	-	-
Total instruction	<u>110,087</u>	<u>2,039</u>	<u>22,427</u>	<u>89,698</u>	<u>224,251</u>
Support services:					
Salaries of supervisors of instruction	48,000	-	-	2,700	50,700
Salaries of secretarial/clerical assistance	4,225	-	-	-	4,225
Employee benefits	14,300	-	4,810	-	19,110
Purchased professional educational services	755	-	20,037	-	20,792
Utilities	-	-	-	-	-
Rent	-	-	-	-	-
Insurance	-	-	-	-	-
Other purchased services	300	-	-	450	750
Supplies	750	-	-	6,696	7,446
Miscellaneous	-	-	-	4,420	4,420
Total support services	<u>68,330</u>	<u>-</u>	<u>24,847</u>	<u>14,266</u>	<u>107,443</u>
Capital Outlay	-	-	-	-	-
Instructional equipment	<u>12,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,559</u>
Total facilities acquisition and construction services	<u>12,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,559</u>
Total expenditures	<u>\$ 190,976</u>	<u>\$ 2,039</u>	<u>\$ 47,274</u>	<u>\$ 103,964</u>	<u>\$ 344,253</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

At June 30, 2016, there was no capital project fund.

ENTERPRISE FUNDS DETAIL STATEMENTS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter High School is that the costs of providing goods and services be financed through user charges. The Charter High School has the Food Service in its Enterprise Fund to account for the operation of food services.

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

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

June 30, 2016

	FOOD SERVICE
Assets	
Current assets:	
Cash	\$ 4,883
Accounts receivable:	
Federal	18,164
State	241
Other	-
	<u>18,405</u>
Total Assets	<u>\$ 23,288</u>
Liabilities	
Current liabilities :	
Accounts payable	6,438
Interfund payable	-
Net position	
Unrestricted	<u>16,850</u>
Total Liabilities and Net Position	<u>\$ 23,288</u>

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

ENTERPRISE FUND

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

Year Ended June 30, 2016

	FOOD SERVICE
	<hr/>
Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 3,394
Miscellaneous	-
	<hr/>
Total operating revenues	3,394
	<hr/>
Operating expenses:	
Cost of sales	89,469
Miscellaneous	37
	<hr/>
Total operating expenses	89,506
	<hr/>
Operating income (loss)	(86,112)
	<hr/>
Nonoperating revenues:	
State sources:	
State School Lunch Program	1,249
Federal sources:	
National School Lunch Program	88,416
National School Breakfast Program	-
	<hr/>
Total nonoperating revenues	89,665
	<hr/>
Net operating income before transfers	3,553
Transfers -	
Transfer in - General Fund	-
	<hr/>
Change in net position	3,553
Total net position at beginning of year	13,297
	<hr/>
Total net position at end of year	\$ 16,850
	<hr/> <hr/>

See independent auditors' report.

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

ENTERPRISE FUND

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	<u>FOOD SERVICE</u>
Cash flows from operating activities	
Operating income	\$ 3,553
Adjustment to reconcile operating loss to net cash from operating activities	
Depreciation	-
Changes in current assets and liabilities:	
Decrease in accounts receivable	3,640
Decrease in interfund payable	(13,027)
Increase in accounts payable	6,438
Net cash from operating activities	<u>604</u>
Cash flows from noncapital financing activities	
Transfer in from General Fund	-
Net cash from noncapital financing activities	<u>-</u>
Net decrease in cash	604
Cash at beginning of the year	<u>4,279</u>
Cash at end of the year	<u><u>\$ 4,883</u></u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

At June 30, 2016 there was no non-expandable trust fund utilized by the Charter High School.

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

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

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

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	<u>New Jersey Unemployment Benefits</u>	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>	<u>Total</u>
Assets				
Cash	\$ -	\$ 2,760	\$ 32,009	\$ 34,769
Interfund receivable	-	-	-	-
	<u>\$ -</u>	<u>\$ 2,760</u>	<u>\$ 32,009</u>	<u>\$ 34,769</u>
Liabilities and Net Assets				
Liabilities:				
Payroll and withholdings payable	\$ -	\$ -	\$ 31,060	\$ 31,060
Interfund payable	-	-	949	949
Accounts payable	-	2,760	-	2,760
Total liabilities	<u>-</u>	<u>2,760</u>	<u>32,009</u>	<u>34,769</u>
Net Assets				
Restricted				
Unemployment compensation	-	-	-	-
Total liabilities and net position	<u>\$ -</u>	<u>\$ 2,760</u>	<u>\$ 32,009</u>	<u>\$ 34,769</u>

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

FIDUCIARY FUNDS

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

Year Ended June 30, 2016

	<u>New Jersey Unemployment Benefits</u>
Revenues:	
General fund appropriation	\$ 58,311
Employees' contributions	<u>8,993</u>
Total revenues	<u>67,304</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>67,304</u>
Total expenditures	<u>67,304</u>
Excess (deficiency) of revenue over expenditures	-
Fund balance at beginning of the year	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>

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

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND REIMBURSEMENTS

Year Ended June 30, 2016

	<u>Balance at June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance at June 30, 2016</u>
Assets				
Cash	\$ 1,192	\$ 5,853	\$ 4,285	\$ 2,760
Interfund receivable	1,124	2,764	3,888	-
	<u>\$ 2,316</u>	<u>\$ 8,617</u>	<u>\$ 8,173</u>	<u>\$ 2,760</u>
Liabilities				
Accounts Payable	<u>\$ 2,316</u>	<u>\$ 1,969</u>	<u>\$ 4,285</u>	<u>\$ 2,760</u>

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

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND REIMBURSEMENTS

Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets				
Cash	\$ 12,583	\$ 2,089,516	\$ 2,070,090	\$ 32,009
Liabilities				
Interfund payable	\$ 11,257	\$ 1,906,137	\$ 1,916,445	\$ 949
Payroll deductions and withholdings	<u>1,326</u>	<u>183,379</u>	<u>153,645</u>	<u>31,060</u>
Total Liabilities	<u>\$ 12,583</u>	<u>\$ 2,089,516</u>	<u>\$ 2,070,090</u>	<u>\$ 32,009</u>

LONG-TERM DEBT

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

STATISTICAL SECTION (Unaudited)

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

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

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	76
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	N/A
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	79

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting charter-wide information include information beginning in that year.

EXHIBIT J-1

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

NET ASSETS BY COMPONENT

Fiscal Year Ending June 30, 2016

(Accrual basis of accounting)

	2016	2015	2014	2013	2012	2011
Governmental activities						
Invested in capital assets, net of related debt	\$ 167,853	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	-	-	-	-	-	-
Unrestricted	944,908	1,142,309	922,677	811,674	659,841	306,747
Total governmental activities net position	\$ 1,112,761	\$ 1,160,286	\$ 947,035	\$ 818,199	\$ 668,541	\$ 310,896
Business-type activities						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-
Unrestricted	16,850	13,297	-	3,571	3,571	368
Total business-type activities net position	\$ 16,850	\$ 13,297	\$ -	\$ 3,571	\$ 3,571	\$ 368
School-wide						
Invested in capital assets, net of related debt	\$ 167,853	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	-	-	-	-	-	-
Unrestricted	961,758	1,155,606	922,677	815,245	663,412	307,115
Total charter school net position	\$ 1,129,611	\$ 1,173,583	\$ 947,035	\$ 821,770	\$ 672,112	\$ 311,264

Notes

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

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

CHANGES IN NET ASSETS
Fiscal Year Ending June 30, 2016
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses						
Governmental activities						
Instruction						
Regular	\$ 2,514,717	\$ 2,097,071	\$ 1,664,155	\$ 1,272,456	\$ 1,171,797	\$ 723,353
Special education	-	-	-	-	-	-
Other special education	-	-	-	-	-	-
Vocational	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-
Support Services:						
Tuition	-	-	-	-	-	-
Student and instruction related services	861,966	900,172	632,716	543,658	544,827	240,771
General administration	780,950	624,364	642,568	959,449	576,667	352,034
School administrative services	-	-	-	-	-	-
Central services	-	-	-	-	-	-
Administrative information technology	-	-	-	-	-	-
Plant operations and maintenance	404,302	403,992	382,400	360,000	122,000	217,608
Pupil transportation	-	-	-	-	-	-
Other support services	-	-	-	-	-	-
Special schools	-	-	-	-	-	-
Charter schools	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Capital outlay	12,559	5,019	-	13,273	46,051	-
Unallocated depreciation	6,381	6,381	3,200	2,176	6,323	2,075
Total governmental activities expenses	<u>4,580,875</u>	<u>4,036,999</u>	<u>3,325,039</u>	<u>3,151,011</u>	<u>2,467,664</u>	<u>1,535,841</u>
Business-type activities:						
Food service	89,506	87,353	103,364	77,503	59,132	42,485
Total business-type activities expense	<u>89,506</u>	<u>87,353</u>	<u>103,364</u>	<u>77,503</u>	<u>59,132</u>	<u>42,485</u>
Total charter high school expenses	<u>\$ 4,670,381</u>	<u>\$ 4,124,352</u>	<u>\$ 3,428,403</u>	<u>\$ 3,228,514</u>	<u>\$ 2,526,796</u>	<u>\$ 1,578,326</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	947,204	694,947	316,870	286,375	248,329	178,754
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	<u>947,204</u>	<u>694,947</u>	<u>316,870</u>	<u>286,375</u>	<u>248,329</u>	<u>178,754</u>
Business-type activities:						
Charges for services						
Food service	3,394	3,843	6,049	4,956	1,991	-
Operating grants and contributions	89,665	96,807	87,717	68,178	42,070	27,853
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>93,059</u>	<u>100,650</u>	<u>93,766</u>	<u>73,134</u>	<u>44,061</u>	<u>27,853</u>
Total district program revenues	<u>\$ 1,040,263</u>	<u>\$ 795,597</u>	<u>\$ 410,636</u>	<u>\$ 359,509</u>	<u>\$ 292,390</u>	<u>\$ 206,607</u>
Net (Expense)/Revenue						
Governmental activities	\$ (3,633,671)	\$ (3,342,052)	\$ (3,008,169)	\$ (2,864,636)	\$ (2,219,335)	\$ (1,357,087)
Business-type activities	3,553	13,297	(9,598)	(4,369)	(15,071)	(14,632)
Total school-wide net expense	<u>\$ (3,630,118)</u>	<u>\$ (3,328,755)</u>	<u>\$ (3,017,767)</u>	<u>\$ (2,869,005)</u>	<u>\$ (2,234,406)</u>	<u>\$ (1,371,719)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 3,475,959	\$ 3,555,360	\$ 3,119,886	\$ 2,929,179	\$ 2,584,096	\$ 1,681,267
Taxes levied for debt service	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-
Tuition Received	-	-	-	-	-	-

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

CHANGES IN NET ASSETS
Fiscal Year Ending June 30, 2016
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Investment earnings	-	-	-	-	-	-
Miscellaneous	13,526	7,394	23,146	87,056	3,494	1,716
Transfers	-	-	(6,027)	(1,941)	(10,610)	(15,000)
Total governmental activities	<u>3,489,485</u>	<u>3,562,754</u>	<u>3,137,005</u>	<u>3,014,294</u>	<u>2,576,980</u>	<u>1,667,983</u>
Business-type activities:						
Investment earnings	-	-	-	-	-	-
Transfers and miscellaneous	-	-	6,027	4,369	18,274	15,000
Total business-type activities	-	-	<u>6,027</u>	<u>4,369</u>	<u>18,274</u>	<u>15,000</u>
Total district-wide activities	<u>\$ 3,489,485</u>	<u>\$ 3,562,754</u>	<u>\$ 3,143,032</u>	<u>\$ 3,018,663</u>	<u>\$ 2,595,254</u>	<u>\$ 1,682,983</u>
Change in Net Assets						
Governmental activities	\$ (144,186)	\$ 220,702	\$ 128,836	\$ 149,658	\$ 357,645	\$ 310,896
Business-type activities	<u>3,553</u>	<u>13,297</u>	<u>(3,571)</u>	-	<u>3,203</u>	<u>368</u>
Total district activities	<u>\$ (140,633)</u>	<u>\$ 233,999</u>	<u>\$ 125,265</u>	<u>\$ 149,658</u>	<u>\$ 360,848</u>	<u>\$ 311,264</u>

Notes

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

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

FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year Ending June 30, 2016

(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund						
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>944,908</u>	<u>1,142,309</u>	<u>922,677</u>	<u>811,674</u>	<u>659,841</u>	<u>306,747</u>
Total general fund	<u>\$ 944,908</u>	<u>#####</u>	<u>\$ 922,677</u>	<u>\$ 811,674</u>	<u>\$ 659,841</u>	<u>\$ 306,747</u>
All Other Governmental Funds						
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned reported in:						
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

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

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

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year Ending June 30,

(Unaudited)

Function	2016	2015	2014	2013	2012	2011
Revenues						
Local Sources:						
Local	\$ 737,023	\$ 737,669	\$ 559,659	\$ 527,551	\$ 447,313	\$ 318,514
Miscellaneous	13,526	7,394	23,146	87,056	15,008	71,916
State sources	3,114,094	3,152,992	2,749,858	2,496,655	2,185,155	1,362,753
Federal sources	240,289	149,119	127,239	191,348	188,443	108,554
Total Revenues	<u>4,104,932</u>	<u>4,047,174</u>	<u>3,459,902</u>	<u>3,302,610</u>	<u>2,835,919</u>	<u>1,861,737</u>
Current expense:						
Instruction						
Salaries	1,319,111	1,356,609	1,097,083	1,038,798	766,286	462,601
Professional/Technical service	257,494	79,809	32,963	56,112	28,354	63,385
Other purchased services	37,491	-	2,920	23,291	15,949	2,974
General educational supplies	56,955	78,745	74,109	104,111	158,488	36,821
Instructional text and books	26,669	4,405	22,605	13,311	34,819	36,568
Other instructional expenses	50,353	17,303	13,471	3,871	13,371	14,623
Miscellaneous	-	7,341	2,287	-	-	-
Administrative cost:						
Salaries	300,442	293,229	281,982	418,348	289,564	184,729
Total benefit costs	400,868	380,073	445,289	342,729	226,561	165,535
Professional/Technical service	49,010	46,371	122,490	88,629	91,105	97,731
Other purchased services	139,179	-	-	-	(54)	5,868
Communications and telephones	60,865	51,665	45,851	39,097	27,451	7,889
Supplies and materials	23,004	40,406	24,060	24,488	16,927	7,159
Judgments against charter school	-	-	-	-	85,000	-
Interest on current loans	-	-	-	-	-	1,665
Miscellaneous	33,837	72,831	69,452	22,040	8,280	4,512
Support services:						
Salaries	344,183	397,489	241,935	239,411	307,495	148,662
Purchased Professional/Technical service	97,233	82,691	21,935	40,532	17,864	18,887
Purchased Property services	-	27,691	22,129	37,252	93,502	-
Other purchased services	750	8,964	38,717	33,046	7,409	9,122
Rent on land and buildings	404,302	403,992	382,400	360,000	122,000	217,608
Custodial services	82,374	76,130	72,405	-	-	-
Insurance-fidelity, liability, property	47,512	59,808	50,226	46,971	27,585	9,050
Transportation (Field trips)	11,392	6,345	8,194	5,109	11,126	5,726
Supplies and materials	18,322	19,940	28,636	8,088	14,144	14,407
Utilities	42,536	47,473	45,998	44,409	150	-
Miscellaneous	17,630	11,160	8,074	65,525	3,542	730
Capital outlay	168,816	5,019	-	13,273	56,925	6,224
TPAF - On behalf payments	175,597	149,313	106,711	-	-	-
TPAF - Social Security	95,597	89,858	80,950	80,395	48,372	17,514
Total Expenditures	<u>4,261,522</u>	<u>3,814,660</u>	<u>3,342,872</u>	<u>3,148,836</u>	<u>2,472,215</u>	<u>1,539,990</u>
Excess (Deficiency) of Revenues						
Over Expenditures	(156,590)	232,334	117,030	153,774	363,704	321,747
Other financing sources (uses):						
Long term debt	-	-	-	-	-	-
Operating transfers in (out)	-	-	(6,027)	(1,941)	(10,610)	(15,000)
Total other financing sources (uses)	-	-	(6,027)	(1,941)	(10,610)	(15,000)

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

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Year Ending June 30,
(Unaudited)

<u>Function</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net changes in fund balances	<u>\$ (156,590)</u>	<u>\$ 232,334</u>	<u>\$ 111,003</u>	<u>\$ 151,833</u>	<u>\$ 353,094</u>	<u>\$ 306,747</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Notes

The Exhibit J-4 should contain information for the

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

**FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Fiscal Year Ending June 30,**

Function/Program	2016	2015	2014	2013	2012	2011
Instruction:						
Regular	18.0	18.0	18.0	18.0	18.0	8.0
Special education	2.0	2.0	2.0	2.0	2.0	1.0
Other special education	-	-	-	-	-	-
Vocational	-	-	-	-	-	-
Other instruction	2.0	2.0	2.0	2.0	2.0	4.0
Nonpublic school programs	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-
Support Services:						
Student and instruction related services	-	-	-	-	-	2.2
General administration	5.0	5.0	5.0	5.0	5.0	2.0
School administrative services	-	-	-	-	-	-
Other administrative services	3.0	3.0	3.0	3.0	3.0	1.5
Central services	-	-	-	-	-	0
Administrative information technology	-	-	-	-	-	0.6
Plant operations and maintenance	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-
Other support services - security	2.0	2.0	2.0	2.0	2.0	1.5
Special schools	-	-	-	-	-	-
Food service	-	-	-	-	-	0.4
Child care	-	-	-	-	-	-
Total	32.0	32.0	32.0	32.0	32.0	21.2

Source: Charter School's personnel records

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

OPERATING STATISTICS

Fiscal Year Ending June 30,
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School					
2016	233.0	\$ 4,670,381	\$ 20,045	16%	20.00	12:1	231.2	227	14%	98.00%	
2015	227.0	4,124,352	18,169	13%	20.00	12:1	227.5	223	12%	98.00%	
2014	201.0	3,434,430	17,087	12%	20.00	12:1	203.1	199	10%	98.00%	
2013	179.0	3,213,066	17,950	10%	16.00	11.8:1	184.0	180	16%	98.00%	
2012	162.9	2,366,918	14,530	46%	14.00	11.6:1	158.5	155	75%	98.00%	
2011	111.8	1,532,101	13,704	N/A	11.20	11:1	90.6	89	N/A	98.00%	

Note: Enrollment based on annual October Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

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

**SCHOOL BUILDING INFORMATION
Fiscal year Ending June 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
35 Watchung Avenue, Plainfield, NJ 07062						
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000
Capacity (students)	260	260	260	180	180	180
Enrollment	233	240	240	179	163	163

Source: Charter High School's records

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

INSURANCE SCHEDULE

**June 30, 2016
(Unaudited)**

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

Source: Charter High School's records

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

**CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS**

**Multi-Year Information
(Unaudited)**

	2014 Audit	2015 Audit	2016 Audit	Source
Cash	750,357	913,787	755,649	Audit: Exhibit A-1
Current Assets	1,105,826	1,294,084	1,138,708	Audit: Exhibit A-1
Total Assets	1,130,184	1,312,061	1,306,561	Audit: Exhibit A-1
Current Liabilities	183,149	138,478	176,950	Audit: Exhibit A-1
Total Liabilities	183,149	528,831	1,201,703	Audit: Exhibit A-1
Net Assets	-	-	-	Audit: Exhibit A-1
Total Revenue	3,553,668	4,358,351	4,529,748	Audit: Exhibit A-2
Total Expenses	3,428,403	4,124,352	4,670,381	Audit: Exhibit A-2
Change in Net Assets	125,265	233,999	(140,633)	Audit: Exhibit A-2
Depreciation Expense	3,200	6,361	6,381	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	203	227	233	DOE Enrollment Reports
March 30th Budgeted Enrollment	240	240	240	Charter School Budget

RATIOS ANALYSIS						Source:	Target
Near Term Indicators		2014	2015	2016	3 YR CUM		
1a.	Current Ratio	6.04	9.35	6.44	7.27	Current Assets/Current Liabilities	> 1.1
1b.	Unrestricted Days Cash	79.89	80.87	59.06	73.27	Cash/(Total Expenses/365)	30-60
1c.	Enrollment Variance	85%	95%	97%	92%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.*	Default	No	No	No	No	Audit	not in default
Sustainability Indicators							
2a.	Total Margin	4%	5%	-3%	2%	Change in Net Assets/Total Revenue	positive
2b.	Debt to Asset	0.16	0.40	0.92	0.49	Total Liabilities/Total Assets	<.9
2c.**	Cash Flow	(140,729)	163,430	(158,138)	(135,437)	Net change in cash flow from prior years	3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

** 2013 =2013 Cash - 2012 Cash; 2012 =2012 Cash-2011 Cash; 2011 =2011 Cash-2010 Cash

SINGLE AUDIT SECTION



EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School (the Charter High School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter High School's basic financial statements, and have issued our report thereon dated November 10, 2016.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

Internal Control Over Financial Reporting - continued

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2016-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the Board of Trustees of the Barack Obama Green Charter High School in the County of Union, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated November 10, 2016.

Charter High School's Response to the Finding

The Charter High School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



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

November 10, 2016
Cream Ridge, New Jersey

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08

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

Report on Compliance for Each Major State Programs

We have audited the Barack Obama Green Charter High School's (the Charter High School) in the County of Union, State of New Jersey compliance with the types of compliance requirements described in the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter High School's major state programs for the fiscal year ended June 30, 2016. The Charter High School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter High School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular Letter 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 major state program occurred. An audit includes examining, on a test basis, evidence about the Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08

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

Opinions on Each Major State Program

In our opinion, the Barack Obama Green Charter High School Board of Trustees, in the County of Union, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular Letter 15-08, and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major state program is not modified with respect to these matters.

Report on Internal Control Over Compliance

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 15-08

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2016-001 that we consider to be significant deficiencies.

Charter High School's Response to the Finding

The Charter High School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



Leonora Galleros, CPA
Licensed Public School Accountant
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November 13, 2016
Cream Ridge, New Jersey

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

SCHEDULE OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Grant Period	Award Amount	Balance at June 30, 2015	Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016
U.S. Department of Education:											
Passed-through New Jersey State Department Education											
No Child Left Behind											
Title I Part A - Grants to Local Educational Agencies	84.010A	7/1/15 - 6/30/16	\$ 190,976	\$ -	\$ -	\$ 177,096	\$ (190,976)	\$ -	\$ (13,880)	\$ -	\$ -
Title I Part A - Grants to Local Educational Agencies	84.010A	7/1/14 - 6/30/15	106,111	(106,111)	-	106,111	-	-	-	-	-
Teacher and School Leader Incentive Grants	84.374	7/1/15 - 6/30/16	89,698	-	-	72,760	(89,698)	-	(16,938)	-	-
Title III, Part A, English Language Acquisition State Grants	84.365	7/1/15 - 6/30/16	1,500	-	-	-	(1,500)	-	(1,500)	-	-
Title III, Part A, English Language Acquisition State Grants	84.365	7/1/14 - 6/30/15	4,701	(4,701)	-	4,701	-	-	-	-	-
IDEA, Basic	84.027	7/1/15 - 6/30/16	47,274	-	-	47,274	(47,274)	-	-	-	-
IDEA, Basic	84.027	7/1/14 - 6/30/15	38,307	(9,983)	-	9,983	-	-	-	-	-
Total U.S. Department of Education				(120,795)	-	407,942	(329,448)	-	(32,318)	-	-
U.S. Department of Agriculture											
Passed-through New Jersey State Department of Agriculture											
National School Breakfast Program	10.553	07/1/15 - 6/30/16	22,574	-	-	17,473	(22,574)	-	(5,101)	-	-
National School Breakfast Program	10.553	07/1/14 - 6/30/15	32,640	(5,614)	-	5,614	-	-	-	-	-
National School Lunch Program	10.555	07/1/15 - 6/30/16	64,399	-	-	51,604	(64,399)	-	(12,794)	-	-
National School Lunch Program	10.555	07/1/14 - 6/30/15	62,928	(16,118)	-	16,118	-	-	-	-	-
HHFKA Lunch Program	10.892	07/1/15 - 6/30/16	1,404	-	-	1,135	(1,404)	-	(268)	-	-
Total U.S. Department of Agriculture				(21,732)	-	91,945	(88,376)	-	(18,163)	-	-
Total Expenditures of Federal Awards				\$ (142,527)	\$ -	\$ 499,887	\$ (417,824)	\$ -	\$ (50,481)	\$ -	\$ -

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

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

SCHEDULE OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Adjustments	Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016
New Jersey State Department of Education												
General Fund:												
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	2,672,501	\$ -	\$ -	\$ -	\$ 2,697,933	\$ (2,672,501)	\$ -	(53,251)	\$ -	\$ 27,819
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	2,713,407	59,116	-	-	1,970	-	(61,086)	-	-	-
Equalization Aid	13-495-034-5120-078	7/1/12 - 6/30/13	2,266,194	5,109	-	-	-	-	(6,685)	(1,576)	-	-
Special Education Categorical Aid	16-495-034-5120-089	7/1/15 - 6/30/16	78,553	-	-	-	88,161	(78,553)	-	-	-	9,608
Special Education Categorical Aid	15-495-034-5120-089	7/1/14 - 6/30/15	109,557	5,202	-	-	-	-	(5,202)	-	-	-
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	91,846	-	-	-	92,390	(91,846)	-	(494)	-	1,038
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	90,857	777	-	-	-	-	(777)	-	-	-
Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	75,788	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	16-495-034-5095-006	7/1/15 - 6/30/16	95,597	-	-	-	77,606	(95,597)	-	(17,991)	-	-
On-behalf payments -TPAF Post-retirement benefits	16-495-034-5095-001	7/1/15 - 6/30/16	106,711	-	-	-	175,597	(175,597)	-	-	-	-
				<u>70,204</u>	<u>-</u>	<u>-</u>	<u>3,133,657</u>	<u>(3,114,094)</u>	<u>(73,750)</u>	<u>(73,312)</u>	<u>-</u>	<u>38,465</u>
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	7/1/15 - 6/30/16	1,008	-	-	-	1,008	(1,249)	-	(241)	-	-
State School Lunch Program	15-100-010-3350-023	7/1/14 - 6/30/15	1,239	(313)	-	-	313	-	-	-	-	-
Total Enterprise Fund				<u>(313)</u>	<u>-</u>	<u>-</u>	<u>1,321</u>	<u>(1,249)</u>	<u>-</u>	<u>(241)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ 69,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,134,978</u>	<u>\$ (3,115,343)</u>	<u>\$ (73,750)</u>	<u>\$ (73,553)</u>	<u>\$ -</u>	<u>\$ 38,465</u>

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
(COUNTY OF UNION, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE****FISCAL YEAR ENDED JUNE 30, 2016****NOTE 1 GENERAL**

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of those recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with the amounts reported in the Board's basic financial statements. The basic financial statements present the special revenue fund on both GAAP and budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

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

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$3,114,094	\$3,114,094
Special Revenue Fund	329,448	-	329,448
Enterprise Fund	88,376	1,249	89,625
Total	<u>\$ 417,824</u>	<u>\$3,115,343</u>	<u>\$3,533,167</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 6 ON BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7 DE MINIMIS INDIRECT COST

The Charter High School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

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

Federal Awards (Not Applicable)

Dollar threshold used to determine Type A and B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes _____ No
Type of auditor's report on compliance for major programs:	<u>Not applicable</u>
Internal control over compliance:	
Material weakness(es) identified?	_____ Yes _____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes _____ No
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes _____ No

Identification of Major Programs:

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

State Financial Assistance

Dollar threshold used to determine Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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

Internal control over compliance:

Material weakness(es) identified? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? Yes No

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
16-495-034-5120-078	Equalization Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-089	Special Education Aid

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2016-001 Purchasing and Cash Disbursements

Criteria

N.J.A.C. 6A:23A 22.1 requires that charter schools' internal control policies promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with law and regulation as detailed at N.J.A.C. 6A:23A-22.1 through 22.15.

"When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$26,000 the contract may be awarded by a purchasing agent when so authorized by resolution of the board without public advertising for bids and bidding therefore, except that the board may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 18A:18A-37 describes the awarding of contracts below the bid threshold. Subsection (a) describes the requirements for awarding contracts below the bid threshold.

Condition

In our review of sixty cash disbursements and the related supporting documents, we noted the following:

- Payments to two vendors (Barnes & Nobles and Pearson Education) exceeded the approved purchase order amounts.
- 13 cash disbursements have vendor invoices dated earlier than the approved purchase orders. These instances are non-compliance with standing policies and purchasing procedures in place on checking availability of funds before the purchase
- Payments to two professional service vendors exceeded the contract amounts. However, there was no contract amendment or approved changed order on file to support the amounts paid.
- For a project management services contract for the Charter High School's facility project, there was no publicly advertised request for bids or qualifications. It should be noted that management were able to solicit two proposals. One vendor was invited to made a presentation to the board in its February 2016 meeting. However, there was no record in the minutes to acknowledge the other proposer or resolution passed to award the contract to the successful proposer, Northstar Advisors, LLC. Total payments to the selected vendor were \$16,334 through June 30, 2016. Subsequently, the facility project was discontinued by management and the Board. Total expenditures for all professional services and fees related to the facility project through June 30, 2016 was \$168,692.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2016-001 Purchasing and Cash Disbursements - continued

Cause

There was lack of familiarity with regards to Charter High School's policies and procedures related to various levels of approval for certain expenditures.

Effect

Non-compliance with Charter High School policies and procedures, and certain provisions of N.J.A.C. related to cash disbursements and purchasing procedures.

Recommendation

We recommend review of policies and procedures related to Charter High School cash disbursements and approval for travel expenditures.

View of Responsible Official and Planned Corrective Action

Management will review with all personnel Charter High School's policies and procedures on purchasing, contracts and cash disbursements.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Refer to Finding 2016-001.

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

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

FISCAL YEAR ENDED JUNE 30, 2016

NONE