

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2017

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

***Central Jersey College Prep Charter School
Board of Trustees
Somerset, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by

***Central Jersey College Prep Charter School
Finance Department***

And

Barre & Company LLC, CPAs

STATE BOARD OF EDUCATION

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President

ANDREW J. MULVIHILL.....Sussex
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**Kimberley Harrington, Commissioner of Education
Secretary, State Board of Education**

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INTRODUCTORY SECTION

***CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
101 METTLERS ROAD
SOMERSET, NEW JERSEY 08873
732-302-9991***

November 21, 2017

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of Central Jersey College Prep Charter School (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 (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 Single Audit Act Amendments of 1996, and 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single*

Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected five-member Board of Education (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 Chief Education Officer is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Financial Coordinator 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: Central Jersey College Prep 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 Charter School are included in this report. Central Jersey College Prep Charter School Board of Trustees constitutes the Charter School's reporting entity.

Central Jersey College Prep Charter School provides a full range of services appropriate to Grades Kindergarten thru 2 and Grades 6 thru 12. 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 475 students. The following details the student enrollment of the Charter School.

Average Daily Enrollment (ADE)

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change - ADE</u>
2016-2017	475	11.74%
2015-2016	420	26.34%
2014-2015	309	2.27%
2013-2014	302	-2.32%
2012-2013	309	0.00%

2. MISSION AND GOALS: The mission of the Central Jersey College Prep Charter School is to provide academic and social challenges and opportunities to students, instilling the skills and knowledge that they will need to succeed in their lives. The school aims to forge a powerful partnership out of the student-teacher-parent triad. This partnership will provide and empower our youth with the support necessary to reach their highest potential – intellectually, socially, emotionally and physically – building on their inherent promise to aid in their preparation for college and career. The school's overall academic goals are to prepare its students for the general challenges they will face in life after high school; to provide the specific skills and tools they will require to be successful in college and beyond; to turn them into lifelong learners and independent thinkers who appreciate diversity, teamwork and mutual respect; and to nurture in them a strong sense of personal integrity. Non-academic goals are as well as important part of the school's mission to prepare all students for the challenges that await them after high school and to nurture the character traits that are necessary to be successful in college and beyond. For the 2017-2018 school year, Central Jersey College Prep Charter school will be moving to new premises, located at 101 Mettlers Road, Somerset, New Jersey.

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

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

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

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.

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

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

5. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to Basic Financial Statement” Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

7. **OTHER INFORMATION:**

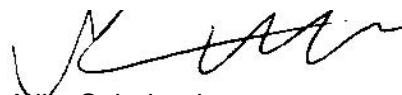
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996, and the 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

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

Respectfully submitted,

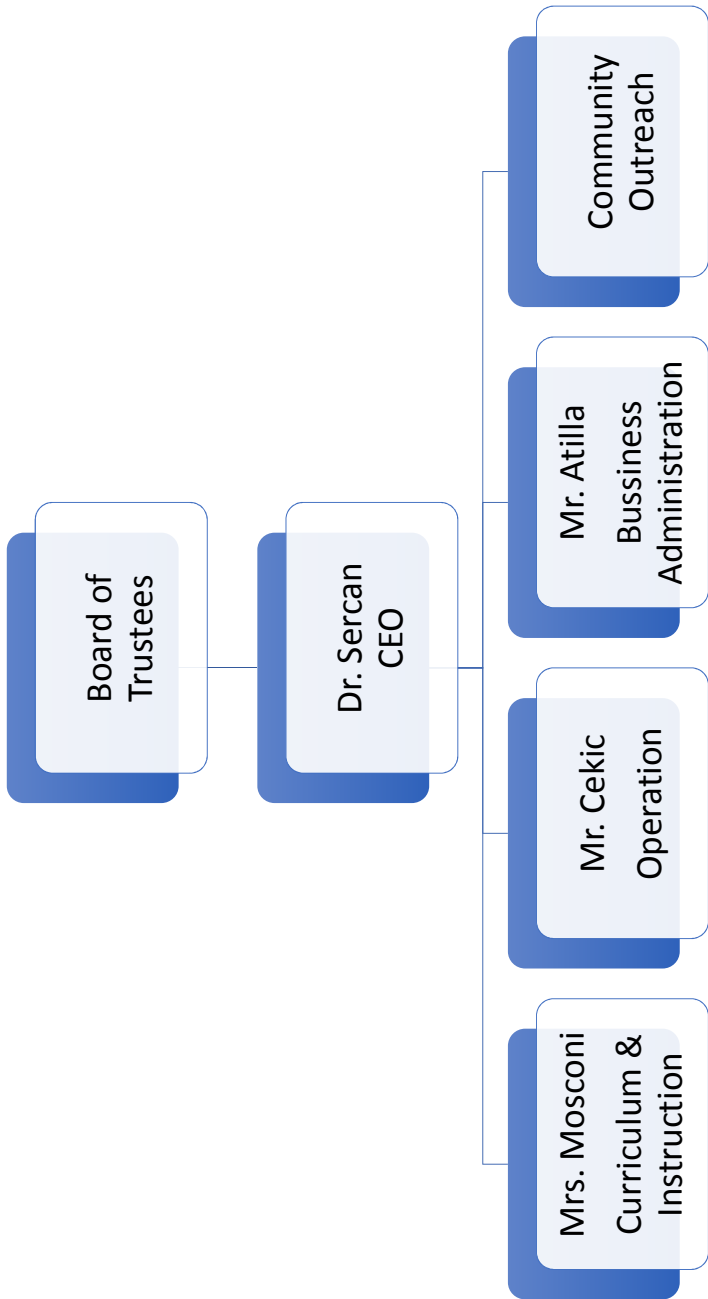


Dr. Namik Sercan
Chief Education Officer

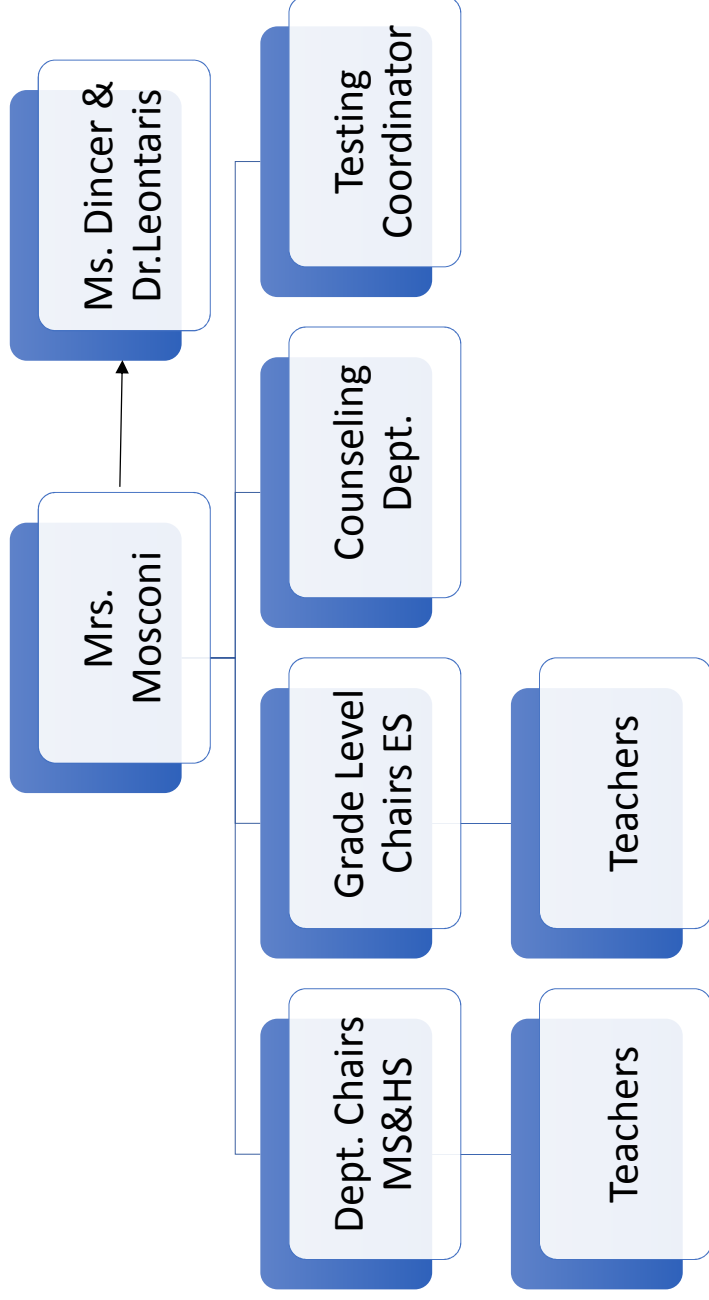


Atilla Sabahoglu
Business Administrator

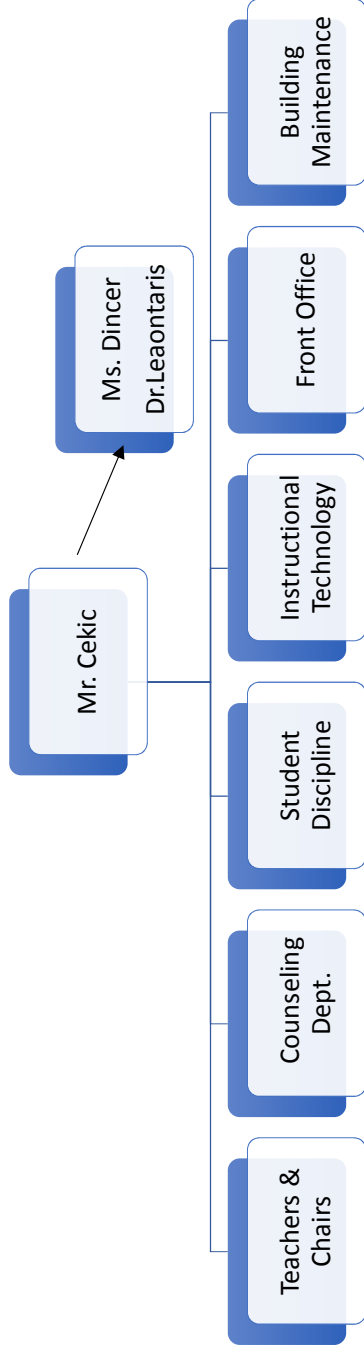
Organizational chart



Curriculum & Instruction



operations



**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

MEMBERS OF THE BOARD OF TRUSTEES

POSITION

Ferhan Tunagur, PhD.

President

Erdogan Dur

Trustee

Christopher Lessard

Treasurer

Sevil Eke

Trustee

Jackie Lewis

Trustee

OTHER OFFICIALS

Dr. Namik Sercan

Chief Education Officer

Atilla Sabahoglu

Business Administrator

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, NJ 07083

Attorneys

Brenda Liss
Riker Danzig
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981

Official Depository

Chase Bank
460 Elizabeth Avenue
Somerset, NJ 08873

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor’s Report

Honorable President
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, 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 Central Jersey College Prep Charter School (Charter School), in the County of Somerset, 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Jersey College Prep Charter School, in the County of Somerset, 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 and Budgetary Comparison Information starting on pages 14 and 70, 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 non-major fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain


additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 on our consideration of the Central Jersey College Prep 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

November 21, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

The discussion and analysis of Central Jersey College Prep 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 \$6,867,591 in revenue or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$354,892 or 5% of total revenues of \$7,222,483.
- ❖ The Charter School had \$6,961,086 in expenses; only \$354,892 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,867,591 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$6,758,353 in revenues and \$6,585,669 in expenditures. The General Fund's fund balance increased \$172,684 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 Central Jersey College Prep Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 Central Jersey College Prep Charter School, the General Fund is by far the most significant fund.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

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.

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 Activity — 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 and School Store enterprise funds are reported as business activities.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

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.

Proprietary Fund

The proprietary 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 36 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 Deficit was \$(207,235) for 2017 and its combined Net Position was (\$468,632) for 2016.

Governmental Activities

The Charter School's total revenues were \$6,997,659 for the year ended June 30, 2017 and \$6,278,483 for 2016. This includes \$540,357 for 2017 and \$436,548 for 2016 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$6,742,476 for 2017 and \$6,682,483 for 2016. Instruction comprises 57% for 2017 of Charter School expenses and 53% for 2016.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

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.

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 Activity

Revenues for the Charter School's business-type activity (food service program and school store) are comprised of charges for services and federal and state reimbursements.

FOOD SERVICE

- ❖ Revenues exceeded expenses by \$9,234 for 2017 while expenses exceeded revenues by \$18,347 for 2016.
- ❖ Charges for services represent \$105,684 for 2017 and \$91,748 for 2016 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$74,387 for 2017 and \$84,881 for 2016.

AFTER CARE

- ❖ Expenses exceeded revenues by \$3,020 for 2017, and by (\$104) for 2016.
- ❖ Charges for services represent \$39,181 for 2017 of revenue, and \$19,972 for 2016. This represents amounts paid by patrons for services rendered in the After Care program.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

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 \$6,997,659 for 2017 and \$6,278,483 for 2016; and expenditures were \$6,824,975 for 2017 and \$6,908,023 for 2016. The net change in fund balance for the year was most significant in the general fund, an increase of \$172,684 in 2017 after a decrease of \$151,794 in 2016.

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

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Local Sources	\$ 4,561,446	65.19%	\$ 809,178	21.57%
State Sources	2,196,908	31.39%	27,810	1.28%
Federal Sources	239,306	3.42%	(117,811)	-32.99%
Total	\$ 6,997,660	100.00%	\$ 719,177	

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2017, and the amounts and percentages of increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Instruction	\$ 2,938,763	44.13%	\$ 176,185	6.38%
Administration	1,867,999	28.05%	138,714	8.02%
Support Services	1,843,083	27.67%	44,473	2.47%
Capital Outlay	10,123	0.15%	(129,681)	-92.76%
Total	\$ 6,659,968	100.00%	\$ 229,691	

Changes in expenditures were the results of varying factors.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, 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 \$206,745 invested in site improvements at the end of the fiscal year 2017.

For the Future

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Namik Sercan, Chief Education Officer at Central Jersey College Prep Charter School, 101 Mettlers Road, Somerset, New Jersey 08873. Please visit our website at www.cjcollegeprep.org.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,002,378	\$ -	\$ 1,002,378
Interfund Receivables	107,436		107,436
Receivables	233,825	4,876	238,701
Prepaid Expenses	100,000		100,000
Capital Assets, Net	206,745	8,482	215,227
Total Assets	1,650,384	13,358	1,663,742
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	782,186		782,186
Total Deferred Outflows of Resources	782,186		782,186
LIABILITIES:			
Interfund Payable	92,556		92,556
Payable to District	16,919		16,919
Accounts Payable	31,369	1,469	32,838
Deferred Revenue	1		1
Net Pension Liability	2,234,823		2,234,823
Total Liabilities	2,375,668	1,469	2,377,137
DEFERRED INFLOWS OF RESOURCES:			
Pensions	276,026		276,026
Total Deferred Inflows of Resources	276,026		276,026
NET POSITION:			
Net Investment in Capital Assets	206,745		206,745
Unassigned (Deficit)	(425,869)	11,889	(413,980)
Total Net Position	\$ (219,124)	\$ 11,889	\$ (207,235)

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 2,938,763	\$ 875,971	\$ -	\$ 135,640	\$ -	\$ (3,679,094)	\$ -	\$ (3,679,094)
Administration	625,656	181,950				(807,606)		(807,606)
Support Services	1,843,083	248,135				(2,091,218)		(2,091,218)
Capital Outlay	10,123					(10,123)		(10,123)
Unallocated Depreciation	18,795					(18,795)		(18,795)
Total Governmental Activities	5,436,420	1,306,056	-	135,640	-	(6,606,836)	-	(6,606,836)
BUSINESS-TYPE ACTIVITIES:								
Food Service, School Store and After Care	218,610		144,865	74,387			642	642
Total Business-Type Activities	218,610		144,865	74,387	-	-	642	642
Total Primary Government	\$ 5,655,030		\$ 144,865	\$ 210,027	\$ -	\$ (6,606,836)	\$ 642	\$ (6,606,194)
GENERAL REVENUES								
General Purposes						4,561,287	-	4,561,287
Federal and State Aid Not Restricted						2,300,574		2,300,574
Miscellaneous Income						158		158
Transfers							5,572	5,572
Total General Revenues						6,862,019	5,572	6,867,591
Change in Net Position						255,183	6,214	261,397
Net Position - Beginning of Year						(474,307)	5,675	(468,632)
Net Position/(Deficit) - Ending						\$ (219,124)	\$ 11,889	\$ (207,235)

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 995,174	\$ 7,204	\$ 1,002,378
Interfund Receivables	107,436		107,436
Receivables from Other Governments	127,648	106,177	233,825
Security Deposit	100,000		100,000
Total Assets	<u>\$ 1,330,258</u>	<u>\$ 113,381</u>	<u>\$ 1,443,639</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 92,556	\$ 92,556
Payables to District	16,919		16,919
Accounts Payable	10,545	20,823	31,368
Deferred Revenues		1	1
Total Liabilities	<u>27,464</u>	<u>113,380</u>	<u>140,844</u>
Fund Balances:			
Assigned:			
Encumbrances			
Unassigned:			
General Fund	<u>1,302,794</u>		<u>1,302,794</u>
Total Fund Balances	<u>1,302,794</u>	<u>-</u>	<u>1,302,794</u>
Total Liabilities and Fund Balances	<u>\$ 1,330,258</u>	<u>\$ 113,380</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$375,900 and the accumulated depreciation is \$169,155.	206,745
Net pension liability of \$2,234,823, deferred inflows of resources of \$276,026 less deferred outflows of resources of \$782,186 related to pensions are not reported in the governmental funds	<u>(1,728,663)</u>
Net Position of Governmental Activities	<u>\$ (219,124)</u>

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 4,561,287	\$ -	\$ 4,561,287
Miscellaneous	158		158
Total Local Sources	4,561,445	-	4,561,445
State Sources	2,196,908		2,196,908
Federal Sources		239,306	239,306
Total Revenues	6,758,353	239,306	6,997,659
EXPENDITURES:			
Current:			
Instruction	2,799,501	139,262	2,938,763
Administration	2,033,006		2,033,006
Support Services	1,753,162	89,921	1,843,083
Capital Outlay		10,123	10,123
Total Expenditures	6,585,669	239,306	6,824,975
NET CHANGE IN FUND BALANCES	172,684	-	172,684
FUND BALANCES, JULY 1	1,130,110	-	1,130,110
FUND BALANCES, JUNE 30	\$ 1,302,794	\$ -	\$ 1,302,794

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

CENTRAL JERSEY COLLEGE PREP 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 funds (B-2)	\$	172,684
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<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 in the current fiscal year.</p>		
Depreciation Expense		(18,795)
<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>		
		<u>101,294</u>
Change in net position of governmental activities	\$	<u><u>255,183</u></u>

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

PROPRIETARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Proprietary Fund
 Statement of Fund Net Assets
 June 30, 2017

	Business-Type Activities Enterprise Funds		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Intergovernmental Accounts Receivable:			
Federal	\$ 4,765		\$ 4,765
State	111		111
Total Current Assets	<u>4,876</u>	<u>-</u>	<u>4,876</u>
Noncurrent Assets:			
Machinery and Equipment	13,575		13,575
Less Accumulated Depreciation	<u>(5,093)</u>		<u>(5,093)</u>
	<u>8,482</u>	<u>-</u>	<u>8,482</u>
Total Assets	<u>\$ 13,358</u>	<u>\$ -</u>	<u>\$ 13,358</u>
LIABILITIES AND NET POSITION:			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 1,469		\$ 1,469
Total Current Liabilities	<u>1,469</u>	<u>-</u>	<u>1,469</u>
Net Position:			
Unassigned	<u>11,889</u>	<u>-</u>	<u>11,889</u>
Total Net Position	<u>11,889</u>	<u>-</u>	<u>11,889</u>
Total Liabilities and Net Position	<u>\$ 13,358</u>	<u>\$ -</u>	<u>\$ 13,358</u>

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

CENTRAL JERSEY COLLEGE PREP 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	After Care	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	\$ 71,116	\$ 39,181	\$ 110,297
Daily Sales Non-reimbursable Program	34,568		34,568
Miscellaneous Revenue			-
Total Operating Revenues	<u>105,684</u>	<u>39,181</u>	<u>144,865</u>
OPERATING EXPENSES:			
Salaries	63,808	35,038	98,846
Management Fees	8,480		8,480
Supplies and Materials	12,575	7,163	19,738
Depreciation Expense	2,715		2,715
Cost of Sales Reimbursable Program	56,988		56,988
Cost of Sales Non-reimbursable Program	13,533		
Miscellaneous Expenses	18,310		18,310
Total Operating Expenses	<u>176,409</u>	<u>42,201</u>	<u>205,077</u>
OPERATING INCOME (LOSS)	<u>(70,725)</u>	<u>(3,020)</u>	<u>(60,212)</u>
NONOPERATING REVENUES:			
State Source:			
State School Breakfast Program			-
State School Lunch Program	1,739		1,739
Federal Source:			
National School Breakfast Program	14,125		14,125
National School Lunch Program	58,523		58,523
Transfers From General Fund	5,572		5,572
Total Nonoperating Revenues	<u>79,959</u>	<u>-</u>	<u>79,959</u>
CHANGE IN NET POSITION	9,234	(3,020)	19,747
TOTAL NET POSITION, JULY 1	<u>2,655</u>	<u>3,020</u>	<u>5,675</u>
TOTAL NET POSITION, JUNE 30	<u>\$ 11,889</u>	<u>\$ -</u>	<u>\$ 25,422</u>

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Fund		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	106,979	39,181	\$ 146,160
Cash Payments to Suppliers and Employees	<u>(186,939)</u>	<u>(42,201)</u>	<u>(229,140)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(79,960)</u>	<u>(3,020)</u>	<u>(82,980)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	74,387		74,387
Transfers In	<u>5,572</u>		<u>5,572</u>
Net Cash Provided By Noncapital Financing Activities	<u>79,959</u>	-	<u>79,959</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(1)	(3,020)	(3,021)
Net Transfers to other Enterprise Operations.		<u>3,020</u>	<u>3,020</u>
Cash And Cash Equivalents, End Of Year	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>
Reconciliation of Operating Loss to Net Cash Provided By (Used in)			
Operating Activities:			
Operating Income (Loss) Used in Operating Activities	\$ (70,727)	\$ (3,020)	\$ (73,747)
Depreciation	2,715		2,715
Change in Assets and Liabilities:			
Increase in Receivables From Other Governments	<u>1,296</u>		<u>1,296</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (79,960)</u>	<u>\$ (3,020)</u>	<u>\$ (82,980)</u>

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

FIDUCIARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

	<u>Unemployment Compensation Insurance</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	<u>\$ 10,251</u>	<u>\$ 34,226</u>
Total Assets	<u>10,251</u>	<u>\$ 34,226</u>
LIABILITIES:		
Interfund Accounts Payable		\$ 14,880
Due to Student Groups		<u>19,346</u>
Total Liabilities	<u>-</u>	<u>\$ 34,226</u>
NET POSITION:		
Held in Trust for Claims	<u>10,251</u>	
Total Net Position	<u>\$ 10,251</u>	

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2017

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Employee Contributions	<u>\$ 7,969</u>
Total Additions	<u>7,969</u>
DEDUCTIONS:	
Payment of Claims	<u>-</u>
Total Deductions	<u>-</u>
CHANGE IN NET POSITION	7,969
NET POSITION - BEGINNING OF THE YEAR	<u>2,282</u>
NET POSITION - END OF THE YEAR	<u><u>\$ 10,251</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Central Jersey College Prep Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

B. Basis of Presentation, Basis of Accounting

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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

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

The Charter School reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

Capital Projects Fund: Not Applicable.

The Charter School reports the following proprietary funds:

Enterprise (Food Services and After Care) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Charter School's Food Service operations, and After School Care services. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others which includes Net Payroll Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

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

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Charter Schools also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to November 30, 1989.

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

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

	<u>2017</u>	<u>2016</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 239,306	\$ 357,117
Adjustments:		
Less Encumbrances at June 30, 2017	-	-
Plus Encumbrances at June 30, 2016	-	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 239,306</u>	<u>\$ 357,117</u>

Encumbrances Accounting

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office & Computer Equipment	10-15
Instructional Equipment	10
Grounds Equipment	15

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

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

E. 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.

F. IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES

Adopted Accounting Pronouncements

For the year ended June 30, 2017, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement 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*. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement 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*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 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 Pensions*, 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will be effective for the year ended June 15, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the year ended December 15, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 87, *Leases*. 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 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. This Statement will be effective for the year ended December 15, 2019. Management has not yet evaluated the impact of this Statement on the Charter School's financial statements.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

As a result of GASB 40, effective June 15, 2004, custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The previous GASB Statement No. 3 disclosures generally referred to as Category 1 and Category 2 deposits and investments are eliminated. However, GASB No. 40 does not change the required disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements, and it maintains, with modification, the level-of-detail disclosure requirements of GASB Statement No. 3.

Deposits

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

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

Deposits (Continued)

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

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

Investments

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

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

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 995,174</u>	<u>\$ 7,204</u>	<u>0</u>	<u>\$ 44,477</u>	<u>\$ 1,046,855</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$1,046,855 and the bank balance was \$1,194,503. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

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

Risk Category

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

As of June 30, 2017, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2017, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: 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:

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 3: RECEIVABLES (CONTINUED)

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 127,648	\$ 127,759
Federal Aid	106,177	110,942
Other	-	-
Gross Receivables	<u>233,825</u>	<u>238,701</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 233,825</u></u>	<u><u>\$ 238,701</u></u>

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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	\$ 107,436	\$ -
Special Revenue Fund		92,556
Fiduciary Fund		<u>14,880</u>
Total	<u><u>\$ 107,436</u></u>	<u><u>\$ 107,436</u></u>

NOTE 5: 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>				
Site Improvements	\$ 375,900	\$ -	\$ -	\$ 375,900
Totals at Historical Cost	<u>375,900</u>	<u>-</u>	<u>-</u>	<u>375,900</u>
Less Accumulated Depreciation For:				
Site Improvements	150,360	18,795	-	169,155
Total Accumulated Depreciation	<u>150,360</u>	<u>18,795</u>	<u>-</u>	<u>169,155</u>
Total Capital Assets Being Depreciated,				
Net of Accumulated Depreciation	225,540	(18,795)	-	206,745
Government Activity Capital Assets, Net	<u><u>\$ 225,540</u></u>	<u><u>\$ (18,795)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 206,745</u></u>

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

Depreciation expense of \$18,795 was charged to an unallocated function.

NOTE 6: RENTAL LEASES

The school leased space at 17 Schoolhouse Road, Somerset, New Jersey under an initial lease agreement for four (4) years commencing July 15, 2008 and ending July 14, 2012. Thereafter, there were several amendments by way of letters and amendments to the original lease. The most recent amendment that governed the lease agreement for the 2016-2017 school year was a letter dated October 31, 2013, whereby the lease was extended to July 14, 2015, with an automatic five-year extension thru July 14, 2020. The school entered in an additional lease agreement, dated April 22, 2015, for use of additional space due to the expansion of the school to lower grades. The term of said additional lease coincides with the main lease, and expires on July 14, 2020. Total rental payments amounted to \$640,008 for the year ended June 30, 2017.

On July 21, 2016, the school entered into a lease agreement with 101 Mettlers Road LLC, to relocate the school to premises located at 101 Mettlers Road, Somerset, New Jersey. There were several conditions to be met relative to this lease, but all such conditions were met as the school began its 2017-2018 school year at said new location. The initial term of the lease was for a 5 year period. There are ongoing negotiations relative to the cancellation of the prior lease at 17 Schoolhouse Road. As a result of all the foregoing, future minimum lease payments are as follows:

2018	1,200,000
2019	1,200,000
2020	<u>1,200,000</u>
Total minimum lease payments	<u>\$ 3,600,000</u>

NOTE 7: 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).

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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 employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio 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, 2017 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The state's pension contribution is based on an actuarially determined amount, which 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 actuarially 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 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 \$ 2,234,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 which was rolled forward to June 30, 2017. The District'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 0.00754571%, which was an increase of 0.00036684% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$67,035. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	462,936	\$ -
Changes in Proportion	192,473	276,026
Difference between Expected and Actual Experience	41,561	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	85,216	
	\$ 782,186	\$ 276,026

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

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:

Fiscal Year Ending June 30,	Total
2017	\$ 132,768
2018	\$ 132,768
2019	153,817
2020	129,229
2021	41,130
	\$ 589,713

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 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:	
Through 2026	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 setback 4 years for males and in 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 Combined Health Male and Female Mortality Tables (set back 3 years for males and set forward 1 year for females).

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 likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.66% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term 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 weighting 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' target asset allocation as of June 30, 2016 are summarized in the following table:

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	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%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments 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 members through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: 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 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	\$ 2,738,514	\$ 2,234,823	\$ 1,818,981

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
CS / District's proportionate share of the Net Pension Liability	\$ 2,105,261	\$ 1,693,860	\$ 1,348,945

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 to 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided

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

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 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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, 2017. 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2017, the State's pension contribution was less than the actuarially determined amount.

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 non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose that the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2017, the State of New Jersey contributed \$195,769 to the TPAF for normal pension benefits on behalf of the Charter School, which is more than the contractually required contribution of \$118,225.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the Charter School was \$11,677,966. 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 0.0148449285% , which was an increase of 0.00247969% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	11,677,966
	<u>11,677,966</u>
Total	\$ <u>11,677,966</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$190,817 and the 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:

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 15,702,750,875	\$ -
Difference Between Expected and Actual Experience	277,221,464	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,434,728,663	-
Changes in proportion and differences between employer contributions & proportionate sh of contrib	166,303,494	166,303,494
	\$ 17,581,004,496	\$ 300,836,088

The \$17,581,004,496 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 \$300,836,088 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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: 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 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 Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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' target asset allocation as of June 30, 2016 is summarized in the following table:

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: 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 – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments 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 upon the contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 7: 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, 2015 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:

Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
CS / District's proportionate share of the Net Pension Liability	\$ 14,010,373	\$ 11,731,785	\$ 9,871,024

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
CS / District's proportionate share of the Net Pension Liability	\$ 11,216,815	\$ 9,435,120	\$ 7,905,609

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2017

NOTE 7: 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 pension expense of \$1,262 or the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$688 for the fiscal year ended June 30, 2017.

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

NOTE 9: RISK MANAGEMENT

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2017

NOTE 9: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the \$1,302,794 fund balance total in General Fund at June 30, 2017, \$1,302,794 is unreserved and undesignated.

NOTE 11: SUBSEQUENT EVENTS

The attorneys for Central Jersey College Prep Charter School advise that on July 21, 2016, the Charter School entered into a lease for a new school location with 101 Mettlers Road LLC. Under the lease, the Landlord is obligated to submit designs for tenant approval, obtain necessary government approvals, and build out space, and the Charter School would have certain termination rights. All necessary approvals and permits were obtained, and the build out space was completed for the 2017-2018 school year. The Charter School moved into its new location at 101 Mettlers Road, Somerset, New Jersey, on or about August 15, 2017, in preparation for the 2017-2018 school year. There remain several issues, however, with the Charter School's previous landlord, which have not yet been resolved, and the Charter School is attempting to reach a compromise and resolution with said previous landlord. If there is no settlement agreement with the previous landlord, any and all unresolved issues from the previous lease agreement and tenancy will be decided by an arbitration procedure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Local Tax Levy	\$ 4,850,096	\$ (303,874)	\$ 4,546,222	\$ 4,561,287	\$ 15,065
Total Local Levy	4,850,096	(303,874)	4,546,222	4,561,287	15,065
Categorical Aid:					
Equalization Aid	1,267,908	(3,274)	1,264,634	1,233,620	(31,014)
Special Education Categorical Aid	177,774	(36,906)	140,868	135,640	(5,228)
Security Aid	69,277	(4,588)	64,689	63,316	(1,373)
Other State Aid		187,192	187,192	223,975	36,783
Total Categorical Aid	1,514,959	142,424	1,657,383	1,656,551	(832)
Revenues From Other Sources:					
Interest Income					
Miscellaneous Revenue				158	158
On-Behalf TPAF Pension Aid (Non-Budgeted)				195,769	195,769
On-Behalf TPAF Post Retirement Medical Aid (Non-Budgeted)				163,121	
On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted)				1,886	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				179,581	179,581
Total Revenues From Other Sources	-	-	-	540,515	375,508
Total Revenues	6,365,055	(161,450)	6,203,605	6,758,353	389,741
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,255,907	69,156	2,325,063	2,325,063	-
Other Salaries for Instruction	157,034	(9,711)	147,323	147,323	-
Purchased Prof/Tech Services	114,644	(11,504)	103,140	78,968	24,172
Other Purchased Services	51,952	(19,440)	32,512	31,197	1,315
General Supplies	123,218	(43,328)	79,890	78,732	1,158
Textbooks	67,000	49,400	116,400	116,169	231
Miscellaneous	39,900	(12,961)	26,939	22,049	4,890
Total Instruction	2,809,655	21,612	2,831,267	2,799,501	31,766
Administration:					
Salaries - General Administration	413,445	(24,265)	389,180	389,180	-
Salaries of Secretarial/Clerical Assistants	120,424	3,942	124,366	124,366	-
Total Benefits Cost	761,627	57,530	819,157	765,700	53,457
Purchases Prof/Tech Services	31,000	38,574	69,574	69,574	-
Other Purchased Services	2,000	5,969	7,969	7,969	-
Communications/Telephone	22,520	49,739	72,259	72,259	-
Supplies and Materials	16,000	18,718	34,718	34,152	566
Miscellaneous Expenses	11,100	23,900	35,000	29,449	5,551
Total Administration	1,378,116	174,107	1,552,223	1,492,649	59,574

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	634,916	93,088	728,004	700,350	\$ 27,654
Purchased Prof/Ed Services	101,119	4,691	105,810	94,125	11,685
Purchased Prof/Tech Services	7,500	1,761	9,261	7,338	1,923
Rental of Land and Buildings	646,008	(6,000)	640,008	640,008	-
Other Purchased Services	102,110	5,318	107,428	107,428	-
Transportation-Other Than To/From School	30,000	7,000	37,000	21,669	15,331
Insurance for Property, Liability and Fidelity	31,331	(2,341)	28,990	28,966	24
Supplies and Materials	54,500	(30,077)	24,423	20,151	4,272
Energy Costs (Heat and Electricity)	120,000		120,000	115,962	4,038
Miscellaneous Expenses	16,000		16,000	15,545	455
Total Support Services	1,743,484	73,440	1,816,924	1,751,542	65,382
Capital Outlay:					
Non-Instructional Equipment					
Miscellaneous Expenses					
Total Capital Outlay	-	-	-	-	-
On-Behalf TPAF Pension Contributions (Non-Budgeted)				195,769	(195,769)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				163,121	
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				1,886	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				179,581	
Total Expenditures	5,931,255	269,159	6,200,414	6,584,049	(39,047)
Excess (Deficiency) of Revenues Over (Under) Expenditures	433,800	(430,609)	3,191	174,304	171,113
OTHER FINANCING SOURCES (USES):					
Transfer to Cover Deficit				(1,620)	(1,620)
Total Other Financing Sources (Uses)	-	-	-	(1,620)	(1,620)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	433,800	(430,609)	3,191	172,684	169,493
FUND BALANCE, JULY 1	1,130,110	-	1,130,110	1,130,110	-
FUND BALANCE, JUNE 30	<u>\$ 1,563,910</u>	<u>\$ (430,609)</u>	<u>\$ 1,133,301</u>	<u>\$ 1,302,794</u>	<u>\$ 169,493</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance					
	<u>\$ 1,563,910</u>	<u>\$ (430,609)</u>	<u>\$ 1,133,301</u>	<u>\$ 1,302,794</u>	<u>\$ 169,493</u>
Total	<u>\$ 1,563,910</u>	<u>\$ (430,609)</u>	<u>\$ 1,133,301</u>	<u>\$ 1,302,794</u>	<u>\$ 169,493</u>

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

CENTRAL JERSEY COLLEGE PREP 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	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	239,306	-	239,306	239,306	-
Total Revenues	239,306	-	239,306	239,306	-
EXPENDITURES:					
Instruction:					
Salaries	80,000	(4,880)	75,120	75,120	-
Other Salaries for Instruction	25,500	(4,420)	21,080	21,080	-
Other Purchased Services	4,926	37	4,963	4,963	-
General Supplies	52,880	(14,781)	38,099	38,099	-
Total Instruction	163,306	(24,044)	139,262	139,262	-
Support Services:					
Salaries	6,958	8,109	15,067	15,067	-
Personal Services - Employee Benefits	24,560	1,191	25,751	25,751	-
Purchased Technical Services	6,483		6,483	6,483	-
Other Purchased Services	8,598	2,748	11,346	11,346	-
Supplies and Materials	25,311	5,963	31,274	31,274	-
Total Support Services	71,910	18,011	89,921	89,921	-
Total Expenditures	239,306	-	239,306	239,306	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL JERSEY COLLEGE PREP 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] \$ 6,758,353	[C-2] \$ 239,306
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>6,758,353</u>	[B-2] \$ <u>239,306</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 6,585,669	[C-2] \$ 239,306
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>6,585,669</u>	[B-2] \$ <u>239,306</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Charter School's proportion of the net pension liability	0.00808396%	0.00717887%	0.00754571%
Charter School's proportionate share of the net pension liability	\$ 1,545,006	\$ 1,611,512	\$ 2,234,823
Charter School's covered employees payroll	\$ 512,625	\$ 498,947	\$ 778,576
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	301%	323%	287%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	45.35%

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST 3 FISCAL YEARS
 UNAUDITED**

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 60,911	\$ 61,719	\$ 67,035
Contributions in relation to the contractually required contribution	(77,358)	(61,719)	(67,035)
Contribution deficiency/(excess)	<u>\$ (16,447)</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 512,625	\$ 498,947	\$ 778,576
Contributions as a percentage of covered employee payroll	11.88%	12.37%	8.61%

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

CENTRAL JERSEY COLLEGE PREP 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 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable of the Charter School	0.0145759092%	0.0123652376%	0.0148449285%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 7,366,550	\$ 8,695,268	\$ 11,677,966
CS / District's covered employees payroll	\$ 1,618,482	\$ 2,162,651	\$ 2,324,081
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	455.15%	402.07%	502.48%
Plan fiduciary net position as a p ercentage of the total pension liability	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 III

CENTRAL JERSEY COLLEGE PREP 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, 2016 to 3.98% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

CENTRAL JERSEY COLLEGE PREP 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, 2016 to 3.22% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	NCLB Title I	I.D.E.A. Part B	NCLB Title II Part A	IIS	Charter Expansion Competitive Grant	Grand Total
REVENUE SOURCES:						
Federal	63,323	74,287	213	1,483	100,000	239,306
Total Revenues	63,323	74,287	213	1,483	100,000	239,306
EXPENDITURES:						
Instruction:						
Salaries	28,120	47,000				75,120
Other Salaries for Instruction	21,080				4,963	21,080
Other Purchased Services					37,507	4,963
General Supplies	592					38,099
Total Instruction	49,792	47,000	-	-	42,470	139,262
Support Services:						
Salaries		15,067				15,067
Personal Services - Employee Benefits	13,531	12,220				25,751
Purchased Technical Services					5,000	5,000
Other Purchased Prof/Tech Services				1,483		1,483
Other Purchased Services			213		11,133	11,346
Supplies and Materials					31,274	31,274
Total Support Services	13,531	27,287	213	1,483	47,407	89,921
Total Expenditures	63,323	74,287	213	1,483	100,000	239,306
Total Outflows	63,323	74,287	213	1,483	100,000	239,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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 – This fund provides for the operation of food services for the Charter School.

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

**SECTION H – FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary funds are used to account for funds received by the Charter School for a specific purpose.

As of June 30, 2017, there is no non-expendable trust fund utilized by the Charter School.

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.

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Trust	Agency				Total Agency Fund
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	HRA (Health Benefits)	Student Activities	
ASSETS:						
Cash and Cash Equivalents	\$ 10,251	\$ -	\$ 81	\$ 14,799	\$ 19,346	\$ 34,226
Total Assets	<u>10,251</u>	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ 14,799</u>	<u>\$ 19,346</u>	<u>\$ 34,226</u>
LIABILITIES:						
Interfund Accounts Payable Due to Student Groups		\$ -	\$ 81	\$ 14,799	\$ - 19,346	\$ 14,880 19,346
Total Liabilities	<u>-</u>	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ 14,799</u>	<u>\$ 19,346</u>	<u>\$ 34,226</u>
NET POSITION:						
Held in Trust for Claims	<u>10,251</u>					
Total Net Position	<u>\$ 10,251</u>					

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2017

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Employee Contributions	\$ 7,969
Board Contributions	-
	<hr/>
Total Additions	7,969
	<hr/>
DEDUCTIONS:	
Payment of Claims	-
Miscellaneous Expenses	-
	<hr/>
Total Deductions	-
	<hr/>
CHANGE IN NET POSITION	7,969
NET POSITION - BEGINNING OF THE YEAR	<hr/> 2,282
NET POSITION - END OF THE YEAR	<hr/> <u>\$ 10,251</u>

CENTRAL JERSEY COLLEGE PREP 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>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
School Activities	<u>\$ 10,904</u>	<u>\$ 77,424</u>	<u>\$ 68,982</u>	<u>\$ 19,346</u>
Total	<u><u>\$ 10,904</u></u>	<u><u>\$ 77,424</u></u>	<u><u>\$ 68,982</u></u>	<u><u>\$ 19,346</u></u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Cash Additions	Cash Deletions	Balance June 30, 2017
LIABILITIES:				
Interfund Accounts Payable	\$ 2,955	\$ -	\$ 2,955	\$ -
Payroll Deductions and Withholdings	-	1,549,808	1,549,808	-
Total Liabilities	<u>\$ 2,955</u>	<u>\$ 1,549,808</u>	<u>\$ 1,552,763</u>	<u>\$ -</u>

STATISTICAL SECTION (UNAUDITED)

Central Jersey College Prep Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. Statistical data for ten (10) years is available and is 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, 2007; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 206,745	\$ 225,540	\$ 244,335	\$ 263,130	\$ 281,925	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -
Restricted	-	487	6,516	-	21,924	15,881	34	-	-	5,132
Unrestricted	(425,869)	(700,334)	(321,158)	1,500,168	1,280,002	1,080,532	407,963	453,648	405,104	370,522
Total Governmental Activities Net Assets/Position	\$ (219,124)	\$ (474,307)	\$ (70,307)	\$ 1,763,298	\$ 1,583,851	\$ 1,397,133	\$ 727,512	\$ 791,958	\$ 762,209	\$ 375,654
Business-Type Activities										
Unrestricted	\$ 11,889	\$ 5,676	\$ 24,128	\$ 55,567	52,660	54,364	38,374	19,091	10,908	-
Total Business-Type Activities Net Assets/Position	\$ 11,889	\$ 5,676	\$ 24,128	\$ 55,567	\$ 52,660	\$ 54,364	\$ 38,374	\$ 19,091	\$ 10,908	\$ -
Charter School-wide										
Net Investment in Capital Assets	\$ 206,745	\$ 225,540	\$ 244,335	\$ 263,130	\$ 281,925	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -
Restricted	-	487	6,516	-	21,924	15,881	34	-	-	5,132
Unrestricted	(413,980)	(694,658)	(297,030)	1,555,735	1,332,662	1,134,896	446,337	472,739	416,012	370,522
Total Charter School Net Position	\$ (207,235)	\$ (468,631)	\$ (46,179)	\$ 1,818,865	\$ 1,636,511	\$ 1,451,497	\$ 765,886	\$ 811,049	\$ 773,117	\$ 375,654

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instruction	\$ 3,814,734	\$ 3,544,643	\$ 2,719,283	\$ 2,468,847	\$ 2,424,995	\$ 2,213,633	\$ 2,290,776	\$ 2,286,293	\$ 1,553,992	\$ 1,388,866
Administration	807,606	722,939	579,386	516,587	522,230	408,978	545,015	611,319	896,964	631,857
Support Services	2,091,218	2,022,891	1,678,080	1,355,425	1,328,992	1,349,441	1,179,895	1,282,715	1,045,587	882,451
Capital Outlay	10,123	139,804	138,994	-	6,003	-	-	-	-	6,996
Unallocated	18,795	18,795	18,795	18,795	18,795	18,795	18,795	18,795	18,795	-
Total Governmental Activities Expenses	<u>6,742,476</u>	<u>6,449,072</u>	<u>5,134,538</u>	<u>4,359,654</u>	<u>4,301,015</u>	<u>3,990,847</u>	<u>4,034,481</u>	<u>4,199,122</u>	<u>3,515,338</u>	<u>2,910,170</u>
Business-Type Activities:										
Food Service, School Store & After Care	218,610	194,976	201,691	177,057	173,851	177,325	143,701	134,123	104,203	85,387
Total Business-Type Activities Expenses	<u>218,610</u>	<u>194,976</u>	<u>201,691</u>	<u>177,057</u>	<u>173,851</u>	<u>177,325</u>	<u>143,701</u>	<u>134,123</u>	<u>104,203</u>	<u>85,387</u>
Total Charter School Expenses	<u>\$ 6,961,086</u>	<u>\$ 6,644,048</u>	<u>\$ 5,336,229</u>	<u>\$ 4,536,711</u>	<u>\$ 4,474,866</u>	<u>\$ 4,168,172</u>	<u>\$ 4,178,182</u>	<u>\$ 4,333,245</u>	<u>\$ 3,619,541</u>	<u>\$ 2,995,557</u>
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 135,640	\$ 112,680	\$ 80,548	\$ 85,046	94,358	84,934	103,579	107,297	116,704	100,887
Total Governmental Activities Expenses	<u>135,640</u>	<u>112,680</u>	<u>80,548</u>	<u>85,046</u>	<u>94,358</u>	<u>84,934</u>	<u>103,579</u>	<u>107,297</u>	<u>116,704</u>	<u>100,887</u>
Business-Type Activities:										
Charges for Services	144,865	111,720	89,100	97,048	99,384	92,479	63,204	59,407	48,750	26,175
Operating Grants and Contributions	74,387	84,881	85,014	88,410	89,441	100,837	89,001	82,899	66,361	46,990
Total Business-Type Activities Expenses	<u>219,252</u>	<u>196,601</u>	<u>174,114</u>	<u>185,458</u>	<u>188,825</u>	<u>193,316</u>	<u>152,205</u>	<u>142,306</u>	<u>115,111</u>	<u>73,165</u>
Total Charter School Program Revenues	<u>\$ 354,892</u>	<u>\$ 309,281</u>	<u>\$ 254,662</u>	<u>\$ 270,504</u>	<u>\$ 283,183</u>	<u>\$ 278,250</u>	<u>\$ 255,784</u>	<u>\$ 249,603</u>	<u>\$ 231,815</u>	<u>\$ 174,052</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (6,606,836)	\$ (6,336,392)	\$ (5,053,990)	\$ (4,274,608)	\$ (4,206,657)	\$ (3,905,913)	\$ (3,930,902)	\$ (4,091,825)	\$ (3,398,634)	\$ (2,809,283)
Business-Type Activities	642	1,625	(27,577)	8,401	14,974	15,991	8,504	8,183	10,908	(12,222)
Total Charter School-wide Net Expense	<u>\$ (6,606,194)</u>	<u>\$ (6,334,767)</u>	<u>\$ (5,081,567)</u>	<u>\$ (4,266,207)</u>	<u>\$ (4,191,683)</u>	<u>\$ (3,889,922)</u>	<u>\$ (3,922,398)</u>	<u>\$ (4,083,642)</u>	<u>\$ (3,387,726)</u>	<u>\$ (2,821,505)</u>
General Revenues and Other Changes in Net Assets/Position										
Governmental Activities:										
General Purposes	\$ 4,561,287	\$ 3,712,643	\$ 2,657,105	\$ 2,464,865	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278
Federal and State Aid Not Restricted	2,300,574	2,413,535	2,133,691	1,985,360	2,142,522	2,542,537	2,209,014	2,521,162	2,180,865	1,577,299
Investment Earnings	-	-	-	1	6	-	8	368	-	-
Miscellaneous Income	158	39,625	26,136	3,829	14,586	1,652	6,418	15,965	8,076	13,859
Total Governmental Activities	<u>6,862,019</u>	<u>6,165,803</u>	<u>4,816,932</u>	<u>4,454,055</u>	<u>4,371,451</u>	<u>4,575,534</u>	<u>3,866,456</u>	<u>4,121,574</u>	<u>3,785,189</u>	<u>2,933,827</u>
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	1,415	-	-	-	-	-
Transfers	5,572	-	-	-	-	-	10,779	-	-	10,331
Total Business-Type Activities	<u>5,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415</u>	<u>-</u>	<u>10,779</u>	<u>-</u>	<u>-</u>	<u>10,331</u>
Total Charter School-wide	<u>\$ 6,867,591</u>	<u>\$ 6,165,803</u>	<u>\$ 4,816,932</u>	<u>\$ 4,454,055</u>	<u>\$ 4,372,866</u>	<u>\$ 4,575,534</u>	<u>\$ 3,877,235</u>	<u>\$ 4,121,574</u>	<u>\$ 3,785,189</u>	<u>\$ 2,944,158</u>
Change in Net Assets/Position										
Governmental Activities	\$ 255,183	\$ (170,589)	\$ (237,058)	\$ 179,447	\$ 164,794	\$ 669,621	\$ (64,446)	\$ 29,749	\$ 386,555	\$ 124,544
Business-Type Activities	6,214	1,625	(27,577)	8,401	16,389	15,991	19,283	8,183	10,908	(1,891)
Total Charter School	<u>\$ 261,397</u>	<u>\$ (168,964)</u>	<u>\$ (264,635)</u>	<u>\$ 187,848</u>	<u>\$ 181,183</u>	<u>\$ 685,612</u>	<u>\$ (45,163)</u>	<u>\$ 37,932</u>	<u>\$ 397,463</u>	<u>\$ 122,653</u>

CENTRAL JERSEY COLLEGE PREP 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										
Restricted	\$ -	\$ 487	\$ 6,516	\$ -	\$ 21,924	\$ 15,881	\$ 34	\$ -	\$ -	\$ 5,132
Unassigned	1,302,794	1,129,623	1,275,389	1,500,168	1,280,002	1,080,532	407,963	453,648	405,104	370,522
Total General Fund	\$ 1,302,794	\$ 1,130,110	\$ 1,281,905	\$ 1,500,168	\$ 1,301,926	\$ 1,096,413	\$ 407,997	\$ 453,648	\$ 405,104	\$ 375,654
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned:										
Special Revenue Fund	1	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Changes in 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
Revenues:										
Local Sources:										
Local Tax Levy	\$ 4,561,287	\$ 3,712,643	\$ 2,657,105	\$ 2,464,865	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278
Interest In Investments	-	-	-	1	6	-	8	368	-	-
Miscellaneous	158	39,625	26,136	3,829	14,586	1,652	6,418	15,965	8,076	13,859
State Sources	2,196,908	2,169,098	1,941,079	1,952,417	2,111,538	2,446,623	2,174,554	2,375,096	2,051,441	1,292,674
Federal Sources	239,306	357,117	273,160	117,989	125,342	180,848	138,039	253,363	246,128	385,512
Total Revenues	6,997,659	6,278,483	4,897,480	4,539,101	4,465,809	4,660,468	3,970,035	4,228,871	3,901,893	3,034,714
Expenditures:										
Instruction	2,938,763	2,762,578	2,184,859	1,956,757	1,913,104	1,750,001	1,847,777	1,853,406	1,553,992	1,206,091
Administration	2,033,006	1,729,285	1,310,078	1,169,486	1,194,634	1,026,478	1,133,017	1,197,618	896,964	851,138
Support Services	1,843,083	1,798,610	1,481,812	1,214,616	1,168,479	1,195,573	1,034,892	1,129,303	1,045,587	845,945
Capital Outlay	10,123	139,804	138,994	-	6,003	-	-	-	375,900	6,996
Total Expenditures	6,824,975	6,430,277	5,115,743	4,340,859	4,282,220	3,972,052	4,015,686	4,180,327	3,872,443	2,910,170
Net Change in Fund Balance	\$ 172,684	\$ (151,794)	\$ (218,263)	\$ 198,242	\$ 183,589	\$ 688,416	\$ (45,651)	\$ 48,544	\$ 29,450	\$ 124,544

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP 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	\$ -	\$ -	\$ 158	\$ 158
2016	-	-	39,625	\$ 39,625
2015	-	-	26,136	\$ 26,136
2014	-	1,186	2,643	\$ 3,829
2013	-	-	10,836	\$ 10,836
2012	-	1,491	161	\$ 1,652
2011	5,300	-	(191)	\$ 5,109
2010	-	-	1,865	\$ 1,865
2009	-	460	(6,608)	\$ (6,148)
2008	-	1,468	6,608	8,076

Source: Charter School records

OPERATING INFORMATION

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	50	41	38	37	36	37	34	29	29	23
Administrative	4	4	3	3	3	3	5	4	6	5
Support Services	18	17	11	11	11	10	10	12	10	8
Food Service	-	-	-	-	-	-	-	-	-	-
Total	72	62	52	51	50	50	49	45	45	36

Source: Charter School Personal Records

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Operating Statistics
Last Nine Fiscal Years

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
						Elementary	Middle School	High School				
2017	483	\$ 6,824,975	14,130	-7.91%	41	18:1	8:1	8:1	475	438	11.74%	92.15%
2016	419	6,429,467	15,345	-4.73%	38	18:1	8:1	8:1	420	410	26.34%	97.74%
2015	309	4,976,749	16,106	12.05%	37	N/A	8:1	8:1	309	304	2.27%	98.38%
2014	302	4,340,859	14,374	3.86%	36	N/A	8:1	8:1	302	298	-2.32%	98.68%
2013	309	4,276,217	13,839	7.66%	37	N/A	8:1	8:1	309	303	0.00%	98.06%
2012	309	3,972,052	12,855	-11.65%	29	N/A	10:1	10:1	309	303	10.68%	98.06%
2011	276	4,015,686	14,550	-12.29%	29	N/A	9:1	9:1	276	270	8.70%	97.83%
2010	252	4,180,327	16,589	-2.27%	23	N/A	9:1	9:1	252	247	18.25%	98.02%
2009	206	3,496,543	16,974	0.00	15	N/A	11:1	11:1	206	202	100.00%	98.06%

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).

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 School Building Information
 Last Nine Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Square Feet	60,000	55,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Capacity (students)	480	432	336	336	336	336	336	288	240
Enrollment	478	419	309	302	309	309	276	252	206

Charter School Building

Middle & High School

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2017

Elementary = 1

Middle School = 1

High School = 1

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Insurance Schedule
June 30, 2017

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<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
NJSIG		
<u>Commercial Package</u>		
Property Blanket Building & Contents	\$450,000,000	1,000
Accounts Receivable	\$250,000	1,000
Automobile Physical Damage	ACV	1,000
Electronic Data Processing	\$250,000	1,000
Equipment Breakdown	\$100,000,000	1,000
 <u>Comprehensive General Liability</u>		
Occurrence Limit	\$6,000,000	None
Automobile Limit	\$6,000,000	None
Employee Benefit Liability	\$6,000,000	1,000
 Environmental Impairment/Pollution Liability - Zurich	 \$1,000,000 occ.	 25,000
Pool Aggregate	\$11,000,000	
 <u>Workers' Compensation</u>		
Statutory Benefits	Included	
Employer's Liability	\$2,000,000	
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
 <u>School Leaders Errors & Omissions</u>		
Coverage A Limit Each Loss	\$1,000,000	10,000
Coverage B Limit Each Loss	\$50,000	10,000
Coverage C Limit Each Loss	\$150,000	10,000
 <u>Crime Coverage</u>		
Blanket Public Employee Dishonesty	\$250,000	1,000
Computer Fraud	\$250,000	1,000
Forgery	\$250,000	1,000
 Theft/Disappearance/Destruction		
Inside	\$25,000	500
Outside	\$25,000	500
 <u>Public Official Bonds</u>		
Treasurer	\$150,000	1,000
	\$180,000	1,000

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	1,319,965	\$ 827,649	\$ 1,002,378	Audit: Exhibit A-1
Current Assets (Includes CASH)	1,598,673	1,313,464	1,448,515	Audit: Exhibit A-1
Total Assets	2,112,680	1,812,633	2,445,928	Audit: Exhibit A-1
Current Liabilities	297,230	188,875	142,313	Audit: Exhibit A-1
Total Liabilities	401,971	669,752	418,339	Audit: Exhibit A-1
Net Assets	(46,179)	(468,631)	(207,234)	Audit: Exhibit A-1
Total Revenue	5,071,594	6,475,084	7,222,483	Audit: Exhibit A-2
Total Expenses	5,468,991	6,897,535	6,961,086	Audit: Exhibit A-2
Change in Net Assets	(397,397)	(422,451)	261,397	Audit: Exhibit A-2
Depreciation Expense	18,795	18,795	18,795	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	302	413	475	DOE Enrollment Reports
March 30th Budgeted Enrollment	306	328	450	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2015	2016	2017	3 YR CUM	Target
1a. Current Ratio	5.38	6.95	10.18	6.94	> 1.1
1b. Unrestricted Days Cash	88.09	43.80	52.56	59.49	30-60
1c. Enrollment Variance	99%	126%	106%	110%	>95%
1d.* Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	-8%	-7%	4%	-3%	positive
2b. Debt to Asset	0.19	0.37	0.17	0.23	< 9
2c.** Cash Flow	(174,304)	(492,316)	174,729	(491,891)	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

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

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

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, 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 Central Jersey College Prep Charter School (Charter School), in the County of Somerset, 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, and have issued our report thereon dated November 21, 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 over financial reporting.

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

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

Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Central Jersey College Prep Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 21, 2017.

Purpose of This Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

November 21, 2017

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB 15-08

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Central Jersey College Prep Charter School’s compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2017. The Central Jersey College Prep 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 state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey’s OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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


Report on Schedule of Expenditures of State Financial Assistance Required by NJOMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Central Jersey College Preparatory 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 21, 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 OMB 15-08 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 aspects in relation to the basic financial statements.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of the Uniform Guidance and NJOMB 15-08. Accordingly, this report 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

November 21, 2017

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Schedules 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				Balance at June 30, 2017				MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years Balance	(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor	Budgetary Receivable
State Department of Education															
General Fund:															
State Aid-Public Cluster															
Equalization Aid	17-495-034-5120-078	\$ 1,233,620	7/1/16	6/30/17	\$ -	\$ -	\$ 1,233,620	\$ (1,233,620)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233,620
Special Education Categorical Aid	17-495-034-5120-089	195,640	7/1/16	6/30/17	-	-	195,640	(195,640)	-	-	-	-	-	-	195,640
Other State Aid	17-495-034-5120-078	223,975	7/1/16	6/30/17	-	-	223,975	(223,975)	-	-	-	-	-	-	223,975
Total State Aid-Public Cluster							1,656,551	(1,656,551)							1,656,551
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)	17-495-034-5094-001	163,121	7/1/16	6/30/17			163,121	(163,121)							163,121
On-Behalf TPAF Pension Contributions (Non-Budgeted)	17-495-034-5094-002	195,769	7/1/16	6/30/17			195,769	(195,769)							195,769
On-Behalf TPAF Long-Term Disability Contributions (Non-Bud	17-495-034-5094-004	1,886	7/1/16	6/30/17			1,886	(1,886)							1,886
Reimbursed TPAF - Social Security	17-495-034-5094-003	176,171	7/1/15	6/30/16	(8,634)	-	86,534	(179,581)							179,581
Reimbursed TPAF - Social Security	16-495-034-5094-003						86,534								
Total General Fund					(8,634)	-	2,205,542	(2,196,508)							2,196,908
State Department of Agriculture															
Enterprise Fund:															
On-Behalf Lunch Program (State Share)	17-100-010-3550-023	1,738	7/1/16	6/30/17	(111)	-	1,627	(1,738)							1,738
National School Lunch Program (State Share)	16-100-010-3550-023	1,708	7/1/15	6/30/16			1,738	(1,738)							1,738
Total Enterprise Fund					(111)	-	3,365	(3,476)							3,476
Total State Financial Assistance					(8,745)	-	2,207,290	(2,198,646)							2,198,646
State Financial Assistance Not Subject to Major Program Determination:															
General Fund:															
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)	17-495-034-5094-001	163,121	7/1/16	6/30/17			163,121	(163,121)							163,121
On-Behalf TPAF Pension Contributions (Non-Budgeted)	17-495-034-5094-002	195,769	7/1/16	6/30/17			195,769	(195,769)							195,769
On-Behalf TPAF Long-Term Disability Contributions (Non-Bud	17-495-034-5094-004	1,886	7/1/16	6/30/17			1,886	(1,886)							1,886
Total State Financial Assistance Subject to Single Audit					(8,745)	-	1,646,504	(1,637,270)							1,637,270

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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, Central Jersey College Prep 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 bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2017

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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:

	Federal	State	Total
General Fund	\$ -	\$ 2,196,908	\$ 2,196,908
Special Revenue Fund	239,306	-	239,306
Food Service Fund	72,648	1,738	74,386
Total Awards & Financial Assistance	\$ 311,954	\$ 2,198,646	\$ 2,510,600

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Central Jersey College Prep Charter School has no loan balances outstanding at June 30, 2017.

NOTE 6. OTHER

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 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2017

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for 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	2016
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 63,323	\$ 123,839
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>213</u>	<u>417</u>
Total	<u>\$ 63,536</u>	<u>\$ 124,256</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Report

Financial Statements

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

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	___X___ Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable?	_____ Yes	___X___ No
Identification of major state programs:		

GMIS Number(s)	Name of State Program or Cluster
	Total State Aid – Public Cluster
17-495-034-5120-078	Equalization Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-089	Special Education Categorical

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

Section II –Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance 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 Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

CENTRAL JERSEY COLLEGE PREP 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 Chapter 6.12 of *Government Auditing Standards*, *USOMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings