

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2017

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

***Barack Obama Green Charter High School
Board of Trustees
Plainfield, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared By

***Barack Obama Green Charter High School
Finance Department***

And

Barre & Company LLC, CPA's

STATE BOARD OF EDUCATION

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**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
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INTRODUCTORY SECTION

Barack Obama Green Charter High School
35 Watchung Avenue
Plainfield, New Jersey 07060

December 4, 2017

Honorable President and
Members of the Board of Trustees
Barack Obama Green Charter High School

Plainfield, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Barack Obama Green Charter High 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

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

Charter School Organization

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

The Chief Executive Officer of the Charter School is responsible to the Board for total educational and support operations. The Primary School Principal, the Middle School Principal and the High School Principal are responsible to the Chief Executive Officer for the instructional program of the school. The Business Administrator is the Chief Financial Officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES:

Barack Obama Green Charter High School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the school are included in this report. Foundation Academy Charter School, Board of Trustees, constitutes the Charter School’s reporting entity.

The Charter High School was established as a high achieving Science based high school in Plainfield, New Jersey. During the 2016-2017 school year, Barack Obama Green Charter High School provided a full range of educational services to students in grades 9-12. The Charter School was authorized to enroll up to 240 students for grades 9-12. The Charter School completed the 2016-2017 school year with an Average Daily Enrollment of 233 students, which is approximately 1% higher than the previous school year with an average daily enrollment of 231 students.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	233.3	0.91%
2015-2016	231.2	1.63%
2014-2015	227.5	12.01%
2013-2014	203.1	10.38%
2012-2013	184.0	16.09%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

3. MAJOR INITIATIVES:

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

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

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

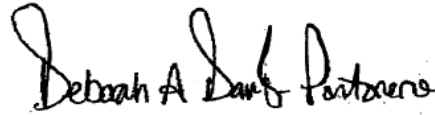
9. OTHER INFORMATION:

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 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's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

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

Respectfully submitted,

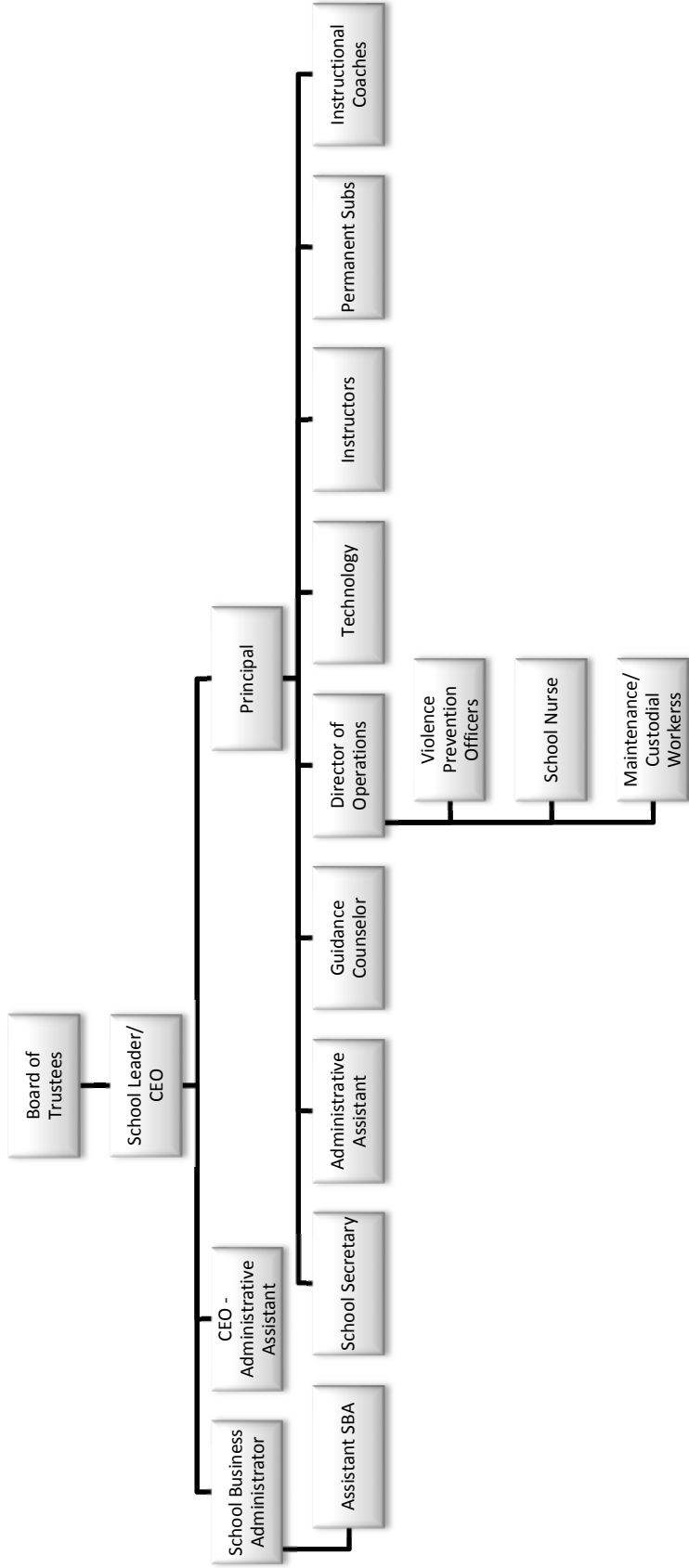
Erin Murphy Richardson
Chief Executive Officer

A handwritten signature in black ink that reads "Deborah A. Pontoriero". The signature is written in a cursive style with a large initial 'D'.

Deborah Pontoriero
School Business Administrator



The Barack Obama Green Charter High School
School Leader/Chief Executive Officer: Mr. Steven King
Tel: (877) 643-4064 * Fax: (908) 822-8634



**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

MEMBERS OF THE BOARD OF TRUSTEES

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

OTHER OFFICIALS

Steven King	Chief Executive Officer – 2016-2017
Bima Baje	School Business Administrator – 2016-2017
Erin Murphy Richardson	Chief Executive Officer – 2017-2018
Deborah Pontoriero	School Business Administrator – 2017-2018

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Andrew Brown
Schwartz Simon Edelstein & Celso LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Official Depository

Unity Bank
64 Old Highway 22
Clinton, New Jersey 08809

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

www.cpa-bc.com ♦ info@cpa-bc.com

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Barack Obama Green Charter High School
Plainfield, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School (Charter School), in the , 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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Barack Obama Green Charter High School, in the , 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 and District's Proportionate Share of the Net Pension Liability for TPAF and PERS and District's PERS Contributions and the related notes starting on pages 15, 71 and 77 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 other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other


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

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

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

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated December 4, 2017 on our consideration of the Barack Obama Green Charter High 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
December 4, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

The discussion and analysis of Barack Obama Green Charter High 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.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ General revenues accounted for \$4,284,286 or 98% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$107,176 or 2% of total revenues of \$4,391,462.
- ❖ The Charter School had \$4,129,115 in expenses; only \$107,176 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,284,286 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,898,286 in revenues and \$3,534,297 in expenditures. The General Fund's fund balance increased \$363,989 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 Barack Obama Green Charter High 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 Barack Obama Green Charter High School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2017?" The *Statement of*

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

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

Net Position and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 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 Position were \$735,181 for 2017 and \$472,834 for 2016.

Governmental Activities

The Charter School's total revenues were \$4,284,286 for 2017 and \$3,489,485 for 2016, this includes \$88,130 for 2017 and \$95,597 for 2016 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$4,038,180 for 2017 and \$3,630,118 for 2016. Instruction comprises 42% for 2017 and 37% for 2016 of Charter School expenses.

Business-Type Activities

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

- ❖ Food service revenues exceeded expenses by \$16,241 for 2017 and by \$3,553 for 2016.
- ❖ Charges for services represent \$1,643 for 2017 and \$3,394 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 lunches and breakfast were \$105,533 for 2017 and \$89,665 for 2016.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

Governmental Activities

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.

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 \$4,284,286 for 2017 and \$4,104,932 for 2016 and expenditures were \$3,920,297 for 2017 and \$4,302,331 for 2016. The net change in fund balance was most significant in the general fund, an increase of \$363,989 in 2017 and a decrease of \$197,399 in 2016.

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

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Local Sources	\$ 616,289	14.38%	\$ (30,296)	-4.69%
State Sources	3,281,997	76.61%	167,903	5.39%
Federal Sources	386,000	9.01%	41,747	12.13%
Total	\$ 4,284,286	100.00%	\$ 179,354	

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent of Increase/ (Decrease)
Instruction	\$ 1,640,811	41.85%	\$ (69,387)	-4.06%
Administration	1,541,414	39.32%	(185,058)	-10.72%
Support Services	692,285	17.66%	86,845	14.34%
Capital Outlay	45,787	1.17%	(110,470)	-70.70%
Total	\$ 3,920,297	100.00%	\$ (278,070)	

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$153,228 for 2017 and \$167,853 for 2016 invested in building improvements.

For the Future

The Barack Obama Green Charter High School is in stable 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, Barack Obama Green Charter High School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
PLAINFIELD, NEW JERSEY**

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

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 Ms. Erin Murphy Richardson, Chief Executive Officer at Barack Obama Green Charter High School, 35 Watchung Avenue, Plainfield, New Jersey 07060.

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.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,104,610	\$ -	\$ 1,104,610
Interfund Receivable	75,017	24,859	99,876
Other Receivables	150,950	8,232	159,182
Other Assets	93,716		93,716
Capital Assets, Net	153,228		153,228
Total Assets	1,577,521	33,091	1,610,612
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	682,639		682,639
Total Deferred Outflows of Resources	682,639	-	682,639
LIABILITIES:			
Interfund Payable	91,060		91,060
Accounts Payable	24,336		24,336
Noncurrent Liabilities:			
Pensions	1,331,692		1,331,692
Total Liabilities	1,447,088	-	1,447,088
DEFERRED INFLOWS OF RESOURCES:			
Pensions	110,982		110,982
Total Deferred Inflows of Resources	110,982	-	110,982
NET POSITION:			
Net Investment in Capital Assets	153,228		153,228
Other Purposes	17,845		17,845
Unassigned	531,017	33,091	564,108
Total Net Position	\$ 702,090	\$ 33,091	\$ 735,181

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Statement of Activities

For The Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,338,476	\$ 371,156	\$ -	\$ -	\$ -	\$ (1,709,632)	\$ -	\$ (1,709,632)
Administration	1,303,978	252,132				(1,556,110)		(1,556,110)
Support Services	692,285	19,741				(712,026)		(712,026)
Capital Outlay	45,787					(45,787)		(45,787)
Unallocated Depreciation	14,625					(14,625)		(14,625)
Total Governmental Activities	3,395,151	643,029	-	-	-	(4,038,180)	-	(4,038,180)
BUSINESS-TYPE ACTIVITIES:								
Food Service	90,935		1,643		105,533		16,241	16,241
Total Business-Type Activities	90,935		1,643	-	105,533	-	16,241	16,241
Total Primary Government	\$ 3,486,086		\$ 1,643	\$ -	\$ 105,533	\$ (4,038,180)	\$ 16,241	\$ (4,021,939)
GENERAL REVENUES								
General Purposes							\$ -	\$ -
Federal and State Aid Not Restricted							1,168,532	1,168,532
Miscellaneous Income							3,115,754	3,115,754
Total General Revenues							4,284,286	4,284,286
Change in Net Position						246,106	16,241	262,347
Net Position - Beginning of Year						455,984	16,850	472,834
Net Position - Ending						702,090	33,091	735,181

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 1,029,610	\$ -	\$ 1,029,610
Restricted	75,000		75,000
Receivables:			
Interfund Receivables	48,743	26,274	75,017
Receivables From Other Governments	29,481	13,704	43,185
Receivables, Net	107,765		107,765
Prepaid Expenses	33,716		33,716
Other Assets	60,000		60,000
	<u>1,384,315</u>	<u>39,978</u>	<u>1,424,293</u>
Total Current Assets			
	<u>1,384,315</u>	<u>39,978</u>	<u>1,424,293</u>
Total Assets			
	<u>\$ 1,384,315</u>	<u>\$ 39,978</u>	<u>\$ 1,424,293</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 51,133	\$ 39,927	\$ 91,060
Accounts Payable	24,285	51	24,336
	<u>75,418</u>	<u>39,978</u>	<u>115,396</u>
Total Current Liabilities			
	<u>75,418</u>	<u>39,978</u>	<u>115,396</u>
Total Liabilities			
	<u>75,418</u>	<u>39,978</u>	<u>115,396</u>
Fund Balances:			
Reserved For:			
Encumbrances	17,845		17,845
Unassigned:			
General Fund	1,291,052		1,291,052
	<u>1,308,897</u>	<u>-</u>	<u>1,308,897</u>
Total Fund Balances			
	<u>1,308,897</u>	<u>-</u>	<u>1,308,897</u>
Total Liabilities and Fund Balances			
	<u>\$ 1,384,315</u>	<u>\$ 39,978</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 \$194,388 and the accumulated depreciation is \$41,160.

153,228

Net pension liability of \$1,331,692, deferred inflows of resources of \$110,982 less deferred outflows of resources of \$682,639 related to pensions are not reported in the governmental funds

(760,035)

Net Position of Governmental Activities

\$ 702,090

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 591,124	\$ -	\$ 591,124
Contributions/Donations			
Miscellaneous	25,165		25,165
Total Local Sources	616,289	-	616,289
Intermediate Sources			
State Sources	3,281,997		3,281,997
Federal Sources		386,000	386,000
Total Revenues	3,898,286	386,000	4,284,286
EXPENDITURES:			
Current:			
Instruction	1,338,476	302,335	1,640,811
Administration	1,541,414		1,541,414
Support Services	611,244	81,041	692,285
Capital Outlay	43,163	2,624	45,787
Total Expenditures	3,534,297	386,000	3,920,297
NET CHANGE IN FUND BALANCES	363,989	-	363,989
FUND BALANCES, JULY 1	944,908	-	944,908
FUND BALANCES, JUNE 30	\$ 1,308,897	\$ -	\$ 1,308,897

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental fund (from B-2)	\$	363,989
<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. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (14,625)	
Capital Outlay	-	(14,625)
<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>		
		(103,258)
Change in net position of governmental activities	\$	246,106

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

PROPRIETARY FUNDS

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Proprietary Fund
Statement of Net Position
June 30, 2017

	Business-Type Activities
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Due From Other Funds	24,859
Receivables From Other Governments	<u>8,232</u>
Total Current Assets	<u>33,091</u>
Total Assets	<u><u>\$ 33,091</u></u>
NET POSITION:	
Unassigned	<u>33,091</u>
Total Net Position	<u>33,091</u>
Total Liabilities and Net Position	<u><u>\$ 33,091</u></u>

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

BARACK OBAMA GREEN CHARTER HIGH 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
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 1,643
Total Operating Revenues	1,643
OPERATING EXPENSES:	
Cost of Sales	90,935
Total Operating Expenses	90,935
OPERATING LOSS	(89,292)
NONOPERATING REVENUES:	
State Source:	
State Lunch Program	1,300
Federal Source:	
Federal Breakfast Program	31,534
Federal Lunch Program	72,699
Total Nonoperating Revenues	105,533
CHANGE IN NET POSITION	16,241
TOTAL NET POSITION, JULY 1	-
TOTAL NET POSITION, JUNE 30	\$ 16,241

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2017

	Business-Type Activities Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	11,816
Cash Payments to Suppliers and Employees	(97,373)
Net Cash Used by Operating Activities	(85,557)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	105,533
Net Cash Provided by Noncapital Financing Activities	105,533
Net Decrease in Cash and Cash Equivalents	19,976
Cash and Cash Equivalents, July 1	4,883
Cash and Cash Equivalents, June 30	\$ 24,859
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	\$ (89,292)
Depreciation	
Changes in Assets and Liabilities:	
Decrease in Interfund Accounts Receivable	
Increase in Intergovernmental Accounts Receivable	10,173
Increase in Other Receivables	
Increase in Interfund Accounts Payable	-
Increase in Accounts Payable	(6,438)
Net Cash Used by Operating Activities	\$ (85,557)

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

FIDUCIARY FUNDS

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	<u>Total Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ <u>16,568</u>
Total Assets	<u>\$ 16,568</u>
LIABILITIES:	
Liabilities:	
Interfund Payable	\$ 8,816
Payroll Deductions and Withholding Payable	4,346
Due to Student Groups	<u>3,406</u>
Total Liabilities	<u>\$ 16,568</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2008 to operate and maintained a public school under a charter granted by the State of New Jersey. Its first year of operation, however, was the 2010-2011 school year. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, the financial reporting entity is determined by the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School over which it exercises operating control. Barack Obama Green Charter High School operates its high school, for Grades 9-12, in the City of Plainfield. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements – Government-Wide Statements

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

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

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

D. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

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

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

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

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

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

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

Trust Funds – The Charter School does not maintain an Unemployment Compensation Trust Fund since it is enrolled in the State reimbursement plan relative to unemployment claims.

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

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

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

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

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

F. Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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:

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Total Revenues & Expenditures (Budgetary Basis)		\$ 386,000
Adjustments:		
Less Encumbrances at June 30, 2017		-
Plus Encumbrances at June 30, 2016		-
Total Revenues and Expenditures (GAAP Basis)		<u>\$ 386,000</u>

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

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

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

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

1. Deposits and Investments

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

2. Short-term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Fund Equity

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

6. Use of Estimates

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

7. Net Position/Fund Balance

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

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

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

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

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balance Reserves

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

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

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

I. Impact of Recently Issued Accounting Principles

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 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.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

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.

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

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.

J. PENSIONS

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

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

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

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

	General Fund	Fiduciary Funds	Total
Operating Account	\$ 1,104,610	\$ 16,568	\$ 1,121,178

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$1,121,178 and the bank balance was \$1,221,099. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)

Deposits (Continued)

As of June 30, 2017, none of the cash and cash equivalents for Barack Obama Green Charter High School were exposed to custodial credit risk.

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

Investments

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

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Investments (Continued)

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

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

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

Receivables

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

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 107,765	\$ 107,863
Federal Aid	13,704	21,838
Other	78,224	103,083
Gross Receivables	199,693	232,784
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 199,693</u>	<u>\$ 232,784</u>

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Receivables (Continued)

A. Interfund Receivables and Payables

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

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 48,743	\$ 51,133
Special Revenue Fund	26,274	39,927
Proprietary Fund	24,859	
Fiduciary Fund		8,816
Total	<u>\$ 99,876</u>	<u>\$ 99,876</u>

B. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Leasehold Improvements	\$ 156,257	\$ -	\$ -	\$ 156,257
Building and Building Improvements	-	-	-	-
Machinery and Equipment	38,131	-	-	38,131
Works of Art and Historical Treasures	-	-	-	-
Infrastructure	-	-	-	-
Total Capital Assets Being Depreciated	194,388	-	-	194,388
Less Accumulated Depreciation For:				
Leasehold Improvements	-	10,417	-	10,417
Building and Building Improvements	-	-	-	-
Machinery and Equipment	26,535	4,208	-	30,743
Works of Art and Historical Treasures	-	-	-	-
Infrastructure	-	-	-	-
Total Accumulated Depreciation	26,535	14,625	-	41,160
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	167,853	(14,625)	-	153,228
Government Activity Capital Assets, Net	\$ 167,853	\$ (14,625)	\$ -	\$ 153,228

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Unallocated	14,625
Total	<u>\$ 14,625</u>

Rental Lease

In May 2012, Barack Obama Green Charter High School entered into a Lease Agreement with Un-Bldg Corp., for the premises located at 35 Watchung Avenue, Plainfield, New Jersey. The initial term expired on April 30, 2016; however, a renewal was entered into, extending the Lease Agreement from May 1, 2016 through April 30, 2019. The lease requires future annual rental payments as follows:

Year Ended	Amount
June 30, 2018	395,406
June 30, 2019	<u>403,314</u>
Total future rental payments	<u>\$ 798,720</u>

NOTE 3: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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:

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

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

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

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

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

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.

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 normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Contributions (Continued)

provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$39,945 for fiscal year 2016.

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 \$1,331,692 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 which was rolled forward to June 30, 2016. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.00449636%, which was an increase of 0.00010929% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$39,945. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 275,855	\$ -
Difference Between Expected and Actual Experience	24,765	-
Changes in Proportions	331,240	110,982
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	50,779	
	<u>\$ 682,639</u>	<u>\$ 110,982</u>

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 5.67, 5.72 and 6.44 years for 2016, 2015 and 2014 respectively.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Changes in Proportion (Continued)

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	\$ 79,114
2018	79,114
2019	91,657
2020	77,005
2021	24,509
	\$ 351,400

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are 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 (setback 3 years for males and setback 1 year for females).

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2016 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 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

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 pension 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.

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	\$ 1,631,833	\$ 1,331,692	\$ 1,083,900

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,254,489	\$ 1,009,342	\$ 803,813

Pension Plan Fiduciary Net Position

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements 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.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: 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, 2016. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

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 2016, 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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

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 \$126,357 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$79,731

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

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

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
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 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.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expecting 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: 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, 2016 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%)
Charter School's proportionate share of the Net Pension Liability	\$ 9,448,556	\$ 7,911,883	\$ 6,656,991

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,564,589	\$ 6,363,018	\$ 5,331,521

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.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

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 \$4,997 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$9,162 for the fiscal year ended June 30, 2017.

NOTE 4: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program 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.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5: RISK MANAGEMENT

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

Property and Liability Insurance

The Charter School maintains commercial insurance coverage for property, liability, student accident, and surety bonds, as well as all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

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

NOTE 6: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

Of the General Fund balance at June 30, 2017, \$1,291,052 and is unassigned and undesignated, while \$17,845.

NOTE 7: SUBSEQUENT EVENTS

The Barack Obama Green Charter High School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit. The Charter School had sought to purchase a separate building for housing the school, and had deposited the sum of \$41,000 with its attorneys. This proposed real estate transaction, however, was canceled, and in October, 2017, the aforementioned deposit monies were returned to the Charter School.

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: PLAINFIELD YOUTH WORKFORCE INVESTMENT INITIATIVE (PYWII)

From the 2015-2016 audit report, a Finding was made relative to the school's participation in PYWII, and the sum of \$90,894 that was expended as part of the PYWII Workforce Program. These monies were spent prior to full approval and acceptance into this program. Thereafter, the Charter School's participation in the PYWII Workforce Program was denied, and the aforementioned sum of \$90,894 was deemed uncollectible. This write-off has been reflected in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	613,959	(22,835)	\$ 591,124	591,124	\$ -
Total Local Sources	613,959	(22,835)	591,124	591,124	-
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	2,632,113	(132,648)	2,499,465	2,499,465	-
Consolidated Aid	229,920	95,534	325,454	325,454	-
Special Education	100,286	(40,095)	60,191	60,191	-
Security Aid	77,342	(2,051)	75,291	75,291	-
Total Categorical Aid	3,039,661	(79,260)	2,960,401	2,960,401	-
Revenues From Other Sources:					
On-Behalf TPAF Pension Aid (Non-Budgeted)				126,357	126,357
On-Behalf TPAF Post Retirement Medical Aid (Non-Budgeted)				105,285	105,285
On-Behalf TPAF Long-Term Disability (Non-Budgeted)				1,824	1,824
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	90,000		90,000	88,130	(1,870)
Miscellaneous Revenue	25,000		25,000	25,165	165
Total Revenues From Other Sources	115,000	-	115,000	346,761	105,404
Total Revenues	3,768,620	(102,095)	3,666,525	3,898,286	105,404
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,220,234	(423,388)	796,846	784,819	12,027
Other Salaries for Instruction	75,000	42,482	117,482	117,146	336
Purchased Prof/Tech Services	67,150	203,153	270,303	269,794	509
Other Purchased Services	73,495	5,000	78,495	68,483	10,012
General Supplies	50,000	(5,500)	44,500	41,438	3,062
Textbooks	30,000	5,500	35,500	35,432	68
Miscellaneous	18,500	3,000	21,500	21,364	136
Total Instruction	1,534,379	(169,753)	1,364,626	1,338,476	26,150
Administration:					
Salaries - General Administration	377,207	(22,271)	354,936	354,930	6
Salaries - Technical					
Salaries of Secretarial/Clerical Assistants	237,508	31,100	268,608	257,776	10,832
Total Benefits Cost	506,617	(16,900)	489,717	321,433	168,284
Purchases Prof/Tech Services	60,750	34,000	94,750	73,061	21,689
Other Purchased Services					
Communications/Telephone	44,128	12,500	56,628	43,893	12,735
Supplies and Materials	15,000		15,000	8,701	6,299
Interest for Lease Purchase Agreements					
Miscellaneous Expenses	10,548	5,500	16,048	14,498	1,550
Total Administration	1,300,208	145,429	1,445,637	1,219,818	225,819

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	50,000	(2,000)	48,000	48,000	-
Purchased Prof/Tech Services	8,000		8,000	6,744	1,256
Cleaning, Repair, and Maintenance Services	22,560		22,560	14,248	8,312
Rental of Land and Buildings	425,505	800	426,305	416,895	9,410
Transportation-Other Than To/From School	10,000	1,320	11,320	9,985	1,335
Insurance for Property, Liability and Fidelity	57,000	(3,000)	54,000	44,240	9,760
Supplies and Materials	10,000	3,000	13,000	11,277	1,723
Energy Costs (Heat and Electricity)	85,000	(32,000)	53,000	35,384	17,616
Total Support Services	684,065	(47,000)	637,065	611,244	25,821
Capital Outlay:					
Instructional Equipment	10,000		10,000		10,000
Purchased of Land/Improvements	25,000	32,000	57,000	43,163	13,837
Total Capital Outlay	35,000	32,000	67,000	43,163	23,837
On-Behalf TPAF Pension Contributions (Non-Budgeted)				126,357	(126,357)
On-Behalf TPAF Post Retirement Medical Contributions (Non-Budgeted)				105,285	(105,285)
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				1,824	(1,824)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				88,130	(88,130)
Total Expenditures	3,553,652	(39,324)	3,514,328	3,534,297	(19,969)
Excess (Deficiency) of Revenues Over (Under) Expenditures	214,968	(62,771)	152,197	363,989	211,792
Other Financing Sources (Uses)					
Food Service	16,000		16,000		16,000
Total Other Financing Sources (Uses)	16,000	-	16,000	-	16,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	198,968	(62,771)	136,197	363,989	227,792
FUND BALANCE, JULY 1	944,908	-	944,908	944,908	-
FUND BALANCE, JUNE 30	\$ 1,143,876	\$ (62,771)	\$ 1,081,105	\$ 1,308,897	\$ 227,792
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance					
	\$ 1,143,876	\$ (62,771)	1,081,105	\$ 1,308,897	\$ 227,792
Total	\$ 1,143,876	\$ (62,771)	\$ 1,081,105	\$ 1,308,897	\$ 227,792

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 420,784	\$ (34,784)	\$ 386,000	\$ 386,000	\$ -
Local Sources			-		-
Total Revenues	<u>420,784</u>	<u>(34,784)</u>	<u>386,000</u>	<u>386,000</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	241,268	(21,600)	219,668	219,668	-
Purchased Prof/Tech Services	933	(448)	485	485	-
General Supplies	20,303	(3,190)	17,113	17,113	-
Other Objects	15,655	(1,661)	13,994	13,994	-
Total Instruction	<u>278,159</u>	<u>(26,899)</u>	<u>251,260</u>	<u>251,260</u>	<u>-</u>
Support Services:					
Salaries of Supervisors of Instruction	7,500		7,500	7,500	-
Personal Services - Employee Benefits	72,266	(1,820)	70,446	70,446	-
Other Purchased Professional Services	31,500	(5,234)	26,266	26,266	-
Purchased Technical Services	24,505	(601)	23,904	23,904	-
Other Purchased Professional Services	4,000		4,000	4,000	-
Total Support Services	<u>139,771</u>	<u>(7,655)</u>	<u>132,116</u>	<u>132,116</u>	<u>-</u>
Capital Outlay:					
Instructional Equipment	2,854	(230)	2,624	2,624	-
Total Capital Outlay	<u>2,854</u>	<u>(230)</u>	<u>2,624</u>	<u>2,624</u>	<u>-</u>
Total Expenditures	<u>420,784</u>	<u>(34,784)</u>	<u>386,000</u>	<u>386,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 3,898,286	[C-2]	386,000
 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]	\$ 3,898,286	[B-2]	\$ 386,000
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,534,297	[C-2]	386,000
 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]	\$ 3,534,297	[B-2]	\$ 386,000

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Charter School's proportion of the net pension liability	0.00188346%	0.004387066%	0.004496358%
Charter School's proportionate share of the net pension liability	\$ 352,636	\$ 984,808	\$ 1,331,692
Charter School's covered employees payroll	\$ 298,036	\$ 340,551	\$ 343,629
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	118%	289%	388%
Plan fiduciary net position as a percentage of the total pension liability	40.71%	38.21%	31.20%

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

**BARACK OBAMA GREEN CHARTER HIGH SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED**

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 15,527	\$ 37,717	\$ 39,945
Contributions in relation to the contractually required contribution	(15,527)	(37,717)	(39,945)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 298,036	\$ 340,551	\$ 343,629
Contributions as a percentage of covered employee payroll	5.21%	11.08%	11.62%

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

BARACK OBAMA GREEN CHARTER HIGH 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 THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.0106735%	0.01001138%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 4,984,847	\$ 6,746,126	\$ 7,875,588
CS / District's covered employees payroll	\$ 1,132,432	\$ 1,135,015	\$ 1,066,300
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	440.19%	594.36%	738.59%
Plan fiduciary net position as a percentage 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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

OTHER 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 expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Title I	Title II Part A	IDEA Part B	Local Grants	Total
Revenues:					
Federal Sources	\$ 144,417	\$ 485	\$ 45,359	\$ -	\$ 190,261
Local Sources				195,739	195,739
Total Revenues	\$ 144,417	\$ 485	\$ 45,359	\$ 195,739	\$ 386,000
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 64,600	\$ -	\$ 17,028	\$ 138,040	\$ 219,668
Purchased Prof/Tech Services		485			485
General Supplies	17,113				17,113
Other Objects	13,994				13,994
Total Instruction	95,707	485	17,028	138,040	251,260
Support Services:					
Salaries of Supervisors of Instruction	7,500				7,500
Personal Services/Employee Benefits	14,944		4,427	51,075	70,446
Other Purchased Professional Services	26,266		23,904		26,266
Purchased Technical Services					23,904
Other Purchased Services				4,000	4,000
Total Support Services	48,710	-	28,331	55,075	132,116
Facilities Acquisition and Construction Services:					
Instructional Equipment				2,624	-
Noninstructional Equipment					2,624
Total Facilities Acquisition and Construction Services	-	-	-	2,624	2,624
Total Expenditures	144,417	485	45,359	195,739	386,000
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 in all schools within the school district.

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

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

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

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

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

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Agency			Total Agency Funds
	Payroll Agency	Payroll Account	Student Activity	
ASSETS:				
Cash and Cash Equivalents	\$ 4,346	\$ 8,816	\$ 3,406	\$ 16,568
Total Assets	<u>\$ 4,346</u>	<u>\$ 8,816</u>	<u>\$ 3,406</u>	<u>\$ 16,568</u>
LIABILITIES:				
Liabilities:				
Interfund Payable	\$ -	\$ 8,816	\$ -	\$ 8,816
Payroll Deductions and Withholding Payable	4,346			4,346
Due to Student Groups			3,406	3,406
Total Liabilities	<u>\$ 4,346</u>	<u>\$ 8,816</u>	<u>\$ 3,406</u>	<u>\$ 16,568</u>
NET POSITION				
Held In Trust				
Total Net Position				
Total Liabilities and Net Position				

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 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>
Student Groups	<u>\$ 2,760</u>	<u>\$ 11,128</u>	<u>\$ 10,482</u>	<u>\$ 3,406</u>
Total	<u><u>\$ 2,760</u></u>	<u><u>\$ 11,128</u></u>	<u><u>\$ 10,482</u></u>	<u><u>\$ 3,406</u></u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Fiduciary Funds

Payroll Agency Fund

Schedule of Receipts and Disbursements

June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 27,627	\$ 233,382	\$ 256,663	\$ 4,346
Total Assets	<u>\$ 27,627</u>	<u>\$ 233,382</u>	<u>\$ 256,663</u>	<u>\$ 4,346</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 949	\$ -	\$ 949	\$ -
Payroll Deductions and Withholdings	26,678	255,714	233,382	4,346
Totals	<u>\$ 27,627</u>	<u>\$ 255,714</u>	<u>\$ 234,331</u>	<u>\$ 4,346</u>

**STATISTICAL SECTION
(UNAUDITED)**

Barack Obama Green Charter High School has been in operation for seven (7) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for seven (7) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

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 district'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 district provides and the activities it performs.

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

FINANCIAL TRENDS

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Net Position by Component
 Last Nine Fiscal Years
(accrual basis of accounting)
 Unaudited

	2017	2016	2015	2014	2013	2012	2011
Governmental Activities							
Net Investment in Capital Assets/							
Invested in capital assets, net of related debt	\$ 153,228	\$ 167,853	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	17,845	-	-				
Unrestricted	<u>531,017</u>	<u>944,908</u>	<u>1,142,309</u>	<u>922,677</u>	<u>811,674</u>	<u>659,841</u>	<u>306,747</u>
Total Governmental Activities Net Assets/ Position	<u>\$ 702,090</u>	<u>\$ 1,112,761</u>	<u>\$ 1,160,286</u>	<u>\$ 947,035</u>	<u>\$ 818,199</u>	<u>\$ 668,541</u>	<u>\$ 310,896</u>
Business-Type Activities							
Unrestricted	<u>\$ 33,091</u>	<u>\$ 16,850</u>	<u>\$ 13,297</u>	<u>\$ -</u>	<u>\$ 3,571</u>	<u>\$ 3,571</u>	<u>\$ 368</u>
Total Business-Type Activities Net Assets/Position	<u>\$ 33,091</u>	<u>\$ 16,850</u>	<u>\$ 13,297</u>	<u>\$ -</u>	<u>\$ 3,571</u>	<u>\$ 3,571</u>	<u>\$ 368</u>
Charter School-Wide							
Net Investment in Capital Assets/							
Invested in capital assets, net of related debt	\$ 153,228	\$ 167,853	\$ 17,977	\$ 24,358	\$ 6,525	\$ 8,700	\$ 4,149
Restricted	17,845	-	-				
Unrestricted	<u>564,108</u>	<u>961,758</u>	<u>1,155,606</u>	<u>922,677</u>	<u>815,245</u>	<u>663,412</u>	<u>307,115</u>
Total Charter School Net Position	<u>\$ 735,181</u>	<u>\$ 1,129,611</u>	<u>\$ 1,173,583</u>	<u>\$ 947,035</u>	<u>\$ 821,770</u>	<u>\$ 672,112</u>	<u>\$ 311,264</u>

Source: Comprehensive Annual Financial Report

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011
Expenses							
Governmental Activities:							
Instruction	\$ 1,709,632	\$ 1,545,521	\$ 2,097,071	\$ 1,664,155	\$ 1,272,456	\$ 1,171,797	\$ 723,353
Administration	1,556,110	2,081,087	624,364	642,568	959,449	576,667	352,034
Support Services	712,026	605,440	1,304,164	1,015,116	903,658	666,827	458,379
Capital Outlay	45,787	156,257	5,019	-	13,273	46,051	
Unallocated	14,625	6,381	6,381	3,200	2,176	6,323	2,075
Total Governmental Activities Expenses	<u>4,038,180</u>	<u>4,394,686</u>	<u>4,036,999</u>	<u>3,325,039</u>	<u>3,151,012</u>	<u>2,467,665</u>	<u>1,535,841</u>
Business-Type Activities:							
Food Service	90,935	89,506	87,353	103,364	77,503	59,132	42,485
Total Business-Type Activities Expenses	<u>90,935</u>	<u>89,506</u>	<u>87,353</u>	<u>103,364</u>	<u>77,503</u>	<u>59,132</u>	<u>42,485</u>
Total Charter School Expenses	<u>\$ 4,129,115</u>	<u>\$ 4,484,192</u>	<u>\$ 4,124,352</u>	<u>\$ 3,428,403</u>	<u>\$ 3,228,515</u>	<u>\$ 2,526,797</u>	<u>\$ 1,578,326</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ -	\$ (313,411)	\$ 694,947	\$ 316,870	\$ 286,375	\$ 248,329	\$ 178,754
Total Governmental Activities Expenses	<u>-</u>	<u>(313,411)</u>	<u>694,947</u>	<u>316,870</u>	<u>286,375</u>	<u>248,329</u>	<u>178,754</u>
Business-Type Activities:							
Charges for Services	1,643	3,394	3,843	6,049	4,956	1,991	-
Operating Grants and Contributions	105,533	89,665	96,807	87,717	68,178	42,070	27,853
Total Business-Type Activities Expenses	<u>107,176</u>	<u>93,059</u>	<u>100,650</u>	<u>93,766</u>	<u>73,134</u>	<u>44,061</u>	<u>27,853</u>
Total Charter School Program Revenue	<u>\$ 107,176</u>	<u>\$ (220,352)</u>	<u>\$ 795,597</u>	<u>\$ 410,636</u>	<u>\$ 359,509</u>	<u>\$ 292,390</u>	<u>\$ 206,607</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (4,038,180)	\$ (4,708,097)	\$ (3,342,052)	\$ (3,008,169)	\$ (2,864,637)	\$ (2,219,336)	\$ (1,357,087)
Business-Type Activities	16,241	3,553	13,297	(9,598)	(4,369)	(15,071)	(14,632)
Total Charter School Net Expense	<u>\$ (4,021,939)</u>	<u>\$ (4,704,544)</u>	<u>\$ (3,328,755)</u>	<u>\$ (3,017,767)</u>	<u>\$ (2,869,006)</u>	<u>\$ (2,234,407)</u>	<u>\$ (1,371,719)</u>
General Revenues and Other Changes in Net Position							
Governmental Activities:							
General Purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and State Aid Not Restricted	1,168,532	615,447	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-
Miscellaneous Income	3,115,754	3,489,485	3,562,754	3,137,005	3,014,294	2,576,980	1,667,983
Total Governmental Activities	<u>4,284,286</u>	<u>4,104,932</u>	<u>3,562,754</u>	<u>3,137,005</u>	<u>3,014,294</u>	<u>2,576,980</u>	<u>1,667,983</u>
Business-Type Activities:							
General Purposes	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	6,027	4,369	18,274	15,000
Total Business-Type Activities Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,027</u>	<u>4,369</u>	<u>18,274</u>	<u>15,000</u>
Total Charter School Wide	<u>\$ 4,284,286</u>	<u>\$ 4,104,932</u>	<u>\$ 3,562,754</u>	<u>\$ 3,143,032</u>	<u>\$ 3,018,663</u>	<u>\$ 2,595,254</u>	<u>\$ 1,682,983</u>
Change in Net Position							
Governmental Activities	\$ 246,106	\$ (603,165)	\$ 220,702	\$ 128,836	\$ 149,657	\$ 357,644	\$ 310,896
Business-Type Activities	16,241	3,553	13,297	(3,571)	-	3,203	368
Total Charter School	<u>\$ 262,347</u>	<u>\$ (599,612)</u>	<u>\$ 233,999</u>	<u>\$ 125,265</u>	<u>\$ 149,657</u>	<u>\$ 360,847</u>	<u>\$ 311,264</u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Fund Balances - Governmental Funds
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund							
Restricted	\$ 17,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>1,291,052</u>	<u>944,908</u>	<u>1,142,309</u>	<u>922,677</u>	<u>811,674</u>	<u>659,841</u>	<u>306,747</u>
Total General Fund	<u>\$ 1,308,897</u>	<u>\$ 944,908</u>	<u>\$ 1,142,309</u>	<u>\$ 922,677</u>	<u>\$ 811,674</u>	<u>\$ 659,841</u>	<u>\$ 306,747</u>

Source: Comprehensive Annual Financial Report

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Nine Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2017	2016	2015	2014	2013	2012	2011
Revenues:							
Local Sources:	\$ 616,289	\$ 646,585	745,063	582,805	614,607	462,321	390,430
Intermediate Sources	-	-	-	-	-	-	-
State Sources	3,281,997	3,114,094	3,152,992	2,749,858	2,496,655	2,185,155	1,362,753
Federal Sources	386,000	344,253	149,119	127,239	191,348	188,443	108,554
Total Revenues	<u>4,284,286</u>	<u>4,104,932</u>	<u>4,047,174</u>	<u>3,459,902</u>	<u>3,302,610</u>	<u>2,835,919</u>	<u>1,861,737</u>
Expenditures:							
Instruction	1,640,811	1,710,198	1,544,212	1,245,438	1,239,494	1,017,267	616,972
Administration	1,541,414	1,726,472	1,123,746	1,176,785	1,015,726	793,206	492,602
Support Services	692,285	605,440	1,141,683	920,649	880,343	604,817	424,192
Capital Outlay	45,787	156,257	5,019	-	13,273	56,925	6,224
Total Expenditures	<u>3,920,297</u>	<u>4,198,367</u>	<u>3,814,660</u>	<u>3,342,872</u>	<u>3,148,836</u>	<u>2,472,215</u>	<u>1,539,990</u>
Net Change in Fund Balance	<u>\$ 363,989</u>	<u>\$ (93,435)</u>	<u>\$ 232,514</u>	<u>\$ 117,030</u>	<u>\$ 153,774</u>	<u>\$ 363,704</u>	<u>\$ 321,747</u>

Source: Comprehensive Annual Financial Report

BARACK OBAMA GREEN CHARTER HIGH SCHOOL

General Fund - Other Local Revenue by Source

Last Nine Fiscal Years

(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2017	\$ -	\$ 25,165	\$ 25,165
2016		13,526	13,526
2015		-	-
2014		-	-
2013	-	-	-
2012	-		-
2011	-		-

Source: Charter School records

OPERATING INFORMATION

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Nine Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011
Instruction	22	22	22	22	22	22	13
Administrative	8	8	8	8	8	8	6
Support Services	2	2	23	2	2	2	2
Food Service	-	-	-	-	-	-	-
Total	32	32	53	32	32	32	21

Source: Charter School's Records

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Operating Statistics
 Last Nine Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	235	\$ 3,874,510	\$ 16,629	1.91%	20	12:1	233.3	217	0.91%	93.01%
2016	233	3,801,821	16,317	-10.19%	20	12:1	231.2	227	1.63%	98.18%
2015	227	4,124,352	18,169	6.33%	20	12:1	227.5	223	12.01%	98.02%
2014	201	3,434,430	17,087	-4.81%	20	12:1	203.1	199	10.38%	97.98%
2013	179	3,213,066	17,950	23.61%	16	12:1	184	180	16.09%	97.84%
2012	163	2,366,918	14,521	6.15%	14	12:1	158.5	155	74.94%	97.79%
2011	112	1,532,101	13,679	N/A	11	11:1	90.6	89	N/A	98.23%

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 School Building Information
 Last Nine Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Charter School Building</u>							
<u>High School</u>							
35 Watchung Avenue, Plainfield, NJ							
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capacity (students)	260	260	260	260	180	180	180
Total Enrollment	235	233	240	240	179	163	163

Source: Charter School Facilities Office

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Insurance Schedule
June 30, 2017

PACKAGE POLICY (NJSBAIG)	<u>Coverage</u>	<u>Deductible</u>
Property Section		
Building Limit(Loc 1)	\$ 17,768,040	
Building Limit(Loc 2)	6,161,890	
Building Limit(Loc 3)	1,729,000	
Contents Limit(Loc 1)	1,000,000	
Contents Limit(Loc 2)	60,000	
Contents Limit(Loc 3)	50,000	
Blanket Extra Expense	50,000,000	
Blanket Valuable Papers & Records	10,000,000	
Loss of Rents	200,000	
Loss of Business Income/Tuition	2,000,000	\$ 1,000
Flood Zones A&V	20,000,000	\$ 500,000
All Other Flood Zones	75,000,000	\$ 10,000
EQ per occ/annual	50,000,000	
EDP		
Blanket Hardware/Software	\$ 100,000	
Blanket Extra Expense	Included	
Transit	25,000	
Loss of Income	10,000	
Boiler & Machinery		
Property Damage & Extra Expense	\$ 100,000,000	\$ 1,000
Crime		
Public Employee Dishonesty	\$ 250,000	
Loss of Money & Securities	50,000	
Money Orders & Counterfeit	50,000	
Forgery or Alteration	250,000	
Computer Fraud	250,000	\$500 each coverage part
General Liability		
Each Occurrence	\$ 16,000,000	
Products/Completed Ops Annual Aggregate	16,000,000	
Sexual Abuse per Occurrence	16,000,000	
Sexual Abuse Annual Pool Aggregate	17,000,000	
Personal & Advertising Injury per Occurrence	16,000,000	
Personal & Advertising Injury Ann Aggregate	16,000,000	
Employment Benefits	16,000,000	\$ 1,000
Medical Payments	10,000	
Business Auto Section		
Hired & Non-Owned Auto Liability	\$ 16,000,000	
WORKERS COMPENSATION (NJSBAIG)		
Bodily Injury by Accident	\$ 2,000,000	each accident
Bodily Injury by Disease	2,000,000	each employee
Bodily Injury by Disease	2,000,000	aggregate limit
ERRORS & OMISSIONS LIABILITY (NJSBAIG)		
Coverage A:		
Limit of Liability Each Policy Period	\$ 16,000,000	\$ 5,000
Coverage B:		
Limit Each Claim	100,000	5,000
Limit Each Policy Period	300,000	
SUPPLEMENTAL INDEMNITY (NJSBAIG)		
Maximum Benefit Period	52 weeks	
Maximum Weekly Benefit	\$ 2,500	
STUDENT ACCIDENT INSURANCE (NJSBAIG)		
Full Excess - Basic Only	\$ 5,000,000	
Cat Cash	1,000,000	
BONDS (Selective)		
Christopher Lessard	\$ 125,000	
Monique Bonnier	215,000	
FF Group Catastrophe	\$ 50,000,000	

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	913,787	755,649	1,104,610	Audit: Exhibit A-1
Current Assets (includes CASH)	1,294,084	1,138,708	1,457,384	Audit: Exhibit A-1
Total Assets	1,312,061	1,306,561	1,610,612	Audit: Exhibit A-1
Current Liabilities	138,478	176,950	115,396	Audit: Exhibit A-1
Total Liabilities	528,831	1,201,703	1,447,088	Audit: Exhibit A-1
Net Assets	0.00	868,323	735,181	Audit: Exhibit A-1
Total Revenue	4,358,351	4,529,748	4,391,462	Audit: Exhibit A-2
Total Expenses	4,124,352	4,670,381	4,129,115	Audit: Exhibit A-2
Change in Net Assets	233,999	(140,633)	262,347	Audit: Exhibit A-2
Depreciation Expense	6,361	6,381	14,625	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	227.50	231.20	233.30	DOE Enrollment Reports
March, 30th Budgeted Enrollment	240	240	240	Charter School Budget

RATIOS ANALYSIS...					Changes
Near Term Indicators	2015	2016	2017	3 YR CUM	Source:
					Target
1a. Current Ratio	9.35	6.44	12.63	9.03	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	80.87	59.06	97.64	78.35	Cash/(Total Expenses/365)
1c. Enrollment Variance	95%	96%	97%	96.11%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A		Audit
Sustainability Indicators					
2a. Total Margin	5%	-3%	6%	3%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.40	0.92	0.90	0.75	Total Liabilities/Total Assets
2c.** Cash Flow	163,430	(158,138)	348,961	354,253	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

* 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

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Barack Obama Green Charter High School
Plainfield, 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 Barack Obama Green Charter High School (Charter School), in the , State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated December 4, 2017.

Internal Control over Financial Reporting

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

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

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


Compliance and Other Matters

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

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
December 4, 2017

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY CIRCULAR
15-08 OMB**

The Honorable President and
Members of the Board of Trustees
Barack Obama Green Charter High School

Plainfield, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

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

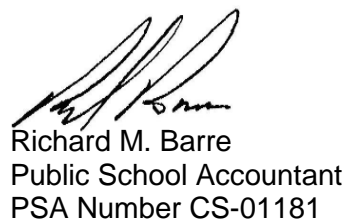
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement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

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

Purpose of this Report

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

Union, New Jersey
December 4, 2017

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2017 Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind:														
84-010A	S010A150030		NCLB - - 17	\$ 173,729	7/1/16	\$ -	\$ -	59,865	(144,417)	\$ -	\$ -	(84,432)	\$ -	\$ -
84-010A	S010A150030		NCLB - - 16	190,076	7/1/15	(13,880)		13,880						
84-365A			NCLB - - 16	1,500	7/1/15	(1,500)		1,500						
84-374			NCLB - - 16	89,698	7/1/16	(16,938)		16,938	(485)			(330)		
84-367A	S367A150029		NCLB - - 17	933	7/1/16			155						
Individuals with Disabilities Cluster:														
84-027	H027A150100		IDEA - - 17	45,960	7/1/16			45,359	(45,359)					
84-027			IDEA - - 16	-	7/1/15			45,359	(45,359)					
Total Individuals with Disabilities Cluster														
Total Special Revenue Fund														
						(32,318)	-	137,797	(190,261)	-	-	(84,732)	-	-
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
10-553	16161NJ304N1099		N/A	31,534	7/1/16			28,897	(31,534)			(2,637)		
10-553			N/A	17,473	7/1/15	(5,101)		5,101						
10-555	16161NJ304N1099		N/A	72,699	7/1/16	(13,603)		67,202	(72,699)			(5,497)		
10-555			N/A	51,605	7/1/15			13,603						
Total Enterprise Fund														
						(18,704)	-	114,803	(104,233)	-	-	(8,134)	-	-
						(51,022)	\$ -	252,600	(294,494)	\$ -	\$ -	(92,916)	\$ -	\$ -

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

BARACK OBAMA GREEN CHARTER HIGH 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, Barack Obama Green Charter High School. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BARACK OBAMA GREEN CHARTER HIGH 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	\$ -	\$ 3,281,997	\$ 3,281,997
Special Revenue Fund	386,000	-	386,000
Food Service Fund	104,233	1,300	105,533
Total Awards & Financial Assistance	<u>\$ 490,233</u>	<u>\$ 3,283,297</u>	<u>\$ 3,773,530</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Barack Obama Green Charter High 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.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2017

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 144,416
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>485</u>
Total	<u><u>\$ 144,901</u></u>

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported __X__
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?	_____ Yes	__X__ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported __X__
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 NJ Circular Letter 15-08-OMB, as applicable?	_____ Yes	__X__ No

Identification of major state programs:

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

BARACK OBAMA GREEN CHARTER HIGH 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

The 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 and State Financial Assistance
Findings and Questioned Costs***

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

No Current Year Findings

BARACK OBAMA GREEN CHARTER HIGH 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*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJ OMB Circular 04-04 and/or 15-08, as applicable.

Prior Year Findings

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2016-001 Purchasing and Cash Disbursement

Criteria

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

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

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

Condition

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

- Payments to two vendors (Barnes & Noble and Pearson Education) exceeded the approved purchase order amounts.
- 13 cash disbursement have vendor invoices dated earlier than the approved purchase orders. These instance are non-compliance with standing policies and purchasing procedures in place on checking availability of funds before the purchase.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2016-001 Purchasing and Cash Disbursement – (Continued)

- Payments to two professional service vendors exceeded the contract amounts. However, there was no contract amendment or approved changed order on file to support the amounts paid.
- For a project management services contract for the Charter High School's facility project, there was no publicly advertise request for bids or qualifications. It should be noted that management were able to solicit two proposals. One vendor was invited to make a presentation to the board in its February 2016 meeting. However, there was no record in the minutes to acknowledge the other proposer or resolution passed to award the contract to the successful proposer, Northstar Advisors, LLC. Total payments to the selected vender were \$16,334 through June 30, 2016. Subsequently, the facility project was discontinued by management and the Board. Total expenditures for all professional services and feed related to the facility project through June 30, 2016 was \$168,692.

- *Cause*

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

- *Effect*

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

- *Recommendation*

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

View of Responsible Official and Planned Corrective Action

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

Charter School Corrective Action

A Corrective Action Plan was developed and instituted by the Charter School to address this finding. A copy of the Corrective Action Plan is attached and made part of the audit report.

BARACK OBAMA GREEN CHARTER HIGH SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- Refer to Finding 2016-001

Charter School Corrective Action

A Corrective Action Plan was developed and instituted by the Charter School to address this finding. A copy of the Corrective Action Plan is attached and made part of the audit report.

CERTIFICATION OF IMPLEMENTATION OF CORRECTIVE ACTION PLAN

For the Fiscal Year ended June 30, 2016


Name of Charter School: The Barack Obama Green Charter High School

County: Union


I hereby certify that all corrective actions listed on the charter school's Corrective Action Plan (CAP) for the fiscal year indicated above have been fully implemented except for the following

#1 Total Instructional expenditures is less than 60% of total expenditures.

#6 Incomplete Student file



Board Secretary/Business Administrator



Chief Executive Officer/Lead Person

06/30/2017
Date

7/5/17
Date

CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2016

SCHOOL DISTRICT/CHARTER/RENAISSANCE SCHOOL PROJECT

Barack Obama Green Charter High School

CONTACT PERSON BIMA BAJE

TELEPHONE

908-731-5053

EMAIL bima.baje@obamagreenhigh.com

County: Union
TYPE OF AUDIT Annual
DATE OF BOARD MEETING 15-Feb-17

Rec. No.	Corrective Action Approved by the Board	Method of Implementation	Person Responsible	Implementation Status & Completion Date
1	Total Instructional expenditures is less than 60% of total expenditures	SBA is responsible for at least quarterly reporting of 60/40 split. If the split is found to be out of balance SBA and CEO will first attempt resolution of this imbalance within 30 days HR will ensure all contracts are signed before employee start date. HR will certify in writing to the CEO that all documents are, in fact, obtained. If documents are missing or CEO has developed an operating procedure for developing which grant projects are suitable and best suited for the school. Upon acceptance by the Board of any grant project, the financial management SBA will submit the reimbursement on time moving forward.	SBA and CEO	In progress
2	Employee contracts were executed later than start date.		HR	In progress
3	Receivable from grant project aged over 2 years.		CEO	In progress
4	FICA reimbursement not submitted on time.		SBA	2017 reimbursement will be done in a timely fashion.
5	Payments to vendors exceed the approved purchased orders; Invoices dated earlier than approved purchased order; Payments to Professional services exceeded contract amounts; No public bidding for awarded contract beyond 40,000.	No payments are to be made without the appropriate purchase order and approval by the Board. Purchase Orders are to be created immediately after Board approval. No payments	SBA and CEO	Effective Oct 1, 2016, procedure has been implemented

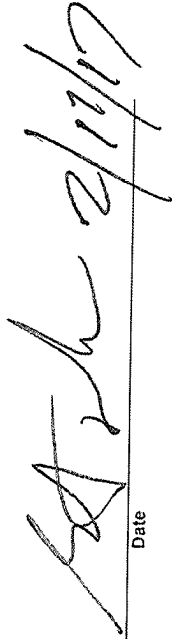
6 Incomplete student file

EC (in coordination with business office) and CEO In progress

The procedure has been implemented that when a student applies, that student is notified of all records required. The EC has developed a checklist to track each student and reporting requirement SBA will review lunch application to to ensure accurate lunch status determination is properly reflected in CHE

7 Errors in recording lunch determination in the CHE.

Effective Oct 1, 2016, procedure has been implemented



Steven King
School Leader

Date



Bima Beje
School Business Administrator

Date

2/15/17