

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2017

***BERGEN ARTS AND SCIENCE
CHARTER SCHOOL***

***Bergen Arts and Science Charter School
Board of Trustees
Elmwood Park, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by

***Bergen Arts and Science Charter School
Finance Department***

And

Barre & Company LLC, CPAs

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INTRODUCTORY SECTION

***BERGEN ARTS AND SCIENCE CHARTER SCHOOL
465 MOLA BOULEVARD
ELMWOOD PARK, NEW JERSEY 07407***

November 28, 2017

Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
Elmwood Park, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Bergen Arts and Science Charter School (the "Charter School") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

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

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

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

Bergen Arts and Science Charter School provides a full range of educational services appropriate to Grades K-10. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2016-2017 school year with an enrollment of 1,100 students. The following details the student enrollment of the Charter School.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,100	12.00%
2015-2016	968	7.54%
2014-2015	960	2.46%
2013-2014	874	24.97%

2. ECONOMIC CONDITION AND OUTLOOK: Bergen Arts and Science Charter School continues to experience a period of development and expansion that is expected to continue through the Twenty-First Century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Bergen will continue to prosper.

3. MAJOR INITIATIVES: The Bergen Arts and Science Charter School Mission is to provide the ideal environment for the intellectual and social development for its students by utilizing a combined effort of students, educators, families, and the community as a whole.

Mission and Educational Program in Practice

Bergen Arts and Science Charter School aims to provide the ideal environment for the intellectual and social development of its students, utilizing the combined effort of students, educators, families, and the community as a whole, by providing boundless academic and co-curricular opportunities for individual skills and talents to develop. From the inception of the school, students have been provided a multitude of opportunities extended to them that have guided them on a path to success. Our mission and vision considers the educational goals that the New Jersey Department of Education has established for **all** students. This is evidenced in the four areas identified below, which are in direct correlation to the "Building Blocks of Education" outlined by Governor Christie.

1. **Academic Achievement** - concentration is placed on providing a multidimensional curriculum, research-based "best practices" instructional strategies, and student/program assessments. Literacy objectives within the NJSLs **must be met** to better prepare students for PARCC assessments, college acceptance, and workforce readiness. Summary writing, analysis of rich and varied literature and non-fiction text, critical research skills, and opinions supported by text-based evidence are the cornerstone elements of the NJSLs. In mathematics, lessons are aligned to the CCSS and the content prioritized and supported with online programs for student instruction and assignments. Teachers and students have access to rich, NJSLs-aligned, engaging content, and embedded assessments with instant data.

2. **Digital Learning Environment** - concentration is placed on classroom organization, integration of technology, teacher development, and effective instructional programs. This allows the Charter School to provide the most relevant, research-based educational experience to our students. The design of the program currently embraces technological literacy and integration, and in the absence of these resources, curricula cannot be delivered as designed. The rigors of the Common Core State Standards and the next-generation digital assessments require us to adjust both the method and mode of instruction to prepare our students for college and careers. We fully expect student assessment data to evidence student growth as a result, in part, of digital instruction.

3. **Co-curricular Programs** - concentration is placed on academic and non-academic programs that are designed to meet the needs of the **whole child** (academically, socially and emotionally). Bergen Arts and Science Charter School has a vibrant arts education model, which includes multiple performances including full-length theatrical productions, concerts, cultural dances and festivals. The school is often the host location for a variety of educational presentations, educational guest speakers, science fairs and Olympiads, and math competitions. Additionally, the Charter School hosts a summer learning institute, whereby all instructional staff come together in the form of a professional learning community in order to explore best practices in education.

4. **Community Involvement** - concentration is placed on parent programs, community outreach, and fostering school, family and community collaboration/involvement. The students of Bergen ASCS are afforded the benefits of partnerships currently established with local universities, businesses, and community leaders. Bergen ASCS recognizes a school as an anchor in a community and believes the school is the anchor that the community needs. All children deserve the opportunity to be educated in a rich, nurturing environment that promotes inquiry-based learning and innovation in an equitable, culturally-sensitive environment.

CURRICULUM ALIGNMENT TO STANDARDS

In order to ensure that Bergen Arts and Science Charter School's curricula is aligned to state standards Bergen Arts and Science Charter School developed a high quality curriculum that is based on state standards. The curricula framework is well thought out and embodies the state standards and goals for which teachers and students are held accountable.

The standards-based curriculum governs the way that instructional programs are run and the way that teachers teach. The curricula framework considers the need for proper implementation of the state standards and therefore provides adequate time for implementation, monitoring, and evaluation of the standards.

At Bergen Arts and Science Charter School, the curricula is considered a living document which allows for ongoing critiquing and opportunities for reflection and revision so that the curriculum is updated and improved on a regular basis.

Specifically, NJ Student Learning Standards for English Language Arts (ELA) and Literacy in History/Social Studies in grades kindergarten – 10th were adopted in August 2012. Most recently, kindergarten through 8th grade ELA and Literacy in History/Social Studies was revised during the summer of 2016.

NJ Student Learning Standards for Mathematics was adopted in August, 2012 and most recently revised during the summer of 2016.

Science curricula for grades kindergarten to 12 were revised most recently during the summer of 2016.

Visual and Performing Arts was revised in June, 2009, Comprehensive Health and Physical Education was revised in June, 2011, Technology was adopted in 2007, 21st Century Life and Careers was revised in September, 2012, and World Languages was revised in June, 2009.

SCHOOL ENGAGEMENT OF FAMILIES / GUARDIANS

Bergen ASCS believes that family involvement is an integral component of our school culture. Our objective is to continue fostering close and positive relationships and constant communication between school, family, and community. Our Parent-Teacher Organization (PTO) is a committee that maintains a strong presence at the school, and they are a vital component of enriching the experience of students. They make the purchase of sports equipment, musical instruments, yearbooks and classroom materials a reality for our charter school. Additionally, the PTO raises funds to defray the cost of field trips for the students.

In the 2016-2017 Academic Year, Bergen ASCS campuses reached out to both families and the community-at-large with myriad programs and activities to enhance the experience of the students and school community as a whole. Parents are not only invited to attend, but asked to contribute to the planning and implementation programs and offerings. Bergen ASCS cultivates and maintains steady school/family interaction through an array of activities. A selection of programs and events is provided below:

SCHOOL ENGAGEMENT OF FAMILIES / GUARDIANS (CONTINUED)

- ORIENTATION FOR STUDENTS AND PARENTS
- BACK-TO-SCHOOL NIGHT
- HISPANIC HERITAGE CELEBRATION
- WEEKLY PARENT/TEACHER/ADMINISTRATOR BREAKFAST
- GRANDPARENT'S NIGHT
- ANNUAL PARENT PICNIC
- DIWALI CELEBRATION
- BASCS HALLOWEEN COSTUME PARADE/CONTEST
- PARENT/TEACHER CONFERENCES
- VETERAN'S DAY REMEMBRANCE
- BASCS QUARTERLY AWARDS CEREMONIES
- HOLIDAY DINNER/COMMUNITY FOOD DRIVE
- SPRING AND WINTER CONCERTS/THEATRE PROGRAM/ART FAIR
- ANNUAL MUFFINS WITH MOMS/DONUTS WITH DADS
- QUALITY IN EDUCATION SUMMIT
- SCHOOL CHOICE WEEK
- READ THE MOST COAST TO COAST
- SCIENCE FAIR
- GARDEN STATE INTERNATIONAL HERITAGE FESTIVAL
- SENIOR GALA DINNER
- APPLEBEE'S FAMILY NIGHT
- CHUCK E. CHEESE FAMILY NIGHT
- HOLIDAY TOY DRIVE
- BOWL-A-RAMA
- MOVIE NIGHT
- PASTA NIGHT/TRICKY TRAY
- FEAST OF GIVING
- MATH CONTEST
- SCIENCE OLYMPIAD
- MAKE THINGS HAPPEN FESTIVAL

PARTNERSHIP PROGRAMS

iLearn Schools have partnered with the organizations and institutions of higher learning listed below in order to improve teaching and learning across school campuses.

Rutgers University

iLearn Schools have partnered with Rutgers, The State University of New Jersey for the School System Improvement (SSI) Project. Funded through the U.S. Department of Education Teacher Incentive Fund (TIF) Grant Program, teachers and administrators participate in the school-wide development and implementation of the educator and principal evaluation systems, professional development, and coaching via master mentor teachers. The program is anticipated to span 3-5 years.

Grand Canyon University

Students of Grand Canyon University may participate in Student Teaching Internships, practicum, and observations at Bergen, Passaic, and Paterson Arts and Science Charter schools. A stipend per sixteen (16) week session of full-time student teaching for Special Education/General Education Credential candidates is paid by Grand Canyon University to cooperating teachers. Additionally, site supervisors located on the school campus are compensated for their participation in the program.

PARTNERSHIP PROGRAMS (CONTINUED)

Fairleigh Dickinson University

FDU's Middle College program gives college-bound juniors and seniors the opportunity to experience university-style learning before they graduate high school. Qualifying students are high school juniors and seniors in advanced and honors sections in subjects such as literature, science, art, mathematics and other courses. Founded in 1984, the Middle College program is now affiliated with more than 100 high schools throughout New Jersey, including iLearn Schools. The university's Faculty Advisory Committee reviews submitted curricula and high school staff members for inclusion in the program.

New Jersey's Science and Technology University

iLearn Schools and NJIT share the common goals of raising student interest, participation, and performance in science, mathematics, and technology so that all students can meet challenging national and state standards. The goals of the partnership are to work collaboratively to create and implement a coherent approach for improving teaching and learning in science, mathematics, and technology, to build capacity to sustain and continuously improve science, mathematics, and technology teaching and learning at scale, and to provide professional development for teachers of science, mathematics, and technology.

Jefferson Awards Foundation

Launched in 2006 by the Jefferson Awards Foundation and Deloitte, Students in Action develops high school students into community leaders. Currently active in 300 high schools in communities across the U.S., the no-cost high school leadership training and public service program encourages students to positively impact their schools, communities and world. At Bergen ASCS High, Students in Action trains students to choose their own service passion, create a service project, and engage the entire school community and the broader community to generate maximum impact.

College of Saint Elizabeth

The partnership between iLearn Schools and the College of Saint Elizabeth was established for the purpose of providing eligible iLearn Schools employees the opportunity to pursue undergraduate and graduate degrees, certificates, and professional continuing education courses through the College on campus, at agreed upon off-sites, and/or through blended on-line and fully online learning formats at a reduced tuition rate. Additionally, college faculty members spends 1-2 days per week supervising student teachers and working with other novice teachers in areas identified by iLearn Schools, and collaborating with school administration on projects deemed appropriate.

PARTNERSHIP PROGRAMS (CONTINUED)

COMMUNITY INVOLVEMENT	
Quality In Education Summit Panel Discussion	<p>The panel discussions serve as a platform to raise awareness of, and highlight, the positive role of charter schools in New Jersey and the need for further support and development. These forums will continue to address macro issues confronting public education in the 21st Century.</p> <p>Panelists were: 1)Heather Tedesco, New Jersey Regional Director for Jefferson Awards Students in Action 2)Assemblyman Benjie Wimberly, Legislative District #35 3) Allison Scott-Williams, NJPAC Arts Director.</p> <p>Approximately 200 parents and community members attended this event which took place at our Paterson Arts and Science Charter School.</p> <p>This year’s topic was ATHLETICS, ARTS, AND MUSIC: THREE ELEMENTS NECESSARY FOR A COMPLETE PUBLIC EDUCATION</p>
VIP Visitor Program	<p>Community leaders (VIP Guest) were invited to give inspirational speeches to students regarding leadership and core values. (VIP Invitations were extended to but not limited to: Mayors, Freeholders, Assemblymen and women, Prosecutors, Police chiefs, Senators, CEOs, NJ DOE Staff, NJ Charter School Assn. Staff</p> <p>VIP guests were scheduled monthly. Fifth through ninth grade students, family members attended VIP Ceremonies. In most cases, VIP guests made connections with students that would afford them (students) opportunities to visit establishments and facilities that would enhance their knowledge of government/judicial systems and servant leadership.</p>
Community Outreach Activities	Determined by grade and/or department Teachers planned outreach activities and/or projects for the classes
Garden State International Heritage Festival	<p>The Garden State International Heritage Festival is the blending of the multidisciplinary content areas to recognize and celebrate diversity in the classroom throughout the year. Students, families, elected officials and community members.</p> <p>The GSIHF has been a project of the NJASCS organization for the last 4 years. The festival enables students, participants and visitors to experience a wide range of activities: performances, art displays, to sampling from a wide array of food from other vendors.</p>

4. INTERNAL ACCOUNTING CONTROLS: Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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.

INTERNAL ACCOUNTING CONTROLS (CONTINUED)

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

7. RISK MANAGEMENT: The Charter School 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, and fidelity bonds.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company LLC, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet 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 Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2016-2017, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

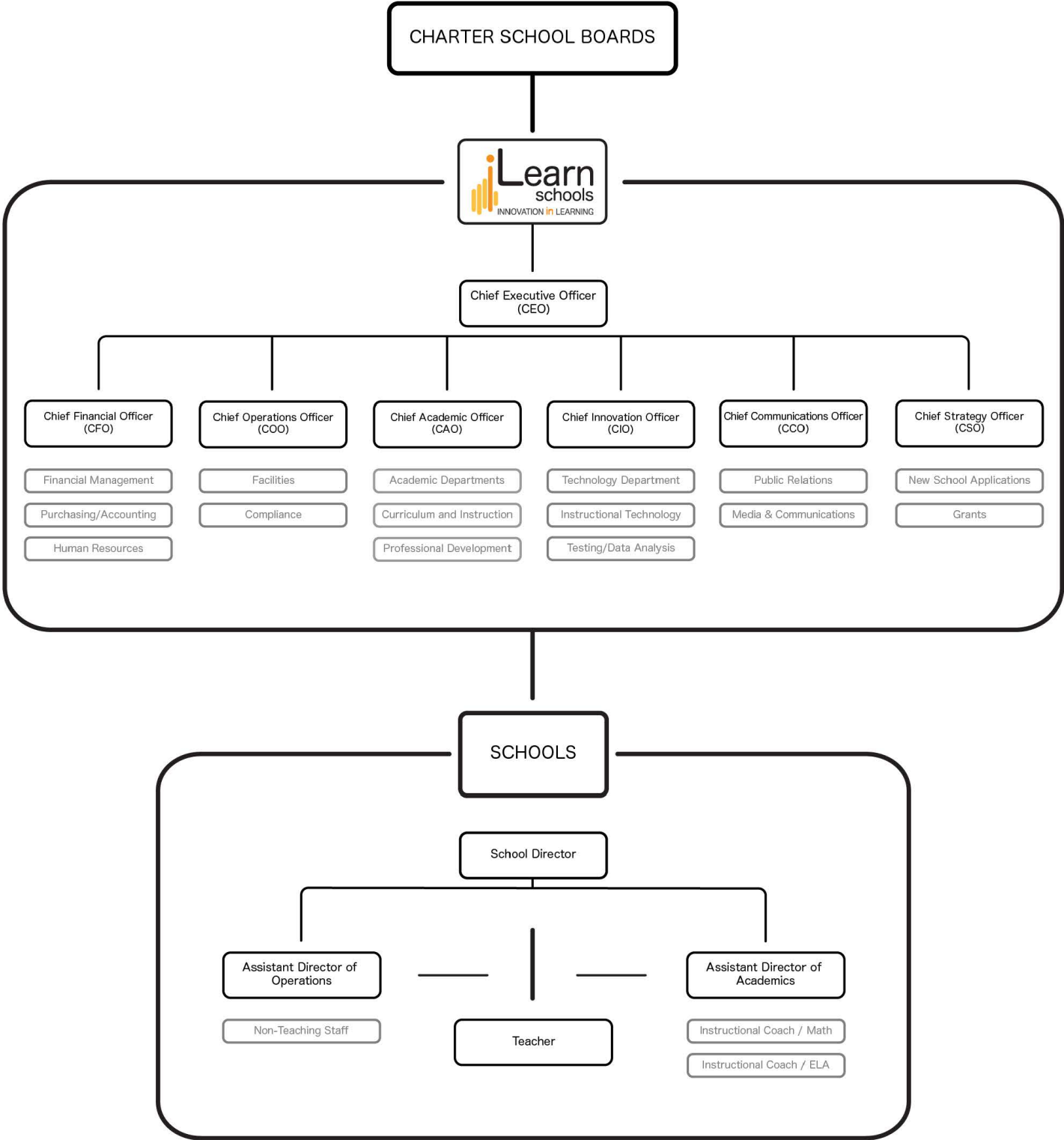
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bergen Arts and Science Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



Mustafa Coban
Business Administrator/Board Secretary

BERGEN ARTS AND SCIENCE CHARTER SCHOOL ORGANIZATIONAL CHART



**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Trustees

Position

Murat Teke

President

Jordania Gonzalez

Vice President

Alejandrina Banch-Almovodar

Trustee

Ozgur Dogru

Trustee

Lorian Henderson-Manning

Trustee

Beatriz Rodriguez

Trustee

Other Officials

Nihat Guvercin

Lead Person

Mustafa Coban

School Business
Administrator/Board
Secretary/Purchasing
Agent

Christopher Lessard

Treasurer

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

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Attorney

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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, 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 Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, as of June 30, 2017, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and District's Proportionate Share of the Net Pension Liability for TPAF and PERS and District's PERS Contributions and the related notes starting on pages 20, 80 and 87, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 28, 2017 on our consideration of the Bergen Arts and Science Charter School's internal control over financial reporting and our tests of its compliance with

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of Bergen Arts and Science Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ General revenues accounted for \$16,604,743 in revenue or 100% percent of all revenues. Program Specific revenues in the form of Charges for Services and Operating Grants and Contributions accounts for \$0 or of total revenue of \$16,604,743.
- ❖ The Charter School had \$16,554,729 in expenses; only \$0 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$16,604,743 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$15,717,359 in revenues and \$14,348,179 in expenditures. The General Fund's fund balance increased \$1,369,180 over 2016. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2017?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 41 of this report.

The Charter School as a Whole

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

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

The Charter School's combined net position (deficit) were -\$3,382,808 for 2017 and -\$3,481,336 for 2016.

Governmental Activities

The Charter School's total revenues were \$16,604,743 for 2017 and \$13,947,593 for 2016, this includes \$1,239,637 for 2017 and \$943,602 for 2016 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$16,554,729 for 2017 and \$15,237,767 for 2016. Instruction comprises 43% for 2017 and 50% for 2016 of Charter School expenses.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

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

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

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

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service, School Store, After Care and GSIHF programs) were comprised of charges for services and federal and state reimbursements.

- ❖ Proprietary Fund operating expenses exceeded operating revenues by - \$7,751 for 2017 and operating revenues exceeded operating expenses by \$24,678 for 2016.
- ❖ Charges for services represent \$88,077 for 2017 and \$162,391 for 2016. This represents amounts paid by patrons.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$347,714 for 2017 and \$314,977 for 2016.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,604,743 for 2017 and \$13,947,593 for 2016 and expenditures were \$16,554,729 for 2017 and \$15,237,767 for 2016. The net change in fund balance for fiscal years 2017 and 2016 was most significant in the general fund, an increase of \$50,014 in 2017 and a decrease of \$1,290,174 in 2016.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Local Sources	\$ 7,831,134	47.16%	\$ 861,567	12.36%
Intermediate Sources	392,445	2.36%	\$ 392,445	0.00%
State Sources	7,886,225	47.49%	1,506,371	23.61%
Federal Sources	494,939	2.98%	(103,233)	-17.26%
Total	\$ 16,604,743	99.99%	\$ 2,657,150	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2017.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Instruction	\$ 5,596,903	36.74%	\$ (461,575)	-7.62%
Administration	5,632,083	36.97%	464,165	8.98%
Support Services	3,945,758	25.90%	461,988	13.26%
Capital Outlay	60,819	0.40%	(67,257)	-52.51%
Total	\$ 15,235,563	100.01%	\$ 397,321	

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$162,929 invested in machinery and equipment at the end of the fiscal year 2017 and \$114,384 for 2016.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Nihat Guvercin, CEO at iLearn Schools, 465 Mola Boulevard, Elmwood Park, New Jersey 07407.

SECTION A – BASIC FINANCIAL STATEMENTS

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,478,165	\$ 8,732	\$ 1,486,897
Interfund Receivables	193,505		193,505
Receivables	604,027	25,304	629,331
Inventories		8,882	8,882
Prepaid Expenses	140,404		140,404
Capital Assets, Net	162,929	12,736	175,665
	<u>2,579,030</u>	<u>55,654</u>	<u>2,634,684</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	5,897,542		5,897,542
	<u>5,897,542</u>	<u>-</u>	<u>5,897,542</u>
LIABILITIES:			
Interfund Payable	\$ 167,864	\$ 9,265	\$ 177,129
Payable to District	140,926		140,926
Accounts Payable	69,901	30,532	100,433
Noncurrent Liabilities:			
Due Within One Year	21,512	-	21,512
Due Beyond One Year	52,185	-	52,185
Pensions	11,422,849		11,422,849
	<u>11,875,237</u>	<u>39,797</u>	<u>11,915,034</u>
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	162,470		162,470
Unassigned	(3,561,135)	15,857	(3,545,278)
	<u>\$ (3,398,665)</u>	<u>\$ 15,857</u>	<u>\$ (3,382,808)</u>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Statement of Activities
For The Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 5,627,182	\$ 1,420,890	\$ -	\$ -	\$ -	\$ (7,048,072)	\$ -	\$ (7,048,072)
Administration	4,854,341	266,575				(5,120,916)		(5,120,916)
Support Services	3,963,484	387,035				(4,350,519)		(4,350,519)
Capital Outlay	35,222					(35,222)		(35,222)
Total Governmental Activities	14,480,229	\$ 2,074,500	-	-	-	(16,554,729)	-	(16,554,729)
BUSINESS-TYPE ACTIVITIES:								
Food Service	443,542		88,077	347,714	-	-	(7,751)	(7,751)
Total Business-Type Activities	443,542		88,077	347,714	-	-	(7,751)	(7,751)
Total Primary Government	\$ 14,923,771		\$ 88,077	\$ 347,714	\$ -	\$ (16,554,729)	\$ (7,751)	\$ (16,562,480)
GENERAL REVENUES								
General Purposes						\$ 12,947,998	\$ -	\$ 12,947,998
Federal and State Aid Not Restricted						2,770,889		2,770,889
Tuition						97,422		97,422
Miscellaneous Income						788,434	56,264	844,698
Total General Revenues						16,604,743	56,264	16,661,007
Change in Net Position						50,014	48,513	98,527
Net Position - Beginning of Year						(3,448,679)	(32,656)	(3,481,335)
Net Position - Ending						\$ (3,398,665)	\$ 15,857	\$ (3,382,808)

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENT FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,403,165	\$ -	\$ 1,403,165
Cash - Restricted	75,000		75,000
Receivables:			
Interfund Receivables	193,505		193,505
Receivables From Other Governments	68,175	91,973	160,148
Other Receivables	62,411	107,096	169,507
Receivables From Districts	274,372		274,372
Prepaid Expenses	140,404		140,404
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,217,032	199,069	2,416,101
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,217,032	\$ 199,069	\$ 2,416,101
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 167,864	\$ 167,864
Payable to District	140,926		140,926
Accounts Payable	38,696	31,205	69,901
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	179,622	199,069	378,691
	<hr/>	<hr/>	<hr/>
Total Liabilities	179,622	199,069	378,691
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Unassigned:			
General Fund	2,037,410		2,037,410
	<hr/>	<hr/>	<hr/>
Total Fund Balances	2,037,410	-	2,037,410
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 2,217,032	\$ 199,069	
	<hr/>	<hr/>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$386,131 and the accumulated depreciation is \$223,202.	162,929
Net pension liability of \$11,422,849 ,deferred inflows of resources of \$ less deferred outflows of resources of \$5,897,542 related to pensions are not reported in the governmental funds	<u>(5,525,307)</u>
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(73,697)</u>
Net Position of Governmental Activities	<u>\$ (3,398,665)</u>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 7,337,723	\$ -	\$ 7,337,723
Tuition	97,422		97,422
Miscellaneous	395,989		395,989
Total Local Sources	7,831,134		7,831,134
Intermediate Sources		392,445	392,445
State Sources	7,886,225		7,886,225
Federal Sources		494,939	494,939
Total Revenues	15,717,359	887,384	16,604,743
EXPENDITURES:			
Current:			
Instruction	5,186,147	410,756	5,596,903
Administration	5,632,083		5,632,083
Support Services	3,480,710	465,048	3,945,758
Capital Outlay	49,239	11,580	60,819
Total Expenditures	14,348,179	887,384	15,235,563
NET CHANGE IN FUND BALANCES	1,369,180		1,369,180
FUND BALANCES, JULY 1	668,230		668,230
FUND BALANCES, JUNE 30	\$ 2,037,410	\$ -	\$ 2,037,410

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental fund (from B-2)		\$ 1,369,180
Amounts reported for governmental activities in the statement of activities (A-2) which are different:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (50,749)	
Capital Outlay	<u>99,294</u>	48,545
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		(1,294,014)
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		<u>(73,697)</u>
Change in net position of governmental activities		<u><u>\$ 50,014</u></u>

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

PROPRIETARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund
Statement of Net Position
June 30, 2017

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>Food Service</u>	<u>Total</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 8,732	\$ 8,732
Intergovernmental Accounts Receivable:		
Federal	24,851	24,851
State	453	453
Inventories	8,882	8,882
Total Current Assets	<u>42,918</u>	<u>42,918</u>
Noncurrent Assets:		
Machinery and Equipment	78,649	78,649
Less Accumulated Depreciation	<u>(65,913)</u>	<u>(65,913)</u>
Total Noncurrent Assets	<u>12,736</u>	<u>12,736</u>
Total Assets	<u>\$ 55,654</u>	<u>\$ 55,654</u>
LIABILITIES AND NET POSITION:		
Liabilities:		
Current Liabilities:		
Interfund Accounts Payable	\$ 9,265	\$ 9,265
Accounts Payable	<u>30,532</u>	<u>30,532</u>
Total Current Liabilities	<u>39,797</u>	<u>39,797</u>
Net Position:		
Unassigned	<u>15,857</u>	<u>15,857</u>
Total Net Position	<u>15,857</u>	<u>15,857</u>
Total Liabilities and Net Position	<u>\$ 55,654</u>	<u>\$ 55,654</u>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund			
	Food Service	School Store	GSIHF	Total
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 69,359	\$ -	\$ -	\$ 69,359
Daily Sales - Non-Reimbursable Programs	18,718	-	-	18,718
Total Operating Revenues	88,077	-	-	88,077
OPERATING EXPENSES:				
Salaries	203,072			203,072
Management Fees	8,363			8,363
Supplies and Materials	20,899			20,899
Depreciation Expense	13,870			13,870
Cost of Sales - Reimbursable Programs	164,573			164,573
Cost of Sales - Non-Reimbursable Programs	8,571			8,571
Miscellaneous Expenses	24,194			24,194
Total Operating Expenses	443,542	-	-	443,542
OPERATING (LOSS)	(355,465)	-	-	(355,465)
NONOPERATING REVENUES:				
State Source:				
State School Breakfast/Lunch Program	5,201			5,201
Federal Source:				
National School Breakfast/Lunch/Snack Program	310,313			310,313
USDA Commodities	32,200			32,200
Total Nonoperating Revenues	347,714	-	-	347,714
CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES	(7,751)	-	-	(7,751)
OTHER FINANCING SOURCES:				
Transfers In		35,288	20,976	56,264
Total Other Financing Sources	-	35,288	20,976	56,264
CHANGE IN NET POSITION	(7,751)	35,288	20,976	48,513
TOTAL NET POSITION, JULY 1	23,608	(35,288)	(20,976)	(32,656)
TOTAL NET POSITION, JUNE 30	\$ 15,857	\$ -	\$ -	\$ 15,857

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund			
	Food Service	School Store	GSIHF	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 81,461	\$ -	\$ -	\$ 81,461
Cash Payments to Suppliers and Employees	(480,104)	(35,288)	(20,976)	(536,368)
Net Cash Used In Operating Activities	(398,643)	(35,288)	(20,976)	(454,907)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash Received From State And Federal Reimbursements	315,514			315,514
Food Distribution Program Commodities Transfers In	32,200			32,200.00
		35,288	20,976	35,288
Net Cash Provided By Noncapital Financing Activities	347,714	35,288	20,976	403,978
Net Increase In Cash And Cash Equivalents	(50,929)	-	-	(50,929)
Cash And Cash Equivalents, Beginning Of Year	59,660	-	-	59,660
Cash And Cash Equivalents, End Of Year	<u>\$ 8,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,731</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating (Loss) Used for Operating Activities	\$ (355,465)	\$ -	\$ -	\$ (355,465)
Depreciation	13,870			13,870
Change In Assets And Liabilities:				
Decrease In Receivables From Other Governments	(6,616)			(6,616)
(Increase) Decrease In Inventories	(8,882)			(8,882)
Increase (Decrease) In Interfund Payable	(72,082)	(35,288)	(20,976)	(128,346)
Increase (Decrease) In Accounts Payable	30,532			30,532
Net Cash Used In Operating Activities	<u>\$ (398,643)</u>	<u>\$ (35,288)</u>	<u>\$ (20,976)</u>	<u>\$ (454,907)</u>

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

FIDUCIARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

	<u>Agency Fund</u>
ASSETS:	
Cash and Cash Equivalents	\$ <u>22,166</u>
Total Assets	<u>\$ 22,166</u>
LIABILITIES:	
Interfund Accounts Payable	\$ 16,376
Due to Student Groups	<u>5,790</u>
Total Liabilities	<u>\$ 22,166</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Bergen Arts and Science Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (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 – an amendment of GASB Statement 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintained a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. Under GASB Statement No. 14, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School over which it exercises

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

operating control. The operations of the Bergen Arts and Science Charter School include two schools a Grade K-6 and a Grade 7-12 located in Garfield and Hackensack respectively. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements – Government-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, charter school taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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.

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 acquisition, construction and improvement programs.

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

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

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types - Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Charter School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Agency Funds (Payroll, Payroll Agency and Student Activity): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Budgets/Budgetary Control

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 887,384
Adjustments:	
Less Encumbrances at June 30, 2017	-
Plus Encumbrances at June 30, 2016	-
Total Revenues and Expenditures (GAAP Basis)	\$ 887,384

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity –

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

2. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

3. Inventories

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

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

5. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Net Position/Fund Balance

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Impact of Recently Issued Accounting Principles

During fiscal year 2017, the District adopted the following GASB statements as required:

- GASB No. 73, Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, Tax Abatement Disclosures. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, Blending Requirements for Certain Component Units- An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. The Financial Reporting Entity, as amended.
- GASB No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pension, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, Fiduciary Activities, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, Omnibus 2017, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other postemployment benefits (OPEB)).
- GASB No. 86, Certain Debt Extinguishment Issues, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, Leases, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

J. Pensions

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

NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits (Continued)

As of June 30, 2017, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Funds	Fiduciary Funds	Total
Operating Account	\$ 1,478,165	\$ -	\$ 8,732	\$ 22,166	\$ 1,509,063

The Charter School had no investments at June 30, 2017.

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$1,509,063 and the bank balance was \$1,815,897. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2017, none of the cash and cash equivalents for Bergen Arts and Science Charter School were exposed to custodial credit risk.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments (Continued)

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2017.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2017.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2017.

Receivables

Receivables at June 30, 2017, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 366,345	\$ 366,798
Federal Aid	-	24,851
Other	237,682	237,682
Gross Receivables	604,027	629,331
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 604,027</u>	<u>\$ 629,331</u>

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Receivables (Continued)

A. Interfund Receivables and Payables

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

The following interfund balances remained on the fund financial statements at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 193,505	\$ -
Special Revenue Fund		167,864
Proprietary Fund		9,265
Fiduciary Fund		16,376
Total	<u>\$ 193,505</u>	<u>\$ 193,505</u>

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 286,837	99,294	-	\$ 386,131
Totals at Historical Cost	286,837	99,294	-	386,131
Less Accumulated Depreciation For:				
Machinery and Equipment	172,453	50,749	-	223,202
Total Accumulated Depreciation	172,453	50,749	-	223,202
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	114,384	48,545	-	162,929
Government Activity Capital Assets, Net	<u>\$ 114,384</u>	<u>\$ 48,545</u>	<u>\$ -</u>	<u>\$ 162,929</u>

Depreciation expense of \$50,749 was charged to functions as follows:

Instructional	\$ 30,279
Administration	2,744
Support	17,726
Total	<u>\$ 50,749</u>

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Receivables (Continued)

Capital Assets (Continued)

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

**NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/
EXPENDITURES**

Rental Leases

The school leases classroom and office space at 200 MacArthur Avenue, Garfield, New Jersey. The lease is for sixty (60) months commencing June 1, 2010 and expiring on June 30, 2015. The school exercised its option on the building to extend the lease until June 30, 2020. Future minimum lease payments are as follows:

2018	\$	424,360
2019		437,091
2020		450,204
Total future minimum lease payments	\$	1,311,655

30 Madonna Pl, Garfield

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/
EXPENDITURES (CONTINUED)**

Rental Leases (Continued)

In addition, the school leases classroom and office space at 43 Maple Avenue, Hackensack, New Jersey under a lease agreement for two years commencing July 1, 2014 and ending June 30, 2016. The school exercised its option on the building to extend the lease until June 30, 2021. The option calls for an adjustment for the cumulative percentage of the Consumer Price Index. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2018	\$ 550,000
2019	550,000
2020	550,000
2021	550,000
Total future minimum lease payments	\$ 2,200,000

In addition, the school leases classroom and office space at 30 Madonna Place, Garfield, New Jersey. The lease is for thirty-six (36) months commencing July 1, 2013 and ending June 30, 2016. The school exercised its option on the building to extend the lease until June 30, 2020. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2018	\$ 323,040
2019	333,135
2020	343,230
Total future minimum lease payments	\$ 999,405

In addition, the school leases office space at 465 Boulevard, Elmwood Park, New Jersey under a lease agreement for one year with two one year options to renew. The monthly rent is \$5,386.52 for a total of \$64,638.25 plus common space triple net costs to be billed by the landlord.

Total lease payments for all locations made during the year ended June 30, 2017 was \$1,306,087.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/
EXPENDITURES (CONTINUED)**

Capital Lease Payable

The charter school is leasing a school bus totaling \$89,376 under a five year capital lease. The following is a schedule of minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2017.

Year Ended June 30,	Amount
2018	\$ 22,347
2019	19,014
2020	19,014
2021	19,014
Total future minimum lease payments	\$ 79,389
Less: Amount Representing Interest	(6,749)
Present Value of Net Minimum Lease Payments	\$ 72,640

NOTE IV: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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

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

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred Outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE IV: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2015 through June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. Charter School contributions to PERS amounted to \$351,470 for fiscal year 2016. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

At June 30, 2017, the Charter School reported a liability of \$ 11,422,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 which was rolled forward to June 30, 2016.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.038568382%, which was an increase of 0.00980360% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$247,300. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,366,204	\$ -
Difference Between Expected and Actual Experience	212,430	
Changes in Proportion	2,705,183	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	435,564	103,818
	\$ 5,719,381	\$ 103,818

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

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

Fiscal Year Ending June 30,	Total
2017	\$ 678,619
2018	678,619
2019	786,203
2020	660,526
2021	210,230
	\$ 3,014,197

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuations as of July 1, 2015. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary Increases:	
2012-2021	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combines Healthy male and Female Mortality Tables (set back 3 years for males and set forward 1 year for females).

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like 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 State statute, the long-term expected rate of return on plan investments (7.66% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
Core Bonds	1.50%	1.74%
Intermediate-Term Bonds	8.00%	1.79%
Mortgage	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 investments was applied to projected benefit payment through 2034 and the municipal bond rate was applied to projected benefit payments after the date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Charter School's 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:

	Fiscal Year Ended June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the Net Pension Liability	\$ 13,997,368	\$ 11,422,849	\$ 9,297,360

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,025,407	\$ 6,457,118	\$ 5,142,275

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific finance amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount. During the fiscal year ended 2017, the State of New Jersey contributed 48,622 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of 283,741

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

As of June 30, 2017, the State's proportionate share of the net pension liability associated with the Charter School was \$28,027,276. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, Charter School's proportion was 0.0356280%, which was a decrease of 0.0076743% from its proportion measured as of June 30, 2015.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	28,027,276
Total	<u>\$ 28,027,276</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$283,741 and the

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

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

Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 15,702,750,875	\$ -
Difference Between Expected and Actual Experience	277,221,464	-
Changes in Proportion and differences between employer contributions and proportionate share of contributions	1,434,728,663	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 17,414,701,002	\$ 134,532,594

The \$17,414,701,002 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$17,414,701,002 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$134,532,594 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method 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 weighting 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, 2016 are summarized in the following table:

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
U.S. Equity Markets	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds- Multi Strategy	5.00%	3.70%
Hedge Funds- Equity Hedge	3.75%	4.72%
Hedge Funds- Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after the date in determining the total pension liability.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE IV: PENSION PLANS (CONTINUED)

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's 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:

For the Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Charter School's proportionate share of the Net Pension Liability	\$ 33,625,084	\$ 28,027,276	\$ 23,690,590

For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 22,121,801	\$ 17,766,783	\$ 14,886,641

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE IV: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2017. There were no employee contributions to DCRP for the fiscal year ended June 30, 2017.

NOTE V: 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 prefunding 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

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 VI: RISK MANAGEMENT

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of charter schools established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member charter schools in order to keep local property taxes at a minimum. The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE VI: RISK MANAGEMENT (CONTINUED)

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ -	\$ -	\$ -
2015-2016	-	-	-	-
2014-2015	-	-	-	-

In January 2014, Bergen Arts and Science Charter School went from a reimbursement to a contributory method for SUI.

NOTE VII: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

General Fund balance at June 30, 2017, is \$2,037,410 and unassigned.

NOTE VIII: SUBSEQUENT EVENTS

The Bergen Arts and Science Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid - Local	\$ 7,968,471	\$ (630,748)	\$ 7,337,723	\$ 7,337,723	\$ -
Total Local Levy Budget	7,968,471	(630,748)	7,337,723	7,337,723	-
Categorical Aid:					
Equalization Aid - State	7,270,192	(1,659,917)	5,610,275	5,610,275	-
Special Education Aid	316,441	(168,076)	148,365	148,365	-
Adjustment Aid	-	528,956	528,956	528,956	-
Security Aid	212,725	(35,200)	177,525	177,525	-
Other State Aid		181,467	181,467	181,467	
Total Categorical Aid	7,799,358	(1,152,770)	6,646,588	6,646,588	-
Revenues From Other Sources:					
Miscellaneous Revenue	565,619	(68,672)	496,947	493,411	(3,536)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				347,017	347,017
On-behalf TPAF					
Pension Contributions-Normal Costs				483,639	483,639
Post Retirement Medical Contributions				402,981	402,981
Long-Term Disability Insurance Contributions				6,000	6,000
Total Revenues From Other Sources	565,619	(68,672)	496,947	1,733,048	343,481
Total Revenues	16,333,448	(1,852,190)	14,481,258	15,717,359	343,481
EXPENDITURES:					
Instruction:					
Salaries of Teachers	4,359,822	(15,070)	4,344,752	4,264,433	80,319
Other Salaries for Instruction	526,547	(65,215)	461,332	421,943	39,389
Purchased Prof/Tech Services	67,768	(22,740)	45,028	1,616	43,412
Other Purchased Services	167,594	(7,201)	160,393	115,655	44,738
General Supplies	422,300	(130,907)	291,393	248,238	43,155
Textbooks	87,000	-	87,000	85,799	1,201
Miscellaneous	97,500	(9,384)	88,116	48,463	39,653
Total Instruction	5,728,531	(250,517)	5,478,014	5,186,147	291,867
Administration:					
Salaries - General Administration	622,156	9,941	632,097	632,097	
Salaries of Secretarial/Clerical Assistants	252,893	(2,967)	249,926	247,121	2,805
Total Benefits Cost	2,028,052	(124,857)	1,903,195	1,792,071	111,124
Purchases Prof/Tech Services	1,172,143	424,350	1,596,493	1,588,821	7,672
Communications/Telephone	111,880	(1,565)	110,315	95,658	14,657
Travel	3,000	-	3,000	360	2,640
Supplies and Materials	9,500	-	9,500	9,242	258
Miscellaneous Expenses	28,000	560	28,560	27,076	1,484
Total Administration	4,227,624	305,462	4,533,086	4,392,446	140,640

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 1,400,727	\$ (109,121)	\$ 1,291,606	\$ 1,276,518	\$ 15,088
Purchased Prof/Ed Services	157,241	4,430	161,671	122,753	38,918
Purchased Prof/Tech Services	26,145	51,714	77,859	72,911	4,948
Maintenance Services	153,298	12,390	165,688	157,388	8,300
Rental of Land and Buildings	1,301,350	4,770	1,306,120	1,306,087	33
Other Purchased Services	31,500	(3,000)	28,500	28,500	
Transportation-Other Than To/From School	63,098	17,115	80,213	80,213	
Insurance for Property, Liability and Fidelity	89,864	1,714	91,578	91,578	
Supplies and Materials	154,360	(12,105)	142,255	133,885	8,370
Energy Costs (Heat and Electricity)	286,400	(56,504)	229,896	207,719	22,177
Travel	5,000	(1,825)	3,175	3,063	112
Miscellaneous Expenses	3,000	(2,905)	95	95	-
Total Support Services	3,671,983	(93,327)	3,578,656	3,480,710	97,946
Capital Outlay:					
Instructional Equipment	33,096	(22,966)	10,130	10,130	
Non-Instructional Equipment	50,500	30,123	80,623	39,109	41,514
Total Capital Outlay	83,596	7,157	90,753	49,239	41,514
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				347,017	(347,017)
On-Behalf TPAF(Non-Budgeted)					
Pension Contributions - Normal Costs				483,639	(483,639)
Post Retirement Medical Contributions				402,981	(402,981)
Long-Term Disability Insurance Contributions				6,000	(6,000)
Total Expenditures	13,711,734	(31,225)	13,680,509	14,348,179	224,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,621,714	(1,820,965)	800,749	1,369,180	568,431
FUND BALANCE, JULY 1	665,253		665,253	668,230	2,977
FUND BALANCE, JUNE 30	\$ 3,286,967	\$ (1,820,965)	\$ 1,466,002	\$ 2,037,410	\$ 571,408
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 3,286,967	\$ (1,820,965)	\$ 1,466,002	\$ 2,037,410	\$ 571,408
Total	\$ 3,286,967	\$ (1,820,965)	\$ 1,466,002	\$ 2,037,410	\$ 571,408

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ 375,099	\$ 17,346	\$ 392,445	\$ 392,445	-
Federal	494,948	\$ (9)	494,939	494,939	-
Total Revenues	870,047	17,337	887,384	887,384	-
EXPENDITURES:					
Instruction:					
Salaries	269,510	(151,256)	118,254	118,254	
Other Salaries for Instruction	133,404	6,676	140,080	140,080	
General Supplies	322	92,405	92,727	92,727	
Total Instruction	412,236	(1,480)	410,756	410,756	-
Support Services:					
Salaries	339,040	3,000	342,040	342,040	
Personal Services - Employee Benefits	117,024	(24,698)	92,326	92,326	
Purchased Prof/Ed Services		27,898	27,898	27,898	
Purchased Technical Services			-	-	
Other Purchased Services	1,747	1,037	2,784	2,784	
Total Support Services	457,811	7,237	465,048	465,048	
Facilities Acquisition and Construction Services:					
Instructional Equipment		11,580	11,580	11,580	
Total Facilities Acquisition and Construction Services	-	11,580	11,580	11,580	-
Total Expenditures	870,047	17,337	887,384	887,384	-
Total Outflows	870,047	17,337	887,384	887,384	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] 15,717,359	[C-2] \$ 887,384
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	_____	_____
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 15,717,359</u>	[B-2] <u>\$ 887,384</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 14,348,179	[C-2] \$ 887,384
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	_____	_____
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 14,348,179</u>	[B-2] <u>\$ 887,384</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Charter School's proportion of the net pension liability	0.019677110%	0.019677110%	0.028764784%	0.038568382%
Charter School's proportionate share of the net pension liability	\$ 3,760,687	\$ 3,928,573	\$ 6,457,118	\$ 11,422,849
Charter School's covered employees payroll	\$ 1,828,776	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	206%	157%	243%	624%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	45.37%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Contractually required contribution	\$ 148,263	\$ 172,980	\$ 247,300	\$ 351,470
Contributions in relation to the contractually required contribution	<u>(148,263)</u>	<u>(172,980)</u>	<u>(247,300)</u>	<u>(351,470)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 1,828,776	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174
Contributions as a percentage of covered employee payroll	8.11%	6.93%	9.31%	19.20%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.1725878%	0.2365294%	0.0279537%	0.03562803%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,722,451	\$ 12,641,726	\$ 17,667,940	\$ 28,027,276
CS / District's covered employees payroll	\$ 3,382,338	\$ 4,357,918	\$ 4,949,893	\$ 4,722,837
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	257.88%	290.09%	356.94%	593.44%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016 in accordance with Paragraph 44 of GASB Statement No. 67.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTAL INFORMATION

SECTION E – SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

E-1

	Local Projects Restricted	NCLB Title I	NCLB Title III	I.D.E.A. Part B (Basic)	IDEA Part B (Preschool)	NCLB Title II Part A	Grand Total
REVENUE SOURCES:							
Local	\$ 392,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,445
Federal		317,952	10,001	162,796	2,443	1,747	494,939
Total Revenues	392,445	317,952	10,001	162,796	2,443	1,747	887,384
EXPENDITURES:							
Instruction:							
Salaries		116,315	6,000	-	1,939		124,254
Other Salaries for Instruction			2,505	140,080			142,585
General Supplies		90,222					90,222
Total Instruction	-	206,537	8,505	140,080	1,939	-	357,061
Support Services:							
Salaries	342,040	-					342,040
Personal Services - Employee Benefits	50,405	30,242	459	10,716	504		92,326
Purchased Prof/Ed Services				12,000			12,000
Other Purchased Prof/Tech Services		69,593					69,593
Other Purchased Services			1,037			1,747	2,784
Total Support Services	392,445	99,835	1,496	22,716	504	1,747	518,743
Facilities Acquisition and Construction Services:							
Instructional Equipment		11,580	-				11,580
Total Facilities Acquisition and Construction Services	-	11,580	-	-	-	-	11,580
Total Expenditures	392,445	317,952	10,001	162,796	2,443	1,747	887,384
Total Outflows	392,445	317,952	10,001	162,796	2,443	1,747	887,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SECTION G – PROPRIETARY FUNDS

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

Food Services Fund – The fund provides for the operation of food services in all schools within the charter school.

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

SECTION H – FIDUCIARY FUNDS

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

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 As of June 30, 2017

	Agency			Total Agency Fund
	Payroll Agency	Net Payroll	Student Activities	
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 10,757	\$ 5,619	\$ 5,790	\$ 22,166
Total Current Assets	\$ 10,757	\$ 5,619	\$ 5,790	\$ 22,166
LIABILITIES				
Liabilities:				
Interfund Accounts Payable	\$ 10,757	\$ 5,619	\$ -	\$ 16,376
Due to Student Groups			5,790	5,790
Total Liabilities	\$ 10,757	\$ 5,619	\$ 5,790	\$ 22,166

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,800	\$ 34,206	\$ 34,216	\$ 5,790
Total Assets	<u>\$ 5,800</u>	<u>\$ 34,206</u>	<u>\$ 34,216</u>	<u>\$ 5,790</u>
LIABILITIES:				
Due to Student Activities	\$ 5,800	\$ 34,206	\$ 34,216	\$ 5,790
Total Liabilities	<u>\$ 5,800</u>	<u>\$ 34,206</u>	<u>\$ 34,216</u>	<u>\$ 5,790</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ -	\$ 3,568,754	\$ 3,557,997	\$ 10,757
Total Assets	\$ -	\$ 3,568,754	\$ 3,557,997	\$ 10,757
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 10,757	\$ -	\$ 10,757
Payroll Deductions and Withholdings		3,557,997	3,557,997	
Total Liabilities	\$ -	\$ 3,568,754	\$ 3,557,997	\$ 10,757

SECTION I – LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District, This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Schedule of Notes Payable
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
Bus Lease	9/30/17		12.95%	\$ -	\$ 89,376	\$ 15,679	\$ 73,697
				\$ -	\$ 89,376	\$ 15,679	\$ 73,697

**STATISTICAL SECTION
(UNAUDITED)**

Bergen Arts and Science Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2008; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Net Position by Component
 Last Ten Fiscal Years
(Accrual Basis of Accounting)
 (Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ (258)	\$ 31,298	\$ -	\$ -	\$ 12,790
Restricted			9,365	11,775	5,000	19,150		14,050		
Unassigned	(3,561,135)	(3,563,063)	(2,180,499)	1,861,968	1,131,352	1,420,426	1,788,123	1,331,582	284,564	134,180
Total Governmental Activities Net Assets/Position	\$ (3,398,665)	\$ (3,448,679)	\$ (2,158,505)	\$ 1,859,594	\$ 1,167,499	\$ 1,439,318	\$ 1,819,421	\$ 1,345,632	\$ 284,564	\$ 146,970
Business-Type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,283	\$ 17,568	\$ -	\$ -	\$ -
Unassigned	15,857	(32,657)	(7,979)	(46,090)	(24,048)	(552)	35,999	35,436	14,938	12,864
Total Business-Type Activities Net Assets/Position	\$ 15,857	\$ (32,657)	\$ (7,979)	\$ (46,090)	\$ (24,048)	\$ 25,731	\$ 53,567	\$ 35,436	\$ 14,938	\$ 12,864
Charter School-wide										
Net Investment in Capital Assets	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ 26,025	\$ 48,866	\$ -	\$ -	\$ 12,790
Restricted			9,365	11,775	5,000	19,150		14,050		
Unassigned	(3,545,278)	(3,595,720)	(2,188,478)	1,815,878	1,107,304	1,419,874	1,824,122	1,367,018	299,502	147,044
Total Charter School Net Position (Deficit)	\$ (3,382,808)	\$ (3,481,336)	\$ (2,166,484)	\$ 1,813,504	\$ 1,143,451	\$ 1,465,049	\$ 1,872,988	\$ 1,381,068	\$ 299,502	\$ 159,834

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instruction	\$ 7,048,072	\$ 7,544,009	\$ 6,835,398	\$ 5,933,266	\$ 4,847,490	\$ 3,882,318	\$ 3,147,792	\$ 2,394,912	\$ 1,999,352	\$ 1,938,670
Administration	5,120,916	3,549,675	2,551,038	1,847,791	984,005	1,499,148	599,434	488,981	747,778	522,219
Support Services	4,350,519	3,856,897	3,941,855	3,382,314	2,887,145	2,793,035	1,883,747	1,597,759	1,184,320	1,345,765
Capital Outlay	35,222	124,731	524,080	(41,870)	104,730	266,734	25,512	9,682	375,694	-
Unallocated Depreciation				45,295	17,795	12,374	6,955	3,477	-	1,421
Total Governmental Activities Expenses	16,554,729	15,075,312	13,852,371	11,166,796	8,841,165	8,453,609	5,663,440	4,494,811	4,307,144	3,808,075
Business-Type Activities:										
Food Service and Before & After School Care	443,542	502,046	477,207	465,329	345,168	402,246	217,722	180,222	117,786	73,785
Total Business-Type Activities Expenses	443,542	502,046	477,207	465,329	345,168	402,246	217,722	180,222	117,786	73,785
Total Charter School Expenses	\$ 16,998,271	\$ 15,577,358	\$ 14,329,578	\$ 11,632,125	\$ 9,186,333	\$ 8,855,855	\$ 5,881,162	\$ 4,675,033	\$ 4,424,930	\$ 3,881,860
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ -	\$ 158,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	88,435
Total Governmental Activities Expenses	-	158,403	-	-	-	-	-	-	-	88,435
Business-Type Activities:										
Charges for Services	88,077	162,391	191,619	161,318	112,859	235,971	115,461	90,045	45,204	37,477
Operating Grants and Contributions	347,714	314,977	323,699	281,969	182,531	138,438	120,392	110,675	74,656	49,172
Total Business-Type Activities Expenses	435,791	477,368	515,318	443,287	295,390	374,409	235,853	200,720	119,860	86,649
Total Charter School Program Revenues	\$ 435,791	\$ 635,771	\$ 515,318	\$ 443,287	\$ 295,390	\$ 374,409	\$ 235,853	\$ 200,720	\$ 119,860	\$ 175,084
Net (Expense)/Revenue										
Governmental Activities	\$ (16,554,729)	\$ (14,916,909)	\$ (13,852,371)	\$ (11,166,796)	\$ (8,841,165)	\$ (8,453,609)	\$ (5,663,440)	\$ (4,494,811)	\$ (4,307,144)	\$ (3,719,640)
Business-Type Activities	(7,751)	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131	20,498	2,074	12,864
Total Charter School-wide Net Expense	\$ (16,562,480)	\$ (14,941,587)	\$ (13,814,260)	\$ (11,188,838)	\$ (8,890,943)	\$ (8,481,446)	\$ (5,645,309)	\$ (4,474,313)	\$ (4,305,070)	\$ (3,706,776)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 12,947,998	\$ 6,841,873	\$ 6,926,533	\$ 6,077,192	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099	\$ 2,089,748	\$ 1,691,491
Federal and State Aid Not Restricted	2,770,889	6,978,026	6,734,704	5,752,334	4,330,691	3,906,868	3,067,986	2,844,396	2,362,608	2,162,947
Tuition	97,422	53,076	275					4,770		
Miscellaneous Income	788,434	74,618	3,868	29,366	52,938	434,493	12,431	4,614	5,172	12,172
Total Governmental Activities	16,604,743	13,947,593	13,665,380	11,858,892	8,569,346	8,073,507	6,137,229	5,555,879	4,457,528	3,866,610
Total Charter School-wide	\$ 16,661,007	\$ 13,947,593	\$ 13,665,380	\$ 11,858,892	\$ 8,569,346	\$ 8,073,507	\$ 6,137,229	\$ 5,555,879	\$ 4,457,528	\$ 3,866,610
Change in Net Position										
Governmental Activities	\$ 50,014	\$ (969,316)	\$ (186,991)	\$ 692,096	\$ (271,819)	\$ (380,102)	\$ 473,789	\$ 1,061,068	\$ 150,384	\$ 146,970
Business-Type Activities	48,513	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131	20,498	2,074	12,864
Total Charter School	\$ 98,527	\$ (993,994)	\$ (148,880)	\$ 670,054	\$ (321,597)	\$ (407,939)	\$ 491,920	\$ 1,081,566	\$ 152,458	\$ 159,834

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund	\$ -	\$ -	\$ 9,365	\$ 11,775	\$ 5,000	\$ 19,150	\$ -	\$ 14,050	\$ -	\$ -
Restricted										
Unassigned	2,037,410	668,230	1,549,514	1,721,466	1,131,352	1,371,226	1,795,078	1,300,284	284,564	134,180
Total General Fund	\$ 2,037,410	\$ 668,230	\$ 1,558,879	\$ 1,733,241	\$ 1,136,352	\$ 1,390,376	\$ 1,795,078	\$ 1,314,334	\$ 284,564	\$ 134,180

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local Sources:										
Local Tax Levy	\$ 7,337,723	\$ 6,841,873	\$ 6,926,533	\$ 6,077,192	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099	\$ 2,089,748	\$ 1,691,491
Tuition	97,422	53,076	275	-	8	(4,770)	118	4,770	-	-
Interest In Investments	-	-	-	-	-	(73)	73	-	-	-
Miscellaneous	395,989	74,618	3,868	29,358	52,938	439,336	12,313	4,541	5,172	12,172
Intermediate Sources	392,445									
State Sources	7,886,225	6,379,854	6,150,202	5,517,435	4,108,788	3,707,852	2,907,345	2,573,231	2,180,299	1,617,546
Federal Sources	494,939	598,172	430,593	234,899	221,903	199,016	160,641	271,165	182,309	633,836
Total Revenues	<u>16,604,743</u>	<u>13,947,593</u>	<u>13,511,471</u>	<u>11,858,892</u>	<u>8,569,346</u>	<u>8,073,507</u>	<u>6,137,229</u>	<u>5,555,879</u>	<u>4,457,528</u>	<u>3,955,045</u>
Expenditures:										
Instruction	5,596,903	6,058,478	5,584,889	4,917,407	4,057,114	3,561,434	2,600,255	2,075,364	1,686,340	1,689,048
Administration	5,632,083	5,167,918	3,953,521	3,147,156	2,024,207	2,095,941	1,379,780	930,051	1,117,449	806,166
Support Services	3,945,758	3,483,770	3,590,972	3,101,808	2,637,319	2,517,126	1,650,938	1,476,237	1,127,661	1,315,666
Capital Outlay	60,819	128,076	556,451	95,632	104,730	303,708	25,512	44,457	375,694	9,985
Total Expenditures	<u>15,235,563</u>	<u>14,838,242</u>	<u>13,685,833</u>	<u>11,262,003</u>	<u>8,823,370</u>	<u>8,478,209</u>	<u>5,656,485</u>	<u>4,526,109</u>	<u>4,307,144</u>	<u>3,820,865</u>
Net Change in Fund Balance	<u>\$ 1,369,180</u>	<u>\$ (890,649)</u>	<u>\$ (174,362)</u>	<u>\$ 596,889</u>	<u>\$ (254,024)</u>	<u>\$ (404,702)</u>	<u>\$ 480,744</u>	<u>\$ 1,029,770</u>	<u>\$ 150,384</u>	<u>\$ -</u>

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2017	\$ -	\$ 698	\$ 395,291	\$ 395,989
2016	4,990	45,310	24,318	74,618
2015	1,265		(4,121)	(2,856)
2014			26,714	26,714
2013			38,994	38,994
2012		273	434,220	434,493
2011			12,313	12,313
2010		295	4,246	4,541
2009			5,172	5,172
2008	10,500		1,672	12,172

Source: Charter School records

OPERATING INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Full-Time Equivalent Charter School Employees by Function
Last Ten Fiscal Years
(Unaudited)

<u>Function</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction	101	96	91	69	63	59	45	37	41	33
Administrative	13	20	32	30	14	8	6	5	5	5
Support Services	<u>36</u>	<u>16</u>	<u>54</u>	<u>52</u>	<u>39</u>	<u>24</u>	<u>16</u>	<u>20</u>	<u>6</u>	<u>-</u>
Total	<u>150</u>	<u>132</u>	<u>177</u>	<u>151</u>	<u>116</u>	<u>91</u>	<u>67</u>	<u>62</u>	<u>52</u>	<u>38</u>

Source: Charter School Personnel Records

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years
(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	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	1,100	\$ 15,174,744	\$ 13,429	-2.95%	101	11:1	1,100	1,100	12.00%	100.00%
2016	968	14,710,166	15,807	-15.07%	77	13:1	968	968	7.54%	100.00%
2015	960	11,166,371	13,837	-25.65%	91	11:1	895	895	2.46%	100.00%
2014	874	8,669,461	18,611	28.80%	69	12:1	873	825	24.97%	94.50%
2013	660	8,174,501	14,449	9.31%	63	10:1	655	650	9.16%	99.24%
2012	600	5,630,973	13,624	3.07%	59	10:1	595	595	16.30%	100.00%
2011	498	4,481,652	19,189	9.72%	38	13:1	498	482	14.46%	96.79%
2010	426	4,481,652	12,047	14.00%	37	11:1	426	402	12.68%	94.37%
2009	372	3,931,450	10,568	-15.70%	27	13:1	372	360	18.28%	96.77%
2008	304	3,810,880	12,536	0.00%	26	11:1	304	287	0.00%	94.41%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years
 (Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Charter School Building										
<u>Elementary School</u>										
30 Madonna Place, Clifton										
Square Feet	20,190	20,190	20,190	20,190						
Capacity (students)	400	320	320	320						
Enrollment	393	318	316	318						
<u>Middle School</u>										
200 MacArthur Avenue, Garfield										
Square Feet	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780
Capacity (students)	400	400	400	320	540	540	540	480	480	480
Enrollment	421	398	390	318	420	420	498	372	372	304
<u>High School</u>										
43 Maple Avenue, Hackensack										
Square Feet	38,000	38,000	38,000	38,000	38,000	38,000				
Capacity (students)		260	240	240	540	540				
Enrollment	286	252	236	238	240	180				

Number of Schools at June 30, 2017
 Elementary School = 1
 Middle School = 1
 High School = 1

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of additions.
 Enrollment is based on the annual final Charter School count.



New Jersey Schools Insurance Group
Schedule of Automobiles

Named Insured: Bergen Arts & Science Charter School
 Policy No.: 937AH-01
 Policy Period: 07/01/2016 to 07/01/2017

Veh #	Sys ID	Year	Make	Model	Vin	Effective Date	Expiration Date	Cost New	ACV/RCV	AL	APD
1		2011	Chevrolet	Express Van	188898	07/01/2016	07/01/2017	\$18,393	Actual Cash Value	YES	YES
2		2015	Ford	F250 Pickup Truck	B71840	07/01/2016	07/01/2017	\$26,290	Actual Cash Value	YES	YES

NOTICE:

This Schedule of Automobiles encompasses all vehicles that are covered during the 07/01/2016 to 07/01/2017 policy period. This is a scheduled vehicle policy, which means that every vehicle must be listed on this schedule in order for coverage to apply. If additional vehicles are purchased during the policy period you must notify your broker or NJSIG Member Services Representative immediately in order for coverage to apply. Also, each vehicle that is removed from service during the policy period must also be reported to your broker or NJSIG Member Services Representative immediately to ensure that the District promptly receives any return premium due.



New Jersey Schools Insurance Group
North Jersey Educational Insurance Fund
School Leaders Errors & Omissions Liability Policy Declarations

Policy Number: E937AH

Premium: \$30,951.85

Named Insured:
Bergen Arts & Science Charter School
465 Boulevard
Elmwood Park, NJ 07407

Agent:
Arthur J. Gallagher Risk Mgt. Serv., Inc.
707 State Road
P.O. Box 83
Princeton, NJ 08540

Policy Term: July 1, 2016 to July 1, 2017 12:01 AM Eastern Standard Time

Coverage A

Limit of Liability

\$16,000,000 each policy period

Deductible

\$10,000 each claim

Coverage B

Limit of Liability

\$100,000 each claim

Deductible

\$300,000 each policy period

\$10,000 each claim

This is a claims-made and reported policy. By acceptance of this policy, the Insured agrees that the statements in the Declarations and the application and any attachments hereto are the Insured's agreements and representations and that this policy embodies all agreements existing between the Insured and the Company or any of its agents relating to this insurance.

Retroactive Dates for Coverages A & B

It is agreed that notwithstanding any provision of the policy to the contrary, this policy does not apply, as respects Coverages A & B, to claims made against the Insured arising out of a single act, error, omission, misstatement or misleading statement which occurred prior to:

Retro Date for Coverage A July 1, 1986
Retro Date for Coverage B July 1, 1986

Policy Forms: NJSIG-E1 (7/15)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Executive Director.

NJSIG Executive Director

NJSIG-D-EO (7/15)

Page 1



New Jersey Schools Insurance Group
North Jersey Educational Insurance Fund
Package Policy Declarations

Policy Number: P937AH

Premium: \$44,238.83

Named Insured:
Bergen Arts & Science Charter School
465 Boulevard
Elmwood Park, NJ 07407

Agent:
Arthur J. Gallagher Risk Mgt. Serv., Inc.
707 State Road
P.O. Box 83
Princeton, NJ 08540

Policy Term: 07/01/2016 to 07/01/2017 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$450,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered
Loss of Business Income/Tuition	3,000,000.00
Limited Builders Risk	\$5,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence
All Flood Zones	\$75,000,000 per occurrence /NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence /NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence /NJSIG annual aggregate
Deductibles:	
Real & Personal	\$1,000 per occurrence
Extra Expense	\$1,000 per occurrence
Valuable Papers	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductibles:	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence



New Jersey Schools Insurance Group
North Jersey Educational Insurance Fund
Schedule of Properties

Named Insured: Bergen Arts & Science Charter School

Policy No.: 937AH-01

Policy Period: 07/01/2016 to 07/01/2017

EDP Value: \$500,000

Fine Arts Value: \$0

Business Income Value: \$3,000,000

Loss of Rents Value:

Extra Expense Value (\$50,000,000 -Pool OCC Limit):

Valuable Papers Value (\$10,000,000 -Pool OCC Limit):

Bldg #	Description	Address	Flood Zone	Territory	Protection Class	Square Feet	Effective Date	Building Value		Builders Risk Value		Total Insured Value
								Year Built	Expiration Date	Contents Value	Misc Prop Value	
1	School-Grade 4-8 (Leased)	200 Mac Arthur Avenue Garfield, NJ 07026		Inland Replacement Cost	Joisted Masonry	27502	07/01/2016 07/01/2017	\$0 \$450,000			\$450,000	
2	School-Grade 9-12 (Leased)	43 Maple Avenue Hackensack, NJ 07601		Inland Replacement Cost	Cinderblock	60000	07/01/2016 07/01/2017	\$0 \$300,000			\$300,000	
5	School-Grade K-3 (Leased)	30 Madonna Place Garfield, NJ 07026		Inland Replacement Cost	Joisted Masonry	20190	07/01/2016 07/01/2017	\$0 \$450,000			\$450,000	
Policy Totals								\$0 \$1,200,000		\$0 \$0	\$1,200,000	



New Jersey Schools Insurance Group
North Jersey Educational Insurance Fund

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W937AH

Premium: \$79,003.69

Named Insured:

Bergen Arts & Science Charter School
465 Boulevard
Elmwood Park, NJ 07407

Agent:

Arthur J. Gallagher Risk Mgt. Serv., Inc.
707 State Road
P.O. Box 83
Princeton, NJ 08540

Policy Term: 07/01/2016 to 07/01/2017 12:01 AM Eastern Standard Time

Estimated Professional & Clerical Payroll	\$5,400,000.00
Estimated Non-Professional Payroll	\$560,000.00
Experience Modifier	0.8761
NJSIG Discount	0.5390

The limits of our liability under Part One: Statutory

The limits of our liability under Part Two, Employers' Liability Agreement are:

Bodily Injury by Accident	\$2,000,000 each accident
Bodily Injury by Disease	\$2,000,000 each employee
Bodily Injury by Disease	\$2,000,000 aggregate limit

Policy Forms: NJSIG-W1 (7/03); NJSIG-W2 (7/03)

In witness whereof, the New Jersey Schools Insurance Group has caused this agreement to be signed by its Executive Director.

NJSIG Executive Director

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2015	2016	2017	Source
Cash	914,659	157,995	1,486,897	Audit: Exhibit A-1
Current Assets (includes CASH)	2,023,900	1,000,246	2,459,019	Audit: Exhibit A-1
Total Assets	2,483,616	3,136,204	2,634,684	Audit: Exhibit A-1
Current Liabilities	487,317	391,279	418,488	Audit: Exhibit A-1
Total Liabilities	721,527	4,189,460	11,841,337	Audit: Exhibit A-1
Net Assets	(2,166,484)	(3,481,336)	(3,382,808)	Audit: Exhibit A-1
Total Revenue	14,180,698	14,424,961	17,096,798	Audit: Exhibit A-2
Total Expenses	14,570,308	15,739,813	16,998,271	Audit: Exhibit A-2
Change in Net Assets	(389,610)	(1,314,852)	98,527	Audit: Exhibit A-2
Depreciation Expense	45,000	41,555	50,749	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	(73,697)	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	873.70	895.00	1,100.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	880	960	1,040	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			Source:	Target
	2015	2016	2017		
1a. Current Ratio	4.15	2.82	5.88	Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	22.91	3.66	31.93	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	99%	93%	106%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d * Default	N/A	N/A	#NAME?	Audit	not in default
Sustainability Indicators					
2a. Total Margin	-3%	-9%	1%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.29	1.34	4.49	Total Liabilities/Total Assets	<9
2c. ** Cash Flow	482,646	(756,664)	1,328,902	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	(2.03)	(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
 ** 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

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

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated November 28, 2017.

Internal Control over Financial Reporting

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

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

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


Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2017

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. UNIFORM GUIDANCE AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW
JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Bergen Arts and Science Charter School's (Charter School) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08-OMB *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017. The Charter School's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Bergen Arts and Science Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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


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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-activities, each major fund, and the aggregate remaining fund information of the Bergen Arts and Science Charter School, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08-OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


BARRE & COMPANY
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 28, 2017

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2017	
					From	To						Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
No Child Left Behind Cluster:													
Title I Part A	84.010A	S010A150030	NCLB - 6013 - 17	\$ 317,952	9/1/16	8/31/17	\$ -	\$ 282,656	\$ (317,952)	\$ -	\$ -	\$ (35,296)	\$ -
Title I Part A Carryover	84.010A		NCLB - 6013 - 16	391,449	9/1/15	8/31/16	(28,005)	28,005	(10,001)	(3,699)			
Title III	84.365A		NCLB - 6013 - 17	10,010	9/1/16	8/31/17		6,302	(1,747)	(119)			
Title II Part A	84.367A	S367A150029	NCLB - 6013 - 17	1,747	9/1/16	8/31/17	(28,005)	318,591	(329,700)	(39,114)			
Total No Child Left Behind Cluster													
Individuals with Disabilities Cluster:													
ID.E.A. Part B Basic	84.027	H027A150100	IDEA - 6013 - 17	162,796	9/1/16	8/31/17		111,023	(162,796)	(51,773)			
ID.E.A. Part B Basic Carryover	84.027		IDEA - 6013 - 16	200,415	9/1/15	8/31/16	(31,896)	31,896	(2,443)	(1,086)			
ID.E.A. Preschool	84.173	H173A150114	IDEA - 6013 - 17	2,443	9/1/16	8/31/17	(2,398)	1,357	(165,239)	(62,859)			
ID.E.A. Preschool Carryover	84.173		IDEA - 6013 - 16	2,398	9/1/15	8/31/16	(34,294)	146,674	(185,239)	(91,973)			
Total Individuals with Disabilities Cluster													
Total Special Revenue Fund				62,299			485,265	(494,939)					
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
School Breakfast Program	10.553	171N1304N1089	N/A	46,525	7/1/16	6/30/17		43,403	(46,525)	(3,122)			
School Breakfast Program	10.553	1616N1304N1089	N/A	52,313	7/1/15	6/30/16	(3,166)	3,166					
National School Lunch Program	10.555	1616N1304N1089	N/A	239,844	7/1/16	6/30/17	(13,946)	214,952	(234,884)	(20,532)			
National School Lunch Program	10.555	1616N1304N1089	N/A	239,844	7/1/15	6/30/16		13,946					
Child Care Food Program	10.558	171N1304N1089	N/A	28,905	7/1/16	6/30/17	(1,263)	27,705	(28,905)	(1,197)			
Child Care Food Program	10.558	1616N1304N1089	N/A	29,860	7/1/15	6/30/16	(18,375)	1,263	(310,314)	(24,851)			
Total Enterprise Fund				62,299			62,299	485,265	(494,939)				
Sub-Total Federal Financial Awards				\$ 62,299			\$ 62,299	\$ 485,265	\$ (494,939)	\$ -	\$ -	\$ (116,824)	\$ -

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Provisions of Prior Year's Balance	Balance at June 30, 2017		MEMO	
			From	To	Revised (Accounts Receivable)	Deferred Interfund Payable					Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid-Public Cluster														
Equalization Aid	17-495-034-5120-078	\$ 5,610,275	7/1/16	6/30/17	\$ -	\$ (125,512)	\$ -	\$ 5,476,829	\$ (5,610,275)	\$ -	\$ (133,446)	\$ -	\$ 133,446	\$ 5,610,275
Equalization Aid	16-495-034-5120-078	5,109,398	7/1/15	6/30/16			125,512							
Adjustment Aid	17-495-034-5120-083	528,956	7/1/16	6/30/17										148,365
Special Education Aid	17-495-034-5120-089	148,365	7/1/16	6/30/17				148,365	(148,365)					177,525
Security Aid	17-495-034-5120-084	177,525	7/1/16	6/30/17				177,525	(177,525)					528,956
Adjustment Aid	17-495-034-5120-085	528,956	7/1/16	6/30/17				528,956	(528,956)					6,465,121
Total State Aid-Public Cluster							6,467,817	6,467,817	(6,465,121)		(133,446)		662,402	181,467
Nonpublic Aid	17-100-034-5085-042	181,467	7/1/16	6/30/17				181,467	(181,467)					6,000
TPAF Long Term Disability Insurance Contributions	17-495-034-5094-004	6,000	7/1/16	6/30/17				6,000	(6,000)					402,981
TPAF Pension Contributions	17-495-034-5094-001	402,981	7/1/16	6/30/17				402,981	(402,981)					483,639
Pension Benefit Contributions Normal Costs	17-495-034-5094-002	483,639	7/1/16	6/30/17				483,639	(483,639)					347,017
Reimbursed TPAF - Social Security	17-495-034-5094-003	347,017	7/1/16	6/30/17				312,865	(347,017)		(34,152)		34,152	
Reimbursed TPAF - Social Security	16-495-034-5085-002	316,693	7/1/15	6/30/16		(33,771)		33,771						
Total State Aid-Public Cluster						(159,283)		7,877,910	(7,886,225)		(167,598)		696,554	7,886,225
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	17-100-010-3350-023	5,201	7/1/16	6/30/17		(313)		4,748	(5,201)		(453)		453	5,201
National School Lunch Program (State Share)	16-100-010-3350-023	4,673	7/1/15	6/30/16				313						
Total Enterprise Fund						(313)		5,061	(5,201)		(453)		453	5,201
Total All Funds						(159,596)		7,882,971	(7,891,426)		(168,051)		697,007	7,891,426
State Financial Assistance Not Required to Major Program Determination:														
General Funds:														
TPAF Long Term Disability Insurance Contributions	17-495-034-5094-004	6,000	7/1/16	6/30/17				6,000	6,000					6,000
TPAF Pension Contributions	17-495-034-5094-001	402,981	7/1/16	6/30/16				402,981	402,981					402,981
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	483,639	7/1/16	6/30/17				483,639	483,639					483,639
Total State Financial Assistance Subject to Single Audit						(159,596)		6,990,351	(6,998,806)		(168,051)		697,007	6,998,806

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 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

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,886,225	\$ 7,886,225
Special Revenue Fund	494,939	-	494,939
Food Service Fund	310,313	5,201	315,514
Total Awards & Financial Assistance	<u>\$ 805,252</u>	<u>\$ 7,891,426</u>	<u>\$ 8,696,678</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Bergen Arts and Science Charter School has no loan balances outstanding at June 30, 2017.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2017. 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, 2017.

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 317,943
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	1,747
Title III: <i>English Language Acquisition</i>	<u>10,001</u>
Total	<u>\$ 329,691</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>84.010</u>	<u>Title I Part A</u>
	CHILD NUTRITIONAL PROGRAM CLUSTER:
<u>10.555/10.553</u>	<u>National School Lunch/School Breakfast Programs</u>

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	_____ Yes	<u> X </u> No

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>17-495-034-5120-078</u>	<u>STATE AID – PUBLIC CLUSTER</u>
<u>17-495-034-5120-089</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-085</u>	<u>Security Aid</u>
<u>17-495-034-5120-085</u>	<u>Adjustment Aid</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

Section II –Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

NONE