



John P. Holland Charter School

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

JOHN P. HOLLAND CHARTER SCHOOL
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INTRODUCTORY SECTION



John P. Holland

CHARTER SCHOOL

LETTER OF TRANSMITTAL

February 28, 2019

Honorable President and Members
of the Board
John P. Holland Charter School District
City of Paterson
County of Passaic, New Jersey

Dear Board Members:

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the John P. Holland Charter School (the "Charter School") for the fiscal year ended June 30, 2018.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result 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.

Government Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter School of Excellence's MD&A can be found immediately following the Independent Auditor's Report.

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

- The Introductory Section includes a table of contents, this Letter of Transmittal, the Charter School's Organization Chart and a List of Principal Officials;
- The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A) and the Basic Financial Statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The Basic Financial Statements also include individual fund financial statements and required supplemental information (RSI);

- The Statistical Section includes selected financial and demographic information of the Charter School generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Title 2 US *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit including the independent auditor’s report on compliance for each major state program and report on internal control over compliance along with findings and questioned costs if any, is included in the single audit section of this report.

Information related to this single audit, including the independent auditor’s report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The overarching mission of the Charter School is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

The Charter school is open to all Paterson students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter-school.

The Charter School has completed its sixth year of service to the children and families of Paterson. By the end of the 2017-2018 school year, the Charter School had a PK-8 student enrollment of 351.

The Charter School’s enrollment at October 13, 2017 was 351 students, which is a 74.62% increase above the previous October 14th count. The significant change in enrollment is primarily due to the addition of a preschool program. The following details the changes in enrollment over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017 - 2018	351	74.62%
2016 - 2017	201	1.01%
2015 - 2016	199	0%
2014 - 2015	199	17.75%
2013 - 2014	169	0%

2. ECONOMIC CONDITION AND OUTLOOK

The Charter School is located in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 146,199 (2010 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19th century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has four operating charter schools, one of which is John P. Holland. The district is one of 31 Abbott districts statewide, which are now referred to as "SDA Districts" based on the requirement for the state to provide additional funding for Early Childhood Education for all 3 to the 5 year olds in those districts. The school system has over 30,000 students who speak over 50 different languages. The school system currently has 52 schools with over 6,000 employees.

Paterson boasts numerous locations on the National Register of Historic Places, including museums, schools, public buildings, and churches. Paterson's rich history is best represented though the designation by President Obama in 2009 of the area surrounding the majestic Great Falls as a new national park, the Paterson Great Falls National Historical Park.

In 2017-2018 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

3. CHARTER SCHOOL ENROLLMENT, DEMOGRAPHICS AND OTHER HIGHLIGHTS

The Charter School understands its responsibility to serve all students, including special education students, English Language Learners, students who qualify for free or reduced-price lunch, and other underserved or at-risk populations.

In 2017-2018, the Charter School was able to provide our students with several programs. One included having students that were identified as "At Risk" attend an after school Kuman Tutoring Program. This was twice a week for 5 months and at no cost to the parents. It provided transportation and material. In addition, we provided additional support to our teachers through our University Partnerships which included WPU and Drew. We also provided our students with After Care Service that included dinner and tutoring.

4. INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The system of internal control is designed to provide reasonable, but no 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 awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of 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 the system of internal controls, including that portion related to federal awards 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 the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2017-2018 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6. ACCOUNTING SYSTEM AND REPORTS

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school. The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statement", Note 1.

7. FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special Revenue Funds for the fiscal year ended June 30, 2018:

Summary of the General Fund and Special Revenue Fund Revenues				
Revenue	2017	2016	Increase/ (decrease)	Percent Change
Local sources	\$ 157,423	\$ 633,112	\$ (475,689)	(75.14) %
State sources	5,108,236	2,675,792	2,432,444	90.91
Federal sources	236,834	198,606	38,228	19.25
	<u>\$ 5,502,493</u>	<u>\$ 3,507,510</u>	<u>\$ 1,994,983</u>	<u>56.88</u>

(Refer to Exhibit B-2)

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2018:

Summary of the General Fund and Special Revenue Fund Expenditures				
Expenditures	2018	2017	Increase/ (decrease)	Percent Change
Instruction	\$ 2,285,936	\$ 1,245,385	\$ 1,040,551	83.55 %
Administrative	2,105,824	1,372,784	733,040	53.40
Support	1,082,591	1,028,755	53,836	5.23
Capital outlay	3,950	(3,950)	N/A	N/A
	<u>\$ 5,474,351</u>	<u>\$ 3,650,874</u>	<u>\$ 1,823,478</u>	<u>49.95</u>

(Refer to Exhibit B-2)

The Charter School’s expenditures increased by about 49.95%, which is consistent with the significant change in enrollment level compared to 2017.

8. CASH MANAGEMENT

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

9. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation.

10. OTHER INFORMATION

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The Charter School appointed the accounting firm of Bowman and Company LLP.

Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of state financial assistance as required by New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

The Charter School continues to enjoy a strong financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School's operations, and particularly in the area of student achievement.

11. ACKNOWLEDGEMENTS

A note of appreciation is extended to the Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the John P. Holland Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the John P. Holland Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



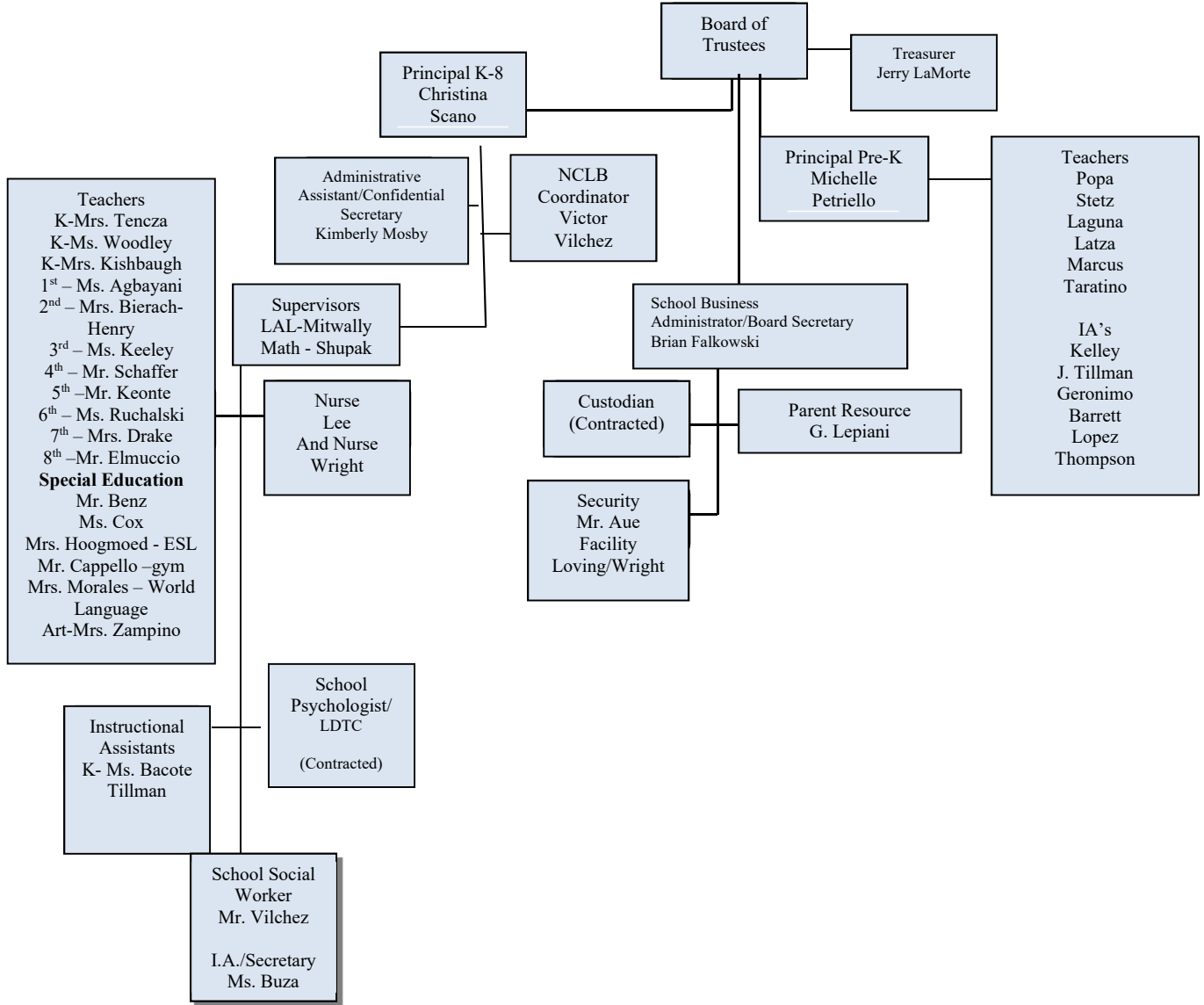
Christina Scano, Principal



Dr. Brian Falkowski, Board Secretary/
School Business Administrator

**JOHN P. HOLLAND CHARTER SCHOOL
PATERSON, NEW JERSEY**

Organizational Chart



**JOHN P. HOLLAND CHARTER SCHOOL
PATERSON, NEW JERSEY**

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2018

Members of the Board of Trustees

Term Expires

Aiesha Betty, President	2021
Marian Rabel, Vice President	2020
Vanessa Ramos, Board Member	2020
Mary Brancaccio, Board Member	2020
LaRhonda Oliver, Board Member	2020
Kecia Teller, Board Member	2021

Administration

Christina Scano, Principal

Dr. Brian Falkowski, School Business Administrator/Board Secretary

**JOHN P. HOLLAND CHARTER SCHOOL
PATERSON, NEW JERSEY**

CONSULTANTS AND ADVISORS

JUNE 30, 2018

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

Attorney

Riker Danzig Scherer Hyland Perretti, LLP
Attorneys At Law
One Speedwell Avenue
Morristown, NJ 07962-1961

Official Depository

Valley National Bank
490 Chamberlain Avenue
Paterson, NJ 07522-1009

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
John P. Holland Charter School
Paterson, New Jersey 07501

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 John P. Holland Charter School, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 John P. Holland Charter School, in the County of Passaic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the Charter School to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the Charter School. The related disclosures for the implementation of this new accounting pronouncement are included in note 8 in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Charter School's proportionate share of the net pension liability, schedule of the Charter School's pension contributions, and schedule of changes in the Charter School's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the John P. Holland Charter School's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules 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 used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules 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.

24350

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2019 on our consideration of the John P. Holland Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the John P. Holland Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the John P. Holland Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
March 11, 2019

**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
John P. Holland Charter School
Paterson, New Jersey 07501

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 John P. Holland Charter School, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2018, 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 March 11, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the John P. Holland 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 John P. Holland 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 John P. Holland 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 matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and 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 Division of Administration and Finance, Department of Education, State of New Jersey, and state awarding agencies and pass-through entities, in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
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Voorhees, New Jersey
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**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
(Unaudited)

As management of the John P. Holland Charter School (hereafter referred to as the "Charter School"), we offer readers of the Charter School's annual financial report this narrative overview and analysis of the financial activities for the fiscal year that ended on June 30, 2018. 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 information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2018, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The net position of the Charter School, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled (\$848,999.23), a deficit at the close of the current fiscal year. Of this amount, (\$848,999.23) represents net position (deficit) of governmental activities and none for Business-Type activities. At June 30, 2017, these were (\$736,618.50) deficit and \$91,177.68 respectively.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$81,667.73, an increase of \$22,127.16, in comparison with the prior fiscal year combined ending fund balances, which were \$59,540.57.
- The fiscal year ended June 30, 2018 was the Charter School's first year operating a preschool education program. The program is presented in the Special Revenue Fund and had program revenues and expenditures of \$1,075,335.00. Program revenues for Preschool Education Aid are awarded by the State of New Jersey and flow through the student's district of residence.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole and present a longer-term view of the Charter School's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Charter School's operations in more detail than the government-wide statements by providing information about the Charter School's most significant funds.

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Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Charter School as a Whole

One of the most important questions asked about the Charter School's finances is, "Is the Charter School as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Charter School as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Charter School's *net position* and changes in it. You can think of the Charter School's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Charter School's financial health, or *financial position*. Over time, *increases or decreases* in the Charter School's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Charter School's enrollment and the condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

Reporting the Charter School's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Charter School as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter School can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund, which are all considered to be major funds.

The Charter School adopts an annual budget for its general fund and special revenue fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

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USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Charter School's Most Significant Funds (Cont'd)

Proprietary Funds - The Charter School maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Charter School uses an enterprise fund to account for its food service and childcare programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service and childcare programs, which are all considered to be major funds.

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Charter School's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE CHARTER SCHOOL AS A WHOLE

During fiscal year 2018, the Charter School's net position decreased by (\$203,558.41) decreasing from (\$645,440.82) in fiscal year 2017 to (\$848,999.23) in fiscal year 2018. In the analysis that follows, the focus is on the net position (Table A-1 and A-2) and changes in net position (Table A-3) of the Charter School's governmental activities and business-type activities.

Table A-1

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 268,892.68	\$ 338,369.93		\$ 104,233.58	\$ 268,892.68	\$ 442,603.51
Capital Assets	20,275.15	31,369.13			20,275.15	31,369.13
Total Assets	289,167.83	369,739.06		104,233.58	289,167.83	473,972.64
Deferred Outflow of Resources - Related to Pensions	848,425.00	1,247,890.00			848,425.00	1,247,890.00
Long-term Liabilities	1,241,594.24	1,994,227.12			1,241,594.24	1,994,227.12
Other Liabilities	288,361.82	360,020.44		13,055.90	288,361.82	373,076.34
Total Liabilities	1,529,956.06	2,354,247.56		13,055.90	1,529,956.06	2,367,303.46
Deferred Inflows of Resources - Related to Pensions	456,636.00				456,636.00	
Net Position:						
Net Investment in Capital Assets	20,275.15	31,369.13			20,275.15	31,369.13
Restricted	25,000.00	25,000.00			25,000.00	25,000.00
Unrestricted (Deficit)	(894,274.38)	(792,987.63)		91,177.68	(894,274.38)	(701,809.95)
Total Net Position (Deficit)	\$ (848,999.23)	\$ (736,618.50)	\$ -	\$ 91,177.68	\$ (848,999.23)	\$ (645,440.82)

JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis (continued)
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USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-2 provides an illustration of the impact of the Charter School's Net Position for the implementation of GASB 68.

Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 848,425.00	\$ 1,247,890.00	\$ (399,465.00)	-32.01%
Less: Net Pension Liability	(1,108,069.00)	(1,798,993.00)	690,924.00	-38.41%
Less: Deferred Inflows Related to Pensions	(456,636.00)		(456,636.00)	100.00%
	<u>\$ (716,280.00)</u>	<u>\$ (551,103.00)</u>	<u>\$ (165,177.00)</u>	<u>29.58%</u>

Total assets decreased by (\$184,804.81). The overall cash position of the Charter School decreased by (\$232,411.70) from June 30, 2017 because of operations in the governmental activities and business-type activities. Receivables increased \$58,700.87 mainly from increases in amounts due from student's district of residence and from the State of New Jersey based on student enrollment. In addition, during fiscal year 2018, capital assets (net) decreased by (\$11,093.98) due to depreciation on capital assets.

Deferred outflows decreased (\$399,465.00) because of the Charter School's participation in various pension plans during the current fiscal year.

Overall liabilities decreased by (\$837,347.40). This decreased resulted from a decrease in noncurrent liabilities for net pension liability for (\$690,924.00) and compensated absences for (\$53,996.09); a decrease in other liabilities which were accounts payable for (\$50,057.81); intergovernmental accounts payable for federal grants for (\$16,331.00); and intergovernmental accounts payable – Other LEAs – State Aid for (\$55,045.50) offset with a increases in accounts payable related to pensions of \$12,233.00, and unearned revenue for \$16,774.00.

Deferred inflows of resources increased by \$456,636.00 because of the Charter School's participation in various pension plans during the current fiscal year.

One portion of the Charter School's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., equipment and leasehold improvements), which totaled \$20,275.15. This component represents capital assets, net of accumulated depreciation. The Charter School uses these assets to provide educational services to students and to carry out the operations of the business-type activities; consequently, these assets are not available for future spending.

An additional component of the Charter School's net position represents a resource that is restricted. This restricted balance of \$25,000.00 is for the Charter School's state mandated escrow.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the Charter School's unrestricted net position was a deficit of (\$894,999.23).

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USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

Table A-3 reflects changes in net position for the fiscal years ended June 30, 2018 and 2017.

Table A-3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services			\$ 125,298.60	\$ 87,864.21	\$ 125,298.60	\$ 87,864.21
Operating Grants and Contributions	\$ 2,268,974.72	\$ 1,309,553.93	234,272.44	122,525.25	2,503,247.16	1,432,079.18
General revenues:						
Charter School Aid	3,408,462.00	2,539,415.00			3,408,462.00	2,539,415.00
State Aid - not Restricted	221,903.00	170,247.00			221,903.00	170,247.00
Miscellaneous Income	157,423.29	309,203.14			157,423.29	309,203.14
Transfers	(6,014.37)		6,014.37			
Total revenues	6,050,748.64	4,328,419.07	365,585.41	210,389.46	6,416,334.05	4,538,808.53
Expenses						
Instruction:						
Regular	1,939,337.80	1,155,515.16			1,939,337.80	1,155,515.16
Special Education	339,829.52	251,106.76			339,829.52	251,106.76
Support Services:						
Student and Instruction Related Services	483,354.58	330,429.72			483,354.58	330,429.72
School Administrative Services	219,893.64	275,005.08			219,893.64	275,005.08
Other Administrative Services	337,567.17	423,320.57			337,567.17	423,320.57
Plant Operations and Maintenance	1,076,947.97	676,229.27			1,076,947.97	676,229.27
Pupil Transportation	1,875.45	5,585.00			1,875.45	5,585.00
Unallocated Benefits	1,764,323.24	1,823,540.60			1,764,323.24	1,823,540.60
Unallocated Depreciation		13,601.14				13,601.14
Food Services			377,699.09	133,591.95	377,699.09	133,591.95
Childcare			79,064.00	10,647.09	79,064.00	10,647.09
Total Expenses	6,163,129.37	4,954,333.30	456,763.09	144,239.04	6,619,892.46	5,098,572.34
Net Increase/Decrease in Net Position	(112,380.73)	(625,914.23)	(91,177.68)	66,150.42	(203,558.41)	(559,763.81)
Beginning Net Position (Deficit)	(736,618.50)	(110,704.27)	91,177.68	25,027.26	(645,440.82)	(85,677.01)
Ending Net Position (Deficit)	\$ (848,999.23)	\$ (736,618.50)	\$ -	\$ 91,177.68	\$ (848,999.23)	\$ (645,440.82)

During fiscal year 2018, the Charter School's total revenues increased by \$1,877,525.52, increasing from \$4,538,808.53 in fiscal year 2017 to \$6,416,334.05 in fiscal year 2018. The net increase in total revenues is largely attributable to the following:

- Program revenue increased \$1,108,602.37. This increase resulted from:
 - (1) an increase in revenues earned from charges for services in the proprietary funds of \$37,434.39.
 - (2) although operating grants and contributions in the governmental activities are effected by the recognition of pension and social security related revenues which decreased, the most significant reason for the increase of \$959,420.79 was the Charter Schools preschool program.
- Charter School Aid increased by \$869,047.00 which is based on enrollment.
- Direct State Aid in the form of Adjustment Aid increased by \$51,656.00.
- The Charter School experienced a decrease in miscellaneous income of (\$151,779.85).

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USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

The largest concentration of total revenues of the Charter School for fiscal year 2018 consisted of Charter School Aid, which represented 53% of total revenues, followed by operating grants 39%, unrestricted state aid 3%, and other miscellaneous revenues 2%. Charges for services resulted from the sales of food and the provision of childcare services generated by the business-type activities were 2% of total revenues. Governmental activities rely heavily on federal and state aid and revenues flowing through the student's district of residence to fund general operations.

During fiscal year 2018, the Charter School's total expenses increased by \$1,521,320.12, increasing from \$5,098,572.34 in fiscal year 2017 to \$6,619,892.46 in fiscal year 2018. The net increase in total expenses is attributable to an increase of expenses for instruction \$872,545.40; student and instruction related services \$152,924.86; and plant operations \$400,718.70; offset by decreases for school and other administrative services (\$140,864.84); pupil transportation (\$3,709.55); and employee benefits (including TPAF Pension and Social Security)(\$59,217.36). Also included in the net increase in expenditures is in the business-type activities where the Charter School experienced an increase in expenditures for food services of \$244,107.14 and for childcare of \$68,416.91.

The net cost of governmental activities is shown in Table A-4.

Table A-4
Net Cost of Governmental Activities

Governmental Activities:	Source	2018		2017	
		Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:					
Regular	A-2	\$ 1,939,337.80	\$ 1,230,053.82	\$ 1,155,515.16	\$ 1,155,515.16
Special Education	A-2	339,829.52	153,500.52	251,106.76	98,480.76
Support Services:					
Student and Instruction Related Services	A-2	483,354.58	351,006.58	330,429.72	320,469.72
School Administrative Services	A-2	219,893.64	219,893.64	275,005.08	275,005.08
Other Administrative Services	A-2	337,567.17	337,567.17	423,320.57	423,320.57
Plant Operations and Maintenance	A-2	1,076,947.97	1,047,765.95	676,229.27	676,229.27
Pupil Transportation	A-2	1,875.45	1,875.45	5,585.00	5,585.00
Unallocated Benefits	A-2	1,764,323.24	552,491.52	1,823,540.60	947,002.67
Unallocated Depreciation	A-2			13,601.14	13,601.14
Total Governmental Activities		\$ 6,163,129.37	\$ 3,894,154.65	\$ 4,954,333.30	\$ 3,915,209.37

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balance of \$81,667.73, which was an increase of \$22,127.16 over the previous fiscal year's total of \$59,540.57. The aforementioned combined ending fund balances includes an amount that is restricted to indicate that it is not available for new spending because it has already been earmarked: \$25,000.00 restricted for Charter School Escrow Reserve which is mandated by the State Department of Education. The remainder of \$56,667.73 is unassigned.

General Fund - The general fund is the general operating fund of the Charter School and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. The restricted and unassigned fund balances mentioned above are all general fund.

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USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds

General Fund (Cont'd) - During the current fiscal year, the fund balance of the Charter School's general fund increased by \$22,122.16. The primary factors affecting the fund balance of the general fund are as follows:

Total revenues (Table A-5) increased from fiscal year 2017 by \$881,419.94; the revenue sources primarily contributing to the increase were state sources which increased \$1,033,199.79 offset by miscellaneous revenues which decreased \$151,779.85.

Table A-5
Summary of General Fund Revenues

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
REVENUES				
Local Sources				
Miscellaneous	\$ 157,423.29	\$ 309,203.14	\$ (151,779.85)	-49.1%
Total Local Sources	<u>157,423.29</u>	<u>309,203.14</u>	<u>(151,779.85)</u>	
State Sources	<u>4,032,900.72</u>	<u>2,999,700.93</u>	<u>1,033,199.79</u>	34.4%
Total Governmental Sources	<u>4,032,900.72</u>	<u>2,999,700.93</u>	<u>1,033,199.79</u>	
Total General Fund Revenues	<u>\$ 4,190,324.01</u>	<u>\$ 3,308,904.07</u>	<u>\$ 881,419.94</u>	

Total expenditures (Table A-6) increased from fiscal year 2017 by \$709,914.52. The expenditures contributing to the increase were instruction \$297,564.21, student and instruction related services \$40,691.66, plant operations \$362,056.98, employee benefits \$14,008.01; TPAF Pension and Social Security \$112,496.79, offset by decreases for school and other administrative services (\$109,243.58), pupil transportation (\$3,709.55) and capital outlay (\$3,950.00).

Table A-6
Summary of General Fund Expenditures

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Regular Instruction	\$ 1,233,790.43	\$ 994,277.96	\$ 239,512.47	24.1%
Special Education Instruction	156,532.50	98,480.76	58,051.74	58.9%
Support Services and Undistributed Costs:				
Student and Instruction Related Services	361,161.38	320,469.72	40,691.66	12.7%
School Administrative Services	251,514.90	275,005.08	(23,490.18)	-8.5%
Other Administrative Services	337,567.17	423,320.57	(85,753.40)	-20.3%
Plant Operations and Maintenance	1,038,286.25	676,229.27	362,056.98	53.5%
Pupil Transportation	1,875.45	5,585.00	(3,709.55)	-66.4%
Unallocated Benefits	378,918.68	364,910.67	14,008.01	3.8%
TPAF Pension and Social Security	402,535.72	290,038.93	112,496.79	38.8%
Capital Outlay		<u>3,950.00</u>	<u>(3,950.00)</u>	-100.0%
	<u>\$ 4,162,182.48</u>	<u>\$ 3,452,267.96</u>	<u>\$ 709,914.52</u>	

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THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Fiscal year 2018 activity resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A; I.D.E.A. Part B, Basic and state financial assistance: Preschool Education Aid. Total revenues and expenditures were \$1,312,169.00 from these programs, which are comparable to the revenues and expenditures of the previous fiscal year of \$198,606.00.

General Fund Budgetary Highlights

During the fiscal year, the Charter School had a budget modification to appropriate additional fund balance in the amount of \$362,857.50.

The final budgetary basis revenue estimate was \$3,630,365.00, which was a decrease of (\$9,403.00) over the original budget estimate of \$3,639,768.00. Total budgeted revenues realized equaled \$4,190,324.01, which was \$559,959.01 in excess of the final budget estimate. This excess was mainly attributable to the Charter School's on-behalf T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions, which totaled \$402,535.72, and the realization of \$157,423.29 of revenues from local sources which were not budgeted.

The final budgetary basis expenditure appropriation estimate was \$3,843,222.50, which is an increase of \$353,454.50 over the original budgeted estimate. Actual expenditures were \$4,162,182.48 and in excess of the final budget estimate by (\$318,959.98). Since expenditures include the amounts recorded for T.P.A.F. social security contributions and T.P.A.F. pension contributions mentioned under revenue above in the amount of \$402,535.72 which are not budgeted, this excess is not an overexpenditure of appropriations.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled (\$63,255.00) (decrease in budgeted revenues and appropriations). The modifications resulted from a decrease in the state program, Preschool Education Aid, which is derived from enrollments as report at the end of the school year.

Proprietary Funds

Food Service Fund - as the Charter School completed the fiscal year, there is no net position in the food service fund. During the fiscal year, the net position of the food service fund decreased by \$74,717.53 which was the balance at June 30, 2017.

Childcare - as the Charter School completed the fiscal year, there is no net position in this fund. During the fiscal year, the net position of this fund decreased by \$16,460.15 which was the balance at June 30, 2017.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Charter School's capital asset balance for its governmental activities as of June 30, 2018 amounted to a historical cost of \$202,887.50, or \$20,275.15 net of accumulated depreciation (see Table A-7). This balance of capital assets includes equipment and leasehold improvements. Net capital assets decreased by (\$11,093.98) in fiscal year 2018 from fiscal year 2017.

The decrease in net capital assets is due to depreciation expense for the fiscal year.

Table A-7
Capital Assets (Net of Accumulated Depreciation)
As of June 30, 2018 and 2017

	Governmental	
	<u>Activities</u>	
	<u>2018</u>	<u>2017</u>
Equipment	\$ 159,450.00	\$ 159,450.00
Leasehold Improvements	43,437.50	43,437.50
	<hr/>	<hr/>
Total Capital Assets	202,887.50	202,887.50
	<hr/>	<hr/>
Less: Accumulated Depreciation	(182,612.35)	(171,518.37)
	<hr/>	<hr/>
Net Capital Assets	\$ 20,275.15	\$ 31,369.13
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Additional information on the Charter School's capital assets can be found in note 4.

Long-term Debt

Compensated Absences. At the end of the current fiscal year, the Charter Schools had a \$175,691.11 liability for compensated absences, a decrease of (\$53,996.09) from last fiscal year which was \$229,687.20. This liability represents the Charter School's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement and also include employer taxes associated with the obligation.

Net Pension Liability. At the end of the current fiscal year, the Charter School had a \$1,108,069.00 liability for its proportionate share of the net pension liability in the Public Employees' Retirement System. This is a decrease of (\$690,924.00) from the liability of \$1,798,993.00 at June 30, 2017.

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THE FUTURE OUTLOOK

The Charter School maintained its budget through the revenues that flow through students' district of residence, state and federal grants and revenues from local sources. As a charter school, revenues are driven by the residency of its student population and the level of enrollment of students in those districts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, contact John P. Holland Charter School, Business Office, 190 Oliver Street, Paterson, New Jersey 07501.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,747.27	\$ 0.03	\$ 2,747.30
Receivables, net	187,996.97	53,148.41	241,145.38
Internal Balances	53,148.44	(53,148.44)	
Restricted Assets:			
Restricted Cash and Cash Equivalents	25,000.00		25,000.00
Capital Assets, net (Note 4)	20,275.15		20,275.15
Total Assets	289,167.83		289,167.83
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Penions (Note 7)	848,425.00		848,425.00
LIABILITIES:			
Accounts Payable:			
Related to Pensions	58,971.00		58,971.00
Other	136,763.15		136,763.15
Payable to Local Government	25,184.80		25,184.80
Unearned Revenue	25,277.00		25,277.00
Noncurrent Liabilities (Note 5):			
Due within One Year	42,165.87		42,165.87
Due beyond One Year	1,241,594.24		1,241,594.24
Total Liabilities	1,529,956.06		1,529,956.06
DEFERRED INFLOWS OF RESOURCES:			
Related to Penions (Note 7)	456,636.00		456,636.00
NET POSITION:			
Net Investment in Capital Assets	20,275.15		20,275.15
Restricted for:			
Other Purposes	25,000.00		25,000.00
Unrestricted (Deficit)	(894,274.38)		(894,274.38)
Total Net Position (Deficit)	\$ (848,999.23)	\$ -	\$ (848,999.23)

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	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:							
Regular Instruction	\$ 1,939,337.80		\$ 709,283.98		\$ (1,230,053.82)		\$ (1,230,053.82)
Special Education Instruction	339,829.52		186,329.00		(153,500.52)		(153,500.52)
Support Services and Undistributed Costs:							
Student and Instruction Related Services	483,354.58		132,348.00		(351,006.58)		(351,006.58)
School Administrative Services	219,893.64				(219,893.64)		(219,893.64)
Other Administrative Services	337,567.17				(337,567.17)		(337,567.17)
Plant Operations and Maintenance	1,076,947.97		29,182.02		(1,047,765.95)		(1,047,765.95)
Pupil Transportation	1,875.45				(1,875.45)		(1,875.45)
Unallocated Benefits	1,764,323.24		1,211,831.72		(552,491.52)		(552,491.52)
Total Governmental Activities	6,163,129.37		2,268,974.72		(3,894,154.65)		(3,894,154.65)
Business-Type Activities:							
Food Service	377,699.09	\$ 64,781.97	234,272.44		\$ (78,644.68)		(78,644.68)
Childcare	79,064.00	60,516.63			(18,547.37)		(18,547.37)
Total Business-Type Activities	456,763.09	125,298.60	234,272.44		(97,192.05)		(97,192.05)
Total Government	\$ 6,619,892.46	\$ 125,298.60	\$ 2,503,247.16	\$ -	(3,894,154.65)	(97,192.05)	(3,991,346.70)
General Revenues:							
Charter School Aid					3,408,462.00		3,408,462.00
State Aid - Not Restricted					221,903.00		221,903.00
Miscellaneous Income					157,423.29		157,423.29
Transfers					(6,014.37)	6,014.37	
Total General Revenues and Transfers					3,781,773.92	6,014.37	3,787,788.29
Change in Net Position					(112,380.73)	(91,177.68)	(203,558.41)
Net Position (Deficit) -- July 1					(736,618.50)	91,177.68	(645,440.82)
Net Position (Deficit) -- June 30					\$ (848,999.23)	\$ -	\$ (848,999.23)

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

FUND FINANCIAL STATEMENTS

JOHN P. HOLLAND CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 2,747.27		\$ 2,747.27
Interfund Accounts Receivable:			
Enterprise Fund		\$ 54,233.00	54,233.00
Security Deposits	73,337.33		73,337.33
Intergovernmental Accounts Receivable:			
State	53,717.64		53,717.64
Federal		14,173.00	14,173.00
Other LEAs - State Aid	46,769.00		46,769.00
Restricted Cash and Cash Equivalents	25,000.00		25,000.00
Total Assets	\$ 201,571.24	\$ 68,406.00	\$ 269,977.24
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 93,634.15	\$ 43,129.00	\$ 136,763.15
Unearned Revenue		25,277.00	25,277.00
Interfund Accounts Payable:			
Enterprise Funds	1,084.56		1,084.56
Intergovernmental Accounts Payable:			
Other LEA - State Aid	25,184.80		25,184.80
Total Liabilities	119,903.51	68,406.00	188,309.51
Fund Balances:			
Restricted:			
Charter School Escrow Reserve	25,000.00		25,000.00
Unassigned:			
General Fund	56,667.73		56,667.73
Total Fund Balances	81,667.73		81,667.73
Total Liabilities and Fund Balances	\$ 201,571.24	\$ 68,406.00	

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2018

	<u>Total Governmental Funds</u>
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$202,887.50 and the accumulated depreciation is \$182,612.35.	\$ 20,275.15
Deferred outflows of resources related to pensions	848,425.00
Deferred inflows of resources related to pensions	(456,636.00)
Accounts payable related to the April 1, 2019 required PERS pension contribution that is not to be liquidated with current financial resources	(58,971.00)
Long-term liabilities, including compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,283,760.11)</u>
	<u>\$ (848,999.23)</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources	\$ 157,423.29		\$ 157,423.29
State Sources	4,032,900.72	\$ 1,075,335.00	5,108,235.72
Federal Sources		236,834.00	236,834.00
Total Revenues	4,190,324.01	1,312,169.00	5,502,493.01
EXPENDITURES:			
Regular Instruction	1,233,790.43	709,283.98	1,943,074.41
Special Education Instruction	156,532.50	186,329.00	342,861.50
Support Services and Undistributed Costs:			
Student and Instruction Related Services	361,161.38	132,348.00	493,509.38
School Administrative Services	251,514.90		251,514.90
Other Administrative Services	337,567.17		337,567.17
Plant Operations and Maintenance	1,038,286.25	29,182.02	1,067,468.27
Pupil Transportation	1,875.45		1,875.45
Unallocated Benefits	378,918.68	255,026.00	633,944.68
TPAF Social Security and Pension	402,535.72		402,535.72
Total Expenditures	4,162,182.48	1,312,169.00	5,474,351.48
Excess (Deficiency) of Revenues over Expenditures	28,141.53		28,141.53
OTHER FINANCING SOURCES (USES):			
Transfer to Cover Deficits in Enterprise Funds	(6,014.37)		(6,014.37)
Total Other Financing Sources and Uses	(6,014.37)		(6,014.37)
Net Change in Fund Balances	22,127.16		22,127.16
Fund Balance -- July 1	59,540.57		59,540.57
Fund Balance -- June 30	<u>\$ 81,667.73</u>	<u>\$ -</u>	<u>\$ 81,667.73</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ 22,127.16
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	(11,093.98)
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In the statement of activities, certain operating expenses, (e.g., compensated absences; insurance) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	53,996.09
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Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.

	<u>(177,410.00)</u>
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Change in Net Position of Governmental Activities	<u>\$ (112,380.73)</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities -- Enterprise Funds		
	<u>Food Service</u>	<u>Childcare</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents		\$ 0.03	\$ 0.03
Interfund Accounts Receivable:			
General Fund	\$ 9,644.43		9,644.43
Food Service Enterprise Fund		8,559.84	8,559.84
Accounts Receivable - Other			
Federal	52,469.88		52,469.88
State	678.53		678.53
Total Current Assets	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
Total Assets	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
LIABILITIES:			
Current Liabilities:			
Interfund Accounts Payable:			
General Fund		8,559.87	8,559.87
Special Revenue Fund	54,233.00		54,233.00
Childcare Enterprise Fund	8,559.84		8,559.84
Total Liabilities	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
NET POSITION:			
Unrestricted			
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities -- Enterprise Funds		
	<u>Food Service</u>	<u>Childcare</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 15,435.85		\$ 15,435.85
Daily Sales - Non-Reimbursable Programs	49,346.12		49,346.12
Tuition and Fees		\$ 60,516.63	60,516.63
Total Operating Revenues	64,781.97	60,516.63	125,298.60
OPERATING EXPENSES:			
Cost of Sales - Reimbursable Programs	192,123.69		192,123.69
Cost of Sales - Non-reimbursable Programs	37,966.53		37,966.53
Salaries	111,736.26		111,736.26
Employee Benefits	13,280.47		13,280.47
Rental of Land and Buildings Other Than Lease Purchase	20,000.00	29,240.00	49,240.00
Other Purchased Services (400-500 series)		49,824.00	49,824.00
Supplies and Materials	2,592.14		2,592.14
Total Operating Expenses	377,699.09	79,064.00	456,763.09
Operating Income (Loss)	(312,917.12)	(18,547.37)	(331,464.49)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	2,496.74		2,496.74
Federal Sources:			
National School Lunch Program	141,622.30		141,622.30
After School Snack Program	5,162.96		5,162.96
School Breakfast Program	61,752.20		61,752.20
Child and Adult Care Food Program	21,996.68		21,996.68
Child and Adult Care Food Program - CIL	1,241.56		1,241.56
Total Nonoperating Revenues	234,272.44		234,272.44
Income (Loss) before Contributions and Transfers	(78,644.68)	(18,547.37)	(97,192.05)
Operating Transfer In - General Fund	3,927.15	2,087.22	6,014.37
Change in Net Position	(74,717.53)	(16,460.15)	(91,177.68)
Net Position, July 1	74,717.53	16,460.15	91,177.68
Net Position, June 30	\$ -	\$ -	\$ -

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities -- Enterprise Funds		
	Food Service	Childcare	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 64,781.97	\$ 60,516.63	\$ 125,298.60
Payments to Employees	(63,220.54)		(63,220.54)
Payments for Employee Benefits	(13,280.47)		(13,280.47)
Payments to Suppliers	(265,738.26)	(79,064.00)	(344,802.26)
Net Cash Provided by (used for) Operating Activities	<u>(277,457.30)</u>	<u>(18,547.37)</u>	<u>(296,004.67)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal Sources	228,082.96		228,082.96
State Sources	2,095.04		2,095.04
Subsidies and Transfers	4,645.30	(4,645.30)	
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>234,823.30</u>	<u>(4,645.30)</u>	<u>230,178.00</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,634.00)	(23,192.67)	(65,826.67)
Cash and Cash Equivalents, July 1	42,634.00	23,192.70	65,826.70
Cash and Cash Equivalents, June 30	<u>\$ -</u>	<u>\$ 0.03</u>	<u>\$ 0.03</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (312,917.12)	\$ (18,547.37)	\$ (331,464.49)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
(Increase) Decrease in Interfund Receivable	(5,717.28)		(5,717.28)
Increase (Decrease) in Interfund Payable	54,233.00		54,233.00
Increase (Decrease) in Accounts Payable	(13,055.90)		(13,055.90)
Total Adjustments	<u>35,459.82</u>		<u>35,459.82</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (277,457.30)</u>	<u>\$ (18,547.37)</u>	<u>\$ (296,004.67)</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Agency Funds	
	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:		
Cash and Cash Equivalents		\$ 87,647.82
Accounts Receivable:		
Due from Student Groups	\$ 10,731.56	
Total Assets	\$ 10,731.56	\$ 87,647.82
LIABILITIES:		
Cash Deficit	\$ 10,731.56	
Payroll Deductions and Withholdings		\$ 87,647.82
Total Liabilities	\$ 10,731.56	\$ 87,647.82

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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the John P. Holland Charter School (the "Charter School") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Charter School is a PK-8 charter school located in the County of Passaic, State of New Jersey. It was incorporated on January 26, 2011 and subsequently received approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the John P. Holland Charter School functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board consists of six members. The Board's responsibility is to supervise and control the operations of the Charter School. The purpose of the Charter School is to educate students in grades PK through 8th at its two schools located in Passaic County. The Charter School has an approximate enrollment at June 30, 2018 of 360.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is 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 financial statements include all funds of the Charter School over which the Board exercises operating control.

Component Units

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the Charter School has no component units.

Government-wide and Fund Financial Statements

The Charter School's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Charter School to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues from the Charter School's student's district of residence and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Charter School segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Charter School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues from the Charter School's student's district of residence are recognized as revenues in the year for which they are established based on enrollment. In accordance with New Jersey State Statute, the Charter School is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Revenues from the Charter School's student's district of residence, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

The Charter School reports the following major governmental funds:

General Fund - The general fund is the primary 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 classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Charter Schools do not maintain debt service funds, therefore expenditures for principal and interest are accounted for in the general fund.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Proprietary funds are used to account for the Charter School's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

The Charter School reports the following major proprietary funds:

Enterprise Funds

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the Charter School.

Childcare Fund - This fund accounts for the financial activity related to providing care to students during hours outside the regular school program.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Additionally, the Charter School reports the following fund types:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The 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 when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The Charter School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Charter School maintains the following agency funds: student activity fund and payroll fund.

As a general rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

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 as program revenues. Likewise, general revenues include all Revenues from the Charter School's student's district of residence.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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 budget, as detailed on exhibit C-1 and exhibit C-2, includes all amendments to the adopted budget, if any.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Charter School does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

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 ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the district of residence of the Charter School or are non-resident students.

Revenues from District of Residence, Region of Residence and Non-Resident Districts

The Charter School's primary source of revenue is from the district of residence, region of residence or non-resident districts from which its students are enrolled in the Charter School. The amounts are calculated from the most recent budget data of the student's district.

Local Levy – Equalization Aid State and Local Share – The charter school's funding is pursuant to the *School Funding Reform Act of 2008*, which states the school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

Special Education / Security Aid – The school district of residence shall pay directly to the charter school the security aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2018.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Charter School, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the Charter School. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Charter School's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 Years
Leasehold Improvements	2 to 10 Years

The Charter School does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Charter School is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans, and postemployment benefit plans.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

Accrued Salaries and Wages

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amounts earned by these employees were disbursed to the employees' own individual financial institutions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Charter School uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

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 position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Charter School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The Charter School reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Charter School's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority, which, for the Charter School, is the Board of Trustees. Such formal action consists of an affirmative vote by the Board of Trustees, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Trustees removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Trustees or by the business administrator, to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Trustees.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Charter School to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Charter School to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The Charter School implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the Charter School to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the Charter School. In addition, the Charter School was required to include additional note disclosures (see note 8) and required supplementary information related to postemployment benefits.

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the Charter School.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement 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. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2018, none of the Charter School's bank balances of \$396,662.71 were exposed to custodial credit risk.

Of the bank balances at June 30, 2018, \$25,000.00 has been restricted in an escrow account pursuant to the Charter School's agreement with the New Jersey Department of Education.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services) security deposits and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u> <u>Food Service Fund</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u>	
Intergovernmental Accounts Receivable:					
Federal Awards		\$ 14,173.00	\$ 14,173.00	\$ 52,469.88	\$ 66,642.88
State Awards	\$ 53,717.64		53,717.64	678.53	54,396.17
Local Awards	46,769.00		46,769.00		46,769.00
Security Deposits	73,337.33		73,337.33		73,337.33
Accounts Receivable - Student Groups					\$ 10,731.56
	<u>\$ 173,823.97</u>	<u>\$ 14,173.00</u>	<u>\$ 187,996.97</u>	<u>\$ 53,148.41</u>	<u>\$ 10,731.56</u>
					<u>\$ 251,876.94</u>

At June 30, 2018, there are no accounts receivable in the Childcare Enterprise Fund.

Note 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance</u> <u>July 01, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 159,450.00			\$ 159,450.00
Leasehold Improvements	43,437.50			43,437.50
Total Capital Assets, being Depreciated	<u>202,887.50</u>			<u>202,887.50</u>
Total Capital Assets, Cost	202,887.50			202,887.50
Less Accumulated Depreciation for:				
Equipment	(131,635.87)	\$ (10,698.98)		(142,334.85)
Leasehold Improvements	(39,882.50)	(395.00)		(40,277.50)
Total Accumulated Depreciation	<u>(171,518.37)</u>	<u>(11,093.98)</u>		<u>(182,612.35)</u>
Total Capital Assets, being Depreciated, Net	<u>31,369.13</u>	<u>(11,093.98)</u>		<u>20,275.15</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,369.13</u>	<u>\$ (11,093.98)</u>	<u>\$ -</u>	<u>\$ 20,275.15</u>

Depreciation expense was charged to functions / programs of the Charter School as follows:

Governmental Activities:	
Plant Operations and Maintenance	<u>\$ 11,093.98</u>

Note 5: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 01, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Net Pension Liability	\$ 1,798,993.00	\$ 1,010,961.00	(1,701,885.00)	\$ 1,108,069.00	
Compensated Absences	229,687.20	175,691.11	(229,687.20)	175,691.11	\$ 42,165.87
	<u>\$ 2,028,680.20</u>	<u>\$ 1,186,652.11</u>	<u>\$ (1,931,572.20)</u>	<u>\$ 1,283,760.11</u>	<u>\$ 42,165.87</u>

The net pension liability is liquidated by the general fund, while the compensated absences are liquidated by the fund from which salaries are paid which could be the general or special revenue funds.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 12 for a description of the Charter School's policy.

Net Pension Liability - For details on the net pension liability, refer to note 7. The Charter School's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 6: OPERATING LEASES

At June 30, 2018, the Charter School had operating lease agreements in effect for furniture and for two properties used as school facilities. In addition, there are security deposits on building leases that total \$73,337.33.

On July 1, 2011, the Charter School entered into an agreement with the Roman Catholic Diocese of Paterson to lease a school facility located in Paterson New Jersey at 190 Oliver Street. The initial lease term ended on June 30, 2014. This was followed by a renewal for an additional three year period through June 30, 2017. The agreement is currently in its next term which is for a period of five years ending on June 30, 2022. The monthly rent is subject to a 2 percent increase annually. For the fiscal year ended June 30, 2018, monthly rent was \$22,092.55. Monthly rent beginning on July 1, 2018 is \$22,534.40.

On July 31, 2017, the Charter School entered into an agreement with Woodland Park Board of Education to lease a school facility and a portion of the adjoining grounds in the Borough of Woodland Park at 665 McBride Avenue. The initial lease term is for two years from August 1, 2017 through July 31, 2019. The Charter School has an option to renew the lease for a renewal term of one year providing the landlord is notified in writing at least six months prior to the expiration of the initial lease term. The monthly rent is subject to a 2 percent increase at the start of the renewal term. Monthly rent under the initial term is \$13,333.33.

On June 14, 2017, the Charter School entered into a lease agreement with Crestmark Equipment Finance for furniture from Hertz Furniture. Under the agreement, the Charter School must pay \$5,695.55 per month for an initial term of thirty-six months. In addition, there was a required interim rent payment of \$10,223.02 for the period between the acceptance of the furniture and the start date of the initial term.

Note 6: OPERATING LEASES (CONT'D)

The present value of the future minimum rental payments under these operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 498,759.36
2020	394,221.01
2021	335,878.53
2022	<u>325,167.72</u>
	<u>\$ 1,554,026.62</u>

Rental payments under these operating leases for the fiscal year ended June 30, 2018 were \$473,260.20.

Note 7: PENSION PLANS

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, Charter School employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and TPAF plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions/gasb-notices.shtml>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Charter School, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - The vesting and benefit provisions 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 age 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System - 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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 age 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more service credit before age 62 and tier 5 with 30 or 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 at 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 55 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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

Note 7: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2018 was 7.86% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2018 was \$108,886.00, and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$120,795.09.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2018 was 9.28% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$44,097.00, and was paid by April 1, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$58,348.16.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2018, employee contributions totaled \$874.49, and the Charter School recognized pension expense, which equaled the required contributions, of \$477.01. There were no forfeitures during the fiscal year.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2018, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the Charter School is as follows:

Charter School's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School	6,537,921.00
	<u>\$ 6,537,921.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, 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 employers and the State of New Jersey, actuarially determined. At June 30, 2017, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0096967836%, which was a decrease of (0.0014618128%) from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized \$452,914.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the Charter School reported a liability of \$1,108,069.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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 employers, actuarially determined. For the June 30, 2017 measurement date, the Charter School's proportion was 0.0047600738%, which was a decrease of (0.0013140896%) from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of \$221,507.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 26,091.00	
Changes of Assumptions	223,238.00	\$ 222,419.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	7,545.00	
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	532,580.00	234,217.00
Charter School Contributions Subsequent to the Measurement Date	58,971.00	
	<u>\$ 848,425.00</u>	<u>\$ 456,636.00</u>

\$58,971.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2019	\$ 167,668.00
2020	180,946.00
2021	95,161.00
2022	(62,742.00)
2023	(48,215.00)
	<u>\$ 332,818.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, 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.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. 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 Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members 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. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method 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 rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 7: PENSION PLANS (CONT'D)**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	7,767,255.00	6,537,921.00	5,525,190.00
	<u>\$ 7,767,255.00</u>	<u>\$ 6,537,921.00</u>	<u>\$ 5,525,190.00</u>

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, 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% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 1,374,635.00	\$ 1,108,069.00	\$ 885,987.00

Pension Plan Fiduciary Net Position

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 respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	_____
	366,078

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2018 was \$2,436,285.00. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the Charter School was .0045419317%, which was an increase of .0002357340% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%

Mortality Rates - Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP 2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the Charter School:

Balance at June 30, 2017		\$ 2,490,351.00
Changes for the Year:		
Service Cost	\$ 337,674.00	
Interest Cost	79,830.00	
Changes in Assumptions	(417,218.00)	
Gross Benefit Payments	(56,430.00)	
Member Contributions	<u>2,078.00</u>	
Net Changes		<u>(54,066.00)</u>
Balance at June 30, 2018		<u>\$ 2,436,285.00</u>

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the Charter School, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 2,892,046.06	\$ 2,436,285.00	\$ 2,074,770.99

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 2,003,608.90	\$ 2,436,285.00	\$ 3,010,873.77

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the Charter School recognized \$393,737.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	\$ 107,724.00	
Changes of Assumptions or Other Inputs		\$ 288,130.00
	<u>\$ 107,724.00</u>	<u>\$ 288,130.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the Charter School, will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (21,124.84)
2020	(21,124.84)
2021	(21,124.84)
2022	(21,124.84)
2023	(21,124.84)
Thereafter	<u>(74,781.82)</u>
	<u>\$ (180,406.00)</u>

Note 9: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$173,435.00, \$4,209.00, \$114,737.00, and \$763.00, respectively.

Note 10: 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. 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 "Contributions Method". Under this plan, the Charter School is provided with an experience rate by the State of New Jersey upon which required unemployment contributions are calculated.

Note 11: DEFERRED COMPENSATION

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

Note 12: COMPENSATED ABSENCES

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

Charter School employees who are employed for ten months are entitled to ten paid sick leave days and five personal days per fiscal school year. Charter School employees who are employed for twelve months are entitled to twenty vacation days, ten paid sick leave days and five personal days per fiscal school year. Unused sick leave and personal days may be accumulated and carried forward to the subsequent years. Carrying over of unused vacation days must be approved by the Head of School. Benefits paid in any future year will be calculated according to formulas outlined in the employment contracts and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$175,691.11.

Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General		\$ 1,084.56
Special Revenue	\$ 54,233.00	
Food Service	9,644.43	62,792.84
Childcare	8,559.84	8,559.87
	<u>\$ 72,437.27</u>	<u>\$ 72,437.27</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>	
	<u>Food Service Enterprise Fund</u>	<u>Childcare Enterprise Fund</u>
<u>Transfer Out:</u>		
General Fund	<u>\$ 3,927.15</u>	<u>\$ 2,087.22</u>
Total Transfers	<u>\$ 3,927.15</u>	<u>\$ 2,087.22</u>

The interfund transfers were to fund deficits in the Food Service and Childcare enterprise funds.

Note 14: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

Note 15: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 16: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Charter School's fund balance are summarized as follows:

General Fund

For Charter School Escrow Reserve – In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the Charter School. As of June 30, 2018, the balance of the escrow is \$25,000.00.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Charter School's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2018, \$56,667.73 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>REVENUES</u>					
Local Sources:					
Unrestricted Miscellaneous Revenues				\$ 157,423.29	\$ 157,423.29
Total - Local Sources				157,423.29	157,423.29
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	\$ 3,229,228.00	\$ (48,589.00)	\$ 3,180,639.00	3,180,639.00	
Total - Local Levy/Equalization Aid	3,229,228.00	(48,589.00)	3,180,639.00	3,180,639.00	
Categorical Aid:					
Special Education Aid	85,208.00	(3,349.00)	81,859.00	81,859.00	
Security Aid	118,512.00	27,452.00	145,964.00	145,964.00	
Total Categorical Aid	203,720.00	24,103.00	227,823.00	227,823.00	
Total Charter School Aid	3,432,948.00	(24,486.00)	3,408,462.00	3,408,462.00	
Other State Sources:					
Adjustment Aid	206,820.00	15,083.00	221,903.00	221,903.00	
On-behalf Contributions:					
T.P.A.F. Post-Retirement Medical				114,737.00	114,737.00
Teacher's Pension and Annuity Fund				173,435.00	173,435.00
T.P.A.F. Non-contributory Insurance				4,209.00	4,209.00
T.P.A.F. LTDI				763.00	763.00
T.P.A.F. Social Security Reimbursed				109,391.72	109,391.72
Total - Other State Sources	206,820.00	15,083.00	221,903.00	624,438.72	402,535.72

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original <u>Budget</u>	Budget Modifications/ <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Total - State Sources	\$ 3,639,768.00	\$ (9,403.00)	\$ 3,630,365.00	\$ 4,032,900.72	\$ 402,535.72
Total Revenues	3,639,768.00	(9,403.00)	3,630,365.00	4,190,324.01	559,959.01
<u>EXPENDITURES</u>					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	242,602.00	(44,133.40)	198,468.60	198,468.60	
Grades 1-5	168,727.00	193,574.40	362,301.40	362,301.40	
Grades 6-8	673,375.00	(326,817.18)	346,557.82	346,557.82	
Instruction:					
Other Salaries for Instruction	238,323.00	(87,971.34)	150,351.66	150,351.66	
Purchased Professional - Educational Services	57,000.00	6,755.00	63,755.00	63,755.00	
Other Purchased Services (400-500 series)	90,000.00	(89,650.00)	350.00	350.00	
General Supplies	70,000.00	32,945.48	102,945.48	102,945.48	
Textbooks	85,000.00	(76,289.53)	8,710.47	8,710.47	
Other Objects	4,973.00	(4,623.00)	350.00	350.00	
Total Regular Programs - Instruction	1,630,000.00	(396,209.57)	1,233,790.43	1,233,790.43	
Special Education Instruction:					
Learning and/ or Language Disabled:					
Other Purchased Services (400-500 series)		156,532.50	156,532.50	156,532.50	
Total Learning and/ or Language Disabled		156,532.50	156,532.50	156,532.50	
Total Special Education - Instruction		156,532.50	156,532.50	156,532.50	
Total Instruction	1,630,000.00	(239,677.07)	1,390,322.93	1,390,322.93	

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 59,107.00	\$ 17,978.19	\$ 77,085.19	\$ 77,085.19	
Supplies and Materials	5,000.00	(1,688.43)	3,311.57	3,311.57	
Total Undistributed Expenditures - Health Services	64,107.00	16,289.76	80,396.76	80,396.76	
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	75,412.00	22,742.00	98,154.00	98,154.00	
Total Undistributed Expenditures -Speech, OT, PT and Related Services	75,412.00	22,742.00	98,154.00	98,154.00	
Undistributed Expenditures - Child Study Teams:					
Purchased Professional - Educational Services		14,166.00	14,166.00	14,166.00	
Total Undistributed Expenditures - Child Study Teams		14,166.00	14,166.00	14,166.00	
Undistributed Expenditures - Improvement of Instructional Services:					
Salary of Supervisor of Instruction		168,444.62	168,444.62	168,444.62	
Total Undistributed Expenditures - Improvement of Instructional Services		168,444.62	168,444.62	168,444.62	

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original <u>Budget</u>	Budget Modifications/ <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Other Purchased Services	\$ 36,000.00	\$ (36,000.00)			
Legal Services	25,000.00	(4,251.21)	\$ 20,748.79	\$ 20,748.79	
Audit Fees	18,439.00	(2,439.00)	16,000.00	16,000.00	
Other Purchased Professional Services		65,106.90	65,106.90	65,106.90	
Other Purchased Services (400-500 series)		1,950.76	1,950.76	1,950.76	
Communications / Telephone	25,066.00	16,049.23	41,115.23	41,115.23	
General Supplies		2,768.49	2,768.49	2,768.49	
Miscellaneous Expenditures		736.81	736.81	736.81	
Total Undistributed Expenditures - Support Services - General Administration	104,505.00	43,921.98	148,426.98	148,426.98	
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	160,882.00	25,362.02	186,244.02	186,244.02	
Salaries of Secretarial and Clerical Assistants	108,395.00	16,875.88	125,270.88	65,270.88	\$ 60,000.00
Supplies and Materials	1,500.00	(1,500.00)			
Total Undistributed Expenditures - Support Services - School Administration	270,777.00	40,737.90	311,514.90	251,514.90	60,000.00
Undistributed Expenditures - Central Services:					
Purchased Professional Services		133,886.77	133,886.77	133,886.77	
Purchased Professional Technical Services	132,000.00	(94,969.78)	37,030.22	37,030.22	
Supplies and Materials		18,223.20	18,223.20	18,223.20	
Total Undistributed Expenditures - Central Services	132,000.00	57,140.19	189,140.19	189,140.19	

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original <u>Budget</u>	Budget Modifications/ <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	\$ 77,000.00	\$ 106,177.67	\$ 183,177.67	\$ 172,954.62	\$ 10,223.05
Total Undistributed Expenditures - Required Maintenance for School Facilities	77,000.00	106,177.67	183,177.67	172,954.62	10,223.05
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair and Maintenance Services	60,000.00	284,519.64	344,519.64	344,519.64	
Rental of Land and Buildings Other Than Lease Purchase	400,000.00	(37,462.77)	362,537.23	362,537.23	
Insurance	35,000.00	(9,753.34)	25,246.66	25,246.66	
General Supplies	20,000.00	9,668.52	29,668.52	29,668.52	
Energy - Natural Gas	55,000.00	30,625.13	85,625.13	85,552.94	72.19
Total Undistributed Expenditures - Custodial Services	570,000.00	277,597.18	847,597.18	847,524.99	72.19
Undistributed Expenditures - Security:					
Purchased Professional & Technical Services		11,356.64	11,356.64	11,356.64	
Total Undistributed Expenditures - Security		11,356.64	11,356.64	11,356.64	
Total Undistributed Expenditures - Operation and Maintenance of Plant	647,000.00	395,131.49	1,042,131.49	1,031,836.25	10,295.24
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Between Home and School) - Vendors	1,500.00	375.45	1,875.45	1,875.45	
Total Undistributed Expenditures - Student Transportation Services	1,500.00	375.45	1,875.45	1,875.45	

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original <u>Budget</u>	Budget Modifications/ <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
General Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Group Life Insurance	\$ 20,000.00	\$ (17,386.64)	\$ 2,613.36	\$ 2,613.36	
Social Security Contributions	80,000.00	20,906.05	100,906.05	100,906.02	\$ 0.03
Other Retirement Contributions - PERS	55,000.00	(2,722.23)	52,277.77	52,277.77	
New Jersey Unemployment Compensation	35,000.00	(20,241.13)	14,758.87	14,758.87	
Workers' Compensation	55,000.00	(23,813.00)	31,187.00	31,187.00	
Health Benefits	319,467.00	(129,010.87)	190,456.13	177,175.66	13,280.47
Total Unallocated Benefits - Employee Benefits	564,467.00	(172,267.82)	392,199.18	378,918.68	13,280.50
On-behalf Contributions (Non-Budgeted):					
T.P.A.F. Post-Retirement Medical				114,737.00	(114,737.00)
Teacher's Pension and Annuity Fund				173,435.00	(173,435.00)
T.P.A.F. Non-contributory Insurance				4,209.00	(4,209.00)
T.P.A.F. LTDI				763.00	(763.00)
Reimbursed TPAF Social Security Contributions				109,391.72	(109,391.72)
Total On-behalf Contributions				402,535.72	(402,535.72)
Total Undistributed Expenditures	1,859,768.00	586,681.57	2,446,449.57	2,765,409.55	(318,959.98)
Total General Current Expense	3,489,768.00	347,004.50	3,836,772.50	4,155,732.48	(318,959.98)

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
GENERAL FUND
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>EXPENDITURES (CONT'D)</u>					
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Construction Services		\$ 6,450.00	\$ 6,450.00	\$ 6,450.00	
Total Facilities Acquisition and Construction Services		6,450.00	6,450.00	6,450.00	
Total Capital Outlay		6,450.00	6,450.00	6,450.00	
Total Expenditures	\$ 3,489,768.00	353,454.50	3,843,222.50	4,162,182.48	\$ (318,959.98)
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000.00	(362,857.50)	(212,857.50)	28,141.53	240,999.03
Other Financing Sources (Uses):					
Transfer to Cover Deficits in Enterprise Funds				(6,014.37)	(6,014.37)
Total Other Financing Sources (Uses)				(6,014.37)	(6,014.37)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	150,000.00	(362,857.50)	(212,857.50)	22,127.16	234,984.66
Fund Balances, July 1	59,540.57		59,540.57	59,540.57	
Fund Balances, June 30	\$ 209,540.57	\$ (362,857.50)	\$ (153,316.93)	\$ 81,667.73	\$ 234,984.66
Recapitulation:					
Recapitulation:					
Restricted:					
Charter School Escrow Reserve				\$ 25,000.00	
Unassigned Fund Balance				56,667.73	
				<u>\$ 81,667.73</u>	

JOHN P. HOLLAND CHARTER SCHOOL
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Title I	\$ 183,283.00		\$ 183,283.00	\$ 183,283.00	
Title IIA	16,774.00		16,774.00		\$ (16,774.00)
I.D.E.A. Basic	53,551.00		53,551.00	53,551.00	
Total - Federal Sources	253,608.00		253,608.00	236,834.00	(16,774.00)
State Sources:					
Preschool Education Aid	1,138,590.00	\$ (63,255.00)	1,075,335.00	1,075,335.00	
Total Revenues	1,392,198.00	(63,255.00)	1,328,943.00	1,312,169.00	(16,774.00)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	536,033.00		536,033.00	536,033.00	
Other Salaries for Instruction	250,000.00		250,000.00	250,000.00	
Instructional Supplies	77,296.00	32,283.98	109,579.98	109,579.98	
Other Objects	18,000.00	(18,000.00)			
Total Instruction	881,329.00	14,283.98	895,612.98	895,612.98	
Support Services:					
Salaries of Program Directors	106,972.00		106,972.00	106,972.00	
Unused Vacation Payment to Terminated/Retired Staff	9,800.00	(9,800.00)			
Personal Services - Employee Benefits	255,026.00		255,026.00	255,026.00	
Purchased Professional and Technical Services	24,150.00		24,150.00	7,376.00	16,774.00
Other Purchased Professional Educational Services	18,000.00		18,000.00	18,000.00	
Cleaning, Repair and Maintenance Services	7,700.00	21,482.02	29,182.02	29,182.02	
Transportation	18,000.00	(18,000.00)			
Travel	1,201.00	(1,201.00)			
Supplies and Materials	4,500.00	(4,500.00)			
Other Objects	4,500.00	(4,500.00)			
Total Support Services	449,849.00	(16,518.98)	433,330.02	416,556.02	16,774.00
Facilities Acquisition and Construction Services:					
Instructional Equipment	36,000.00	(36,000.00)			
Non-Instructional Equipment	25,020.00	(25,020.00)			
Total Facilities Acquisition and Construction Services	61,020.00	(61,020.00)			
Total Expenditures	1,392,198.00	(63,255.00)	1,328,943.00	1,312,169.00	16,774.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

JOHN P. HOLLAND CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 4,190,324.01	\$ 1,312,169.00
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 4,190,324.01	\$ 1,312,169.00
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,162,182.48	\$ 1,312,169.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 4,162,182.48	\$ 1,312,169.00

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

JOHN P. HOLLAND CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Plan Years

	Measurement Date Ending June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School's Proportion of the Net Pension Liability	0.0047600738%	0.0060741634%	0.0050281960%	0.0331813997%
Charter School's Proportionate Share of the Net Pension Liability	\$ 1,108,069.00	\$ 1,798,993.00	\$ 1,128,729.00	\$ 595,645.00
Charter School's Covered Payroll (Plan Measurement Period)	\$ 344,228.00	\$ 424,104.00	\$ 342,936.00	\$ 233,472.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	321.90%	424.19%	329.14%	255.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

JOHN P. HOLLAND CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the Charter School's Contributions
 Public Employees' Retirement System (PERS)
 Last Five Fiscal Years

	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 58,971.00	\$ 44,097.00	\$ 53,962.00	\$ 43,229.00	\$ 26,227.00
Contributions in Relation to the Contractually Required Contribution	<u>(58,971.00)</u>	<u>(44,097.00)</u>	<u>(53,962.00)</u>	<u>(43,229.00)</u>	<u>(26,227.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 635,749.00	\$ 632,121.00	\$ 329,780.00	\$ 386,198.00	\$ 287,433.00
Contributions as a Percentage of Charter School's Covered Payroll	9.28%	6.98%	16.36%	11.19%	9.12%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

JOHN P. HOLLAND CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Charter School's Proportionate Share of the Net Pension Liability	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>\$ 6,537,921.00</u>	<u>\$ 8,778,062.00</u>	<u>\$ 4,449,018.00</u>
	<u>\$ 6,537,921.00</u>	<u>\$ 8,778,062.00</u>	<u>\$ 4,449,018.00</u>
Charter School's Covered Payroll (Measurement Period)	\$ 1,366,952.00	\$ 1,136,420.00	\$ 1,362,080.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-	-	-
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	478.28%	772.43%	326.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

JOHN P. HOLLAND CHARTER SCHOOL
Required Supplementary Information
Schedule of Charter School Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

The Charter School is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

JOHN P. HOLLAND CHARTER SCHOOL
 Required Supplementary Information
 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School	
Changes for the Year:	
Service Cost	\$ 337,674.00
Interest Cost	79,830.00
Changes in Assumptions	(417,218.00)
Gross Benefit Payments	(56,430.00)
Member Contributions	<u>2,078.00</u>
Net Change in Total Non-Employer OPEB Liability	(54,066.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>2,490,351.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 2,436,285.00</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 1,840,980.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	132.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

JOHN P. HOLLAND CHARTER SCHOOL
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	<u>ESSA</u>	<u>I.D.E.A.</u>	<u>Preschool Education Aid</u>	<u>Total</u>
	<u>Title I</u>	<u>Basic</u>		
REVENUES:				
Federal Sources	\$ 183,283.00	\$ 53,551.00		\$ 236,834.00
State Sources			\$ 1,075,335.00	1,075,335.00
Total Revenues	<u>183,283.00</u>	<u>53,551.00</u>	<u>1,075,335.00</u>	<u>1,312,169.00</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	114,033.00	40,000.00	382,000.00	536,033.00
Other Salaries for Instruction			250,000.00	250,000.00
Instructional Supplies	<u>29,945.00</u>	<u>2,351</u>	<u>77,283.98</u>	<u>109,579.98</u>
Total Instruction	<u>143,978.00</u>	<u>42,351.00</u>	<u>709,283.98</u>	<u>895,612.98</u>
Support Services:				
Salaries of Program Directors			106,972.00	106,972.00
Personal Services - Employee Benefits	31,929.00	11,200.00	211,897.00	255,026.00
Purchased Professional and Technical Services	7,376.00			7,376.00
Other Purchased Professional Educational Services			18,000.00	18,000.00
Cleaning, Repair and Maintenance Services			<u>29,182.02</u>	<u>29,182.02</u>
Total Support Services	<u>39,305.00</u>	<u>11,200.00</u>	<u>366,051.02</u>	<u>416,556.02</u>
Total Expenditures	<u>183,283.00</u>	<u>53,551.00</u>	<u>1,075,335.00</u>	<u>1,312,169.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

JOHN P. HOLLAND CHARTER SCHOOL
SPECIAL REVENUE FUND
 Statement of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 382,000.00	\$ 382,000.00	
Other Salaries for Instruction	250,000.00	250,000.00	
Instructional Supplies	<u>77,283.98</u>	<u>77,283.98</u>	
Total Instruction	<u>709,283.98</u>	<u>709,283.98</u>	
Support Services:			
Salaries of Program Directors	106,972.00	106,972.00	
Personal Services - Employee Benefits	211,897.00	211,897.00	
Other Purchased Professional Educational Services	18,000.00	18,000.00	
Cleaning Repair and Maintenance Services	<u>29,182.02</u>	<u>29,182.02</u>	
Total Support Services	<u>366,051.02</u>	<u>366,051.02</u>	
Total Expenditures	<u>\$ 1,075,335.00</u>	<u>\$ 1,075,335.00</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total revised 2017-18 Preschool Education Aid Allocation	\$ 1,075,335.00
Add: Actual ECPA/PEA Carryover (June 30, 2017)	
Add: Budgeted Transfer from General Fund 2017-18	
Total Preschool Education Funds Available for 2017-18 Budget	<u>1,075,335.00</u>
Less: 2017-18 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)	<u>1,075,335.00</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2018	
Add: June 30, 2018 Unexpended Preschool Education Aid	
2017-18 Carryover - Preschool Education Aid/Preschool	<u>\$ -</u>
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	<u>\$ -</u>

PROPRIETARY FUNDS

JOHN P. HOLLAND CHARTER SCHOOL
 Enterprise Funds
 Combining Statement of Net Position
 June 30, 2018

	<u>Food Service</u>	<u>Childcare</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents		\$ 0.03	\$ 0.03
Interfund Accounts Receivable:			
General Fund	\$ 9,644.43		9,644.43
Food Service Enterprise Fund		8,559.84	8,559.84
Intergovernmental Accounts Receivable:			
Federal	52,469.88		52,469.88
State	678.53		678.53
Total Current Assets	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
Total Assets	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
LIABILITIES:			
Current Liabilities:			
Interfund Accounts Payable:			
General Fund		8,559.87	8,559.87
Special Revenue Fund	54,233.00		54,233.00
Childcare Enterprise Fund	8,559.84		8,559.84
Total Liabilities	<u>62,792.84</u>	<u>8,559.87</u>	<u>71,352.71</u>
NET POSITION:			
Unrestricted			
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JOHN P. HOLLAND CHARTER SCHOOL
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Childcare</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 15,435.85		\$ 15,435.85
Daily Sales - Non-Reimbursable Programs	49,346.12		49,346.12
Tuition and Fees		\$ 60,516.63	60,516.63
Total Operating Revenues	64,781.97	60,516.63	125,298.60
OPERATING EXPENSES:			
Cost of Sales - Reimbursable Programs	192,123.69		192,123.69
Cost of Sales - Non-reimbursable Programs	37,966.53		37,966.53
Salaries	111,736.26		111,736.26
Employee Benefits	13,280.47		13,280.47
Rental of Land and Buildings Other Than Lease Purchase	20,000.00	29,240.00	49,240.00
Other Purchased Services (400-500 series)		49,824.00	49,824.00
Supplies and Materials	2,592.14		2,592.14
Total Operating Expenses	377,699.09	79,064.00	456,763.09
Operating Income (Loss)	(312,917.12)	(18,547.37)	(331,464.49)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	2,496.74		2,496.74
Federal Sources:			
National School Lunch Program	141,622.30		141,622.30
After School Snack Program	5,162.96		5,162.96
School Breakfast Program	61,752.20		61,752.20
Child and Adult Care Food Program	21,996.68		21,996.68
Child and Adult Care Food Program - CIL	1,241.56		1,241.56
Total Nonoperating Revenues	234,272.44		234,272.44
Income (Loss) before Contributions and Transfers	(78,644.68)	(18,547.37)	(97,192.05)
Operating Transfer In - General Fund	3,927.15	2,087.22	6,014.37
Change in Net Position	(74,717.53)	(16,460.15)	(91,177.68)
Net Position, July 1	74,717.53	16,460.15	91,177.68
Net Position, June 30	\$ -	\$ -	\$ -

JOHN P. HOLLAND CHARTER SCHOOL
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Childcare</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 64,781.97	\$ 60,516.63	\$ 125,298.60
Payments to Employees	(63,220.54)		(63,220.54)
Payments for Employee Benefits	(13,280.47)		(13,280.47)
Payments to Suppliers	(265,738.26)	(79,064.00)	(344,802.26)
Net Cash Provided by (used for) Operating Activities	<u>(277,457.30)</u>	<u>(18,547.37)</u>	<u>(296,004.67)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal Sources	228,082.96		228,082.96
State Sources	2,095.04		2,095.04
Subsidies and Transfers	4,645.30	(4,645.30)	
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>234,823.30</u>	<u>(4,645.30)</u>	<u>230,178.00</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,634.00)	(23,192.67)	(65,826.67)
Cash and Cash Equivalents, July 1	<u>42,634.00</u>	<u>23,192.70</u>	<u>65,826.70</u>
Cash and Cash Equivalents, June 30	<u>\$ -</u>	<u>\$ 0.03</u>	<u>\$ 0.03</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ (312,917.12)	\$ (18,547.37)	\$ (331,464.49)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
(Increase) Decrease in Interfund Receivable	(5,717.28)		(5,717.28)
Increase (Decrease) in Interfund Payable	54,233.00		54,233.00
Increase (Decrease) in Accounts Payable	(13,055.90)		(13,055.90)
Total Adjustments	<u>35,459.82</u>		<u>35,459.82</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (277,457.30)</u>	<u>\$ (18,547.37)</u>	<u>\$ (296,004.67)</u>

FIDUCIARY FUNDS

JOHN P. HOLLAND CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Agency Funds		
	Student Activity	Payroll	Total
ASSETS:			
Cash and Cash Equivalents		\$ 87,647.82	\$ 87,647.82
Accounts Receivable:			
Due from Student Groups	\$ 10,731.56		10,731.56
Total Assets	\$ 10,731.56	\$ 87,647.82	\$ 98,379.38
LIABILITIES:			
Cash Deficit	\$ 10,731.56		\$ 10,731.56
Payroll Deductions and Withholdings		\$ 87,647.82	87,647.82
Total Liabilities	\$ 10,731.56	\$ 87,647.82	\$ 98,379.38

JOHN P. HOLLAND CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance (Deficit)</u> <u>June 30, 2018</u>
John P. Holland Charter School: Student Groups	<u>\$ 4,919.37</u>	<u>\$ 52,498.41</u>	<u>\$ 68,149.34</u>	<u>\$ (10,731.56)</u>
	<u><u>\$ 4,919.37</u></u>	<u><u>\$ 52,498.41</u></u>	<u><u>\$ 68,149.34</u></u>	<u><u>\$ (10,731.56)</u></u>

JOHN P. HOLLAND CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS:				
Cash and Cash Equivalents	\$ 91,938.01	\$ 3,291,491.85	\$ 3,295,782.04	\$ 87,647.82
Total Assets	\$ 91,938.01	\$ 3,291,491.85	\$ 3,295,782.04	\$ 87,647.82
LIABILITIES:				
Due to FSA	\$ 6,618.01		\$ 6,618.01	
Payroll Deductions and Withholdings	85,320.00	\$ 1,291,021.36	1,288,693.54	\$ 87,647.82
Net Payroll		2,000,470.49	2,000,470.49	
Total Liabilities	\$ 91,938.01	\$ 3,291,491.85	\$ 3,295,782.04	\$ 87,647.82

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Financial trends information is intended to assist the user in understanding and assessing how the Charter School's financial position has changed over time. Please refer to the following exhibits for a historical view of the Charter School's financial performance.

JOHN P. HOLLAND CHARTER SCHOOL
 Net Position by Component
 Last Seven Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,						
	2018	2017	2016	2015 (2)	2014	2013	2012 (1)
Governmental Activities							
Net Investment in Capital Assets	\$ 20,275.15	\$ 31,369.00	\$ 41,020.00	\$ 31,479.00	\$ 60,180.00	\$ 73,478.00	\$ 90,430.00
Restricted	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Unrestricted (Deficit)	<u>(894,274.38)</u>	<u>(792,988.00)</u>	<u>(176,724.00)</u>	<u>444,283.00</u>	<u>523,547.00</u>	<u>652,451.00</u>	<u>260,657.00</u>
Total Governmental Activities Net Position	<u>\$ (848,999.23)</u>	<u>\$ (736,619.00)</u>	<u>\$ (110,704.00)</u>	<u>\$ 500,762.00</u>	<u>\$ 608,727.00</u>	<u>\$ 750,929.00</u>	<u>\$ 376,087.00</u>
Business-type Activities							
Unrestricted	<u></u>	<u>\$ 91,178.00</u>	<u>\$ 25,027.00</u>	<u>\$ 1,521.00</u>	<u>\$ 48,274.00</u>	<u>\$ 476.00</u>	<u>\$ 13,286.00</u>
Total Business-type Activities Net Position	<u>\$ -</u>	<u>\$ 91,178.00</u>	<u>\$ 25,027.00</u>	<u>\$ 1,521.00</u>	<u>\$ 48,274.00</u>	<u>\$ 476.00</u>	<u>\$ 13,286.00</u>
Government-wide							
Net Investment in Capital Assets	\$ 20,275.15	\$ 31,369.00	\$ 41,020.00	\$ 31,479.00	\$ 60,180.00	\$ 73,478.00	\$ 90,430.00
Restricted	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Unrestricted (Deficit)	<u>(894,274.38)</u>	<u>(701,810.00)</u>	<u>(151,697.00)</u>	<u>445,804.00</u>	<u>571,821.00</u>	<u>652,927.00</u>	<u>273,943.00</u>
Total Government-wide Net Position (Deficit)	<u>\$ (848,999.23)</u>	<u>\$ (645,441.00)</u>	<u>\$ (85,677.00)</u>	<u>\$ 502,283.00</u>	<u>\$ 657,001.00</u>	<u>\$ 751,405.00</u>	<u>\$ 389,373.00</u>

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

(2) Amounts for the year 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68.

Source: Comprehensive Annual Financial Report Exhibit A-1

JOHN P. HOLLAND CHARTER SCHOOL
 Changes in Net Position
 Last Seven Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,						
	2018	2017	2016	2015 (2)	2014	2013	2012 (1)
Expenses							
Governmental Activities							
Regular Instruction	\$ 1,939,337.80	\$ 1,571,630.28	\$ 1,437,024.00	\$ 1,231,771.00	\$ 1,560,174.00	\$ 1,351,558.00	\$ 997,209.00
Special Education Instruction	339,829.52	394,945.99					
Support Services and Undistributed Costs:							
Student and Instruction Related Services	483,354.58						
School Administrative Services	219,893.64	522,023.12	1,411,830.00	1,095,502.00	1,086,015.00	708,761.00	650,822.00
Other Administrative Services	337,567.17	1,103,976.03	866,619.00	513,867.00	543,229.00	551,142.00	335,350.00
Plant Operations and Maintenance	1,076,947.97	1,068,898.67					
Pupil Transportation	1,875.45	8,828.07					
Support			13,055.00				
Unallocated Benefits	1,764,323.24						
Unallocated Depreciation		13,601.14	32,950.00	28,701.00	28,701.00	35,036.00	32,530.00
Total Governmental Activities Expenses	<u>6,163,129.37</u>	<u>4,683,903.30</u>	<u>3,761,478.00</u>	<u>2,869,841.00</u>	<u>3,218,119.00</u>	<u>2,646,497.00</u>	<u>2,015,911.00</u>
Business-type Activities:							
Food Service	377,699.09	133,591.95	125,885.00	133,851.00	204,819.00	130,476.00	81,605.00
Childcare	79,064.00	10,647.09	44,387.00		42,475.00		
Total Business-type Activities Expense	<u>456,763.09</u>	<u>144,239.04</u>	<u>170,272.00</u>	<u>133,851.00</u>	<u>247,294.00</u>	<u>130,476.00</u>	<u>81,605.00</u>
Total Government-Wide Expenses	<u>\$ 6,619,892.46</u>	<u>\$ 4,828,142.34</u>	<u>\$ 3,931,750.00</u>	<u>\$ 3,003,692.00</u>	<u>\$ 3,465,413.00</u>	<u>\$ 2,776,973.00</u>	<u>\$ 2,097,516.00</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 2,268,974.72	\$ 198,606.00	\$ 218,541.00	\$ 298,677.00	\$ 347,753.00	\$ 352,305.00	\$ 149,796.00
Capital Grants and Contributions							
Total Governmental Activities Program Revenues	<u>2,268,974.72</u>	<u>198,606.00</u>	<u>218,541.00</u>	<u>298,677.00</u>	<u>347,753.00</u>	<u>352,305.00</u>	<u>149,796.00</u>
Business-type activities:							
Food Services:							
Charges for services	64,781.97	68,772.52	60,123.00	37,264.00	50,864.00	3,829.00	1,062.00
Operating Grants and Contributions	234,272.44	122,525.25	120,533.00	112,157.00	90,769.00	80,231.00	56,641.00
Capital Grants and Contributions				9,382.00			
Childcare:							
Charges for services	60,516.63	19,091.69		24,843.00	56,911.00		
Total Business-type Activities Program Revenues	<u>359,571.04</u>	<u>210,389.46</u>	<u>180,656.00</u>	<u>183,646.00</u>	<u>198,544.00</u>	<u>84,060.00</u>	<u>57,703.00</u>
Total Government-Wide Program Revenues	<u>\$ 2,628,545.76</u>	<u>\$ 408,995.46</u>	<u>\$ 399,197.00</u>	<u>\$ 482,323.00</u>	<u>\$ 546,297.00</u>	<u>\$ 436,365.00</u>	<u>\$ 207,499.00</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (3,894,154.65)	\$ (4,485,297.30)	\$ (3,542,937.00)	\$ (2,571,164.00)	\$ (2,870,366.00)	\$ (2,294,192.00)	\$ (1,866,115.00)
Business-type Activities	(97,192.05)	66,150.42	10,384.00	49,795.00	(48,750.00)	(46,416.00)	(23,902.00)
Total Government-Wide Net Expense	<u>\$ (3,991,346.70)</u>	<u>\$ (4,419,146.88)</u>	<u>\$ (3,532,553.00)</u>	<u>\$ (2,521,369.00)</u>	<u>\$ (2,919,116.00)</u>	<u>\$ (2,340,608.00)</u>	<u>\$ (1,890,017.00)</u>

(Continued)

JOHN P. HOLLAND CHARTER SCHOOL
 Changes in Net Position
 Last Seven Fiscal Years (accrual basis of accounting)
 Unaudited

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Fiscal Year Ending June 30,</u> <u>2015 (2)</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Local Sources		\$ 323,909.00	\$ 352,169.00	\$ 324,345.00	\$ 282,197.00	\$ 240,004.00	\$ 203,078.00
Charter School Aid	\$ 3,408,462.00						
State and Federal Aid - Not Restricted	221,903.00	3,226,270.93	2,669,128.00	2,635,395.00	2,508,674.00	2,431,091.00	2,043,022.00
Miscellaneous Income	157,423.29	309,203.14	3,002.00	45,776.00	3.00	5,303.00	8,951.00
Transfers	(6,014.37)			(9,382.00)			(12,849.00)
Total Governmental Activities	<u>3,781,773.92</u>	<u>3,859,383.07</u>	<u>3,024,299.00</u>	<u>2,996,134.00</u>	<u>2,790,874.00</u>	<u>2,676,398.00</u>	<u>2,242,202.00</u>
Business-type Activities:							
Transfers	6,014.37			9,382.00			12,849.00
Total Business-type Activities	<u>6,014.37</u>			<u>9,382.00</u>			<u>12,849.00</u>
Total Government-Wide	<u>\$ 3,787,788.29</u>	<u>\$ 3,859,383.07</u>	<u>\$ 3,024,299.00</u>	<u>\$ 3,005,516.00</u>	<u>\$ 2,790,874.00</u>	<u>\$ 2,676,398.00</u>	<u>\$ 2,255,051.00</u>
Change in Net Position							
Governmental Activities	\$ (112,380.73)	\$ (625,914.23)	\$ (518,638.00)	\$ 424,970.00	\$ (79,492.00)	\$ 382,206.00	\$ 376,087.00
Business-type Activities	(91,177.68)	66,150.42	10,384.00	59,177.00	(48,750.00)	(46,416.00)	(11,053.00)
Total Government-Wide	<u>\$ (203,558.41)</u>	<u>\$ (559,763.81)</u>	<u>\$ (508,254.00)</u>	<u>\$ 484,147.00</u>	<u>\$ (128,242.00)</u>	<u>\$ 335,790.00</u>	<u>\$ 365,034.00</u>

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

(2) Beginning in 2015 amounts included the implementation of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*

Source: Comprehensive Annual Financial Report Exhibit A-2

JOHN P. HOLLAND CHARTER SCHOOL
Fund Balances, Governmental Funds
Last Seven Fiscal Years (modified accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>						
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
Fund Balances							
Restricted:							
Charter School Escrow Reserve	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Unassigned:							
General Fund	<u>56,667.73</u>	<u>34,540.57</u>	<u>177,904.00</u>	<u>516,854.00</u>	<u>551,813.00</u>	<u>852,451.00</u>	<u>260,657.00</u>
Total General Fund	<u>\$ 81,667.73</u>	<u>\$ 59,540.57</u>	<u>\$ 202,904.00</u>	<u>\$ 541,854.00</u>	<u>\$ 576,813.00</u>	<u>\$ 877,451.00</u>	<u>\$ 285,657.00</u>
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

Source: Comprehensive Annual Financial Report Exhibit B-1

JOHN P. HOLLAND CHARTER SCHOOL
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,						
	2018 (2)	2017	2016	2015	2014	2013	2012 (1)
Revenues							
Local Sources	\$ 157,423.29	\$ 309,203.14	\$ 15,802.00	\$ 45,776.00	\$ 3.00	\$ 5,303.00	\$ 13,698.00
State Sources	5,108,235.72	2,999,701.00	2,838,984.00	2,880,205.00	2,881,766.00	2,761,812.00	2,310,472.00
Federal Sources	236,834.00	198,606.00	205,741.00	298,677.00	256,858.00	261,588.00	80,677.00
Total Revenue	<u>5,502,493.01</u>	<u>3,507,510.14</u>	<u>3,060,527.00</u>	<u>3,224,658.00</u>	<u>3,138,627.00</u>	<u>3,028,703.00</u>	<u>2,404,847.00</u>
Expenditures							
Instruction		1,245,385.00	1,293,827.00	1,231,771.00	1,424,182.00	1,175,736.00	892,551.00
Administration		1,372,784.00	1,271,142.00	1,135,410.00	1,199,725.00	760,351.00	581,386.00
Support Services		1,028,755.00	792,015.00	926,880.00	636,784.00	651,887.00	501,077.00
Regular Instruction	1,943,074.41						
Special Education Instruction	342,861.50						
Support Services and Undistributed Costs:							
Student and Instruction Related Services	493,509.38						
School Administrative Services	251,514.90						
Other Administrative Services	337,567.17						
Plant Operations and Maintenance	1,067,468.27						
Pupil Transportation	1,875.45						
Unallocated Benefits	633,944.68						
TPAF Social Security and Pension	402,535.72						
Capital Outlay		3,950.00	42,491.00		126,130.00	41,571.00	131,327.00
Total Expenditures	<u>5,474,351.48</u>	<u>3,650,874.00</u>	<u>3,399,475.00</u>	<u>3,294,061.00</u>	<u>3,386,821.00</u>	<u>2,629,545.00</u>	<u>2,106,341.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,141.53</u>	<u>(143,363.86)</u>	<u>(338,948.00)</u>	<u>(69,403.00)</u>	<u>(248,194.00)</u>	<u>399,158.00</u>	<u>298,506.00</u>
Other Financing Sources (Uses)							
Transfer to Fund Deficit in Enterprise Funds	(6,014.37)						
Total Other Financing Sources (Uses)	<u>(6,014.37)</u>						
Net Change in Fund Balances	<u>\$ 22,127.16</u>	<u>\$ (143,363.86)</u>	<u>\$ (338,948.00)</u>	<u>\$ (69,403.00)</u>	<u>\$ (248,194.00)</u>	<u>\$ 399,158.00</u>	<u>\$ 298,506.00</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

(2) Prior to the fiscal year ended June 30, 2018, information on this exhibit was not fully presented in accordance with the State of New Jersey Department of Education Uniform Chart of Accounts.

Source: Comprehensive Annual Financial Report Exhibit B-2

JOHN P. HOLLAND CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Seven Fiscal Years (modified accrual basis of accounting)
 Unaudited

	<u>Fiscal Year Ending June 30,</u>						
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
Donations/Fundraising	\$ 29,331.00						
Insurance Recovery	71,441.41						
Interest Earned on Deposits	1.75						
USAC E-Rate	56,244.68						
Miscellaneous	404.45	\$ 309,203.14	\$ 3,002.00	\$ 45,776.00	\$ 3.00	\$ 5,303.00	\$ 13,698.00
	<u>\$ 157,423.29</u>	<u>\$ 309,203.14</u>	<u>\$ 3,002.00</u>	<u>\$ 45,776.00</u>	<u>\$ 3.00</u>	<u>\$ 5,303.00</u>	<u>\$ 13,698.00</u>

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

Source: Charter School Records.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the Charter School's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the Charter School's outstanding debt and its debt capacity.

JOHN P. HOLLAND CHARTER SCHOOL
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Obligation Bonds	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income	<u>Per Capita</u>
		<u>Mortgages Payable</u>	<u>Capital Leases</u>	<u>Loan Payable</u>	<u>Capital Leases</u>				
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2012 (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Note: The Charter School does not have outstanding debt.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the Charter School operates and (2) to provide information that facilitates comparisons of financial statement information over time and among Charter Schools. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the Charter School operates.

JOHN P. HOLLAND CHARTER SCHOOL
 Demographic and Economic Statistics (1)
 Last Seven Fiscal Years
 Unaudited

<u>Year</u>	<u>City of Paterson Population (2)</u>	<u>Personal Income (3)</u>	<u>Passaic County Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2018	Unavailable	Unavailable	Unavailable	Unavailable
2017	148,031	Unavailable	Unavailable	8.3%
2016	147,829	\$ 7,028,825,463	\$ 47,547	9.2%
2015	147,605	6,913,818,200	46,840	10.1%
2014	147,313	6,636,892,589	45,053	11.9%
2013	146,944	6,336,225,280	43,120	14.8%
2012 (6)	145,981	6,248,570,724	42,804	16.5%

Source:

- (1) Data provided for Passaic County, New Jersey.
- (2) Population information for the City of Paterson provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon the US Bureau of Economic Analysis CA04 data table.
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- (6) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

JOHN P. HOLLAND CHARTER SCHOOL
Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer (1)</u>	<u>2018</u>			<u>2009 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force</u>
St. Joseph's University Medical Cetner	3,688	1	6.56%			
Communications Workers - America	700	2	1.25%			
Crown Roll Leaf Inc.	300	3	0.53%			
Dismas House for Drug Rehabilitation	300	4	0.53%			
Great Falls Healthcare	300	5	0.53%			
Straight & Narrow Inc.	300	6	0.53%			
Amneal Pharmaceuticals LLC	275	7	0.49%			
Pharmachem Laboratories	275	8	0.49%			
Absolute Security Network	200	9	0.36%			
D & M Tours Inc.	200	10	0.36%			
Eva's Village	200	11	0.36%			
NALC	200	12	0.36%			
RCC Builders & Developers Inc.	200	13	0.36%			
	<u>7,138</u>		<u>12.7%</u>			

(1) Data was not available from sources contacted.

Operating Information

Operating information is intended to provide contextual information about the Charter School's operations and resources to assist readers in using financial statement information to understand and assess the Charter School's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the Charter School's operations.

JOHN P. HOLLAND CHARTER SCHOOL
 Full-time Equivalent Charter School Employees by Function/Program
 Last Seven Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>Fiscal Year Ending June 30.</u>						
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
Regular Instruction	21	8.0	8.0	8.0	8.0	8.0	8.0
Special Education Instruction	2	1.0	1.0	1.0	1.0	1.0	1.0
Other Special Instruction	6	4.0	4.0	4.0	4.0	4.0	4.0
Support Services and Undistributed Costs:							
Student and Instruction Related Services	9	3.7	3.7	3.7	3.7	3.7	3.7
Other Administrative Services	5	4.1	4.1	4.1	4.1	4.1	4.1
Plant Operations and Maintenance	2						
Food Services	5.5	0.4	0.4	0.4	0.4	0.4	0.4
Total	50.5	21.2	21.2	21.2	21.2	21.2	21.2

Source: Charter School Personnel Records

(1) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

JOHN P. HOLLAND CHARTER SCHOOL
 Operating Statistics
 Last Seven Fiscal Years
 Unaudited

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (4)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (PK-5) (5)	Middle School (6-8)				
2018	360	\$ 5,474,351.48	\$ 15,206.53	-16.19%	25	15:1	11:1	354.3	330	76.27%	93.14%
2017	201	3,646,924.00	18,143.90	7.56%	11	11:1	11:1	201	189	3.61%	93.88%
2016	199	3,356,984.00	16,869.27	1.91%	11	11:1	11:1	194	183	-42.94%	94.33%
2015	199	3,294,061.00	16,553.07	-14.21%	11	11:1	11:1	340	333	101.18%	97.94%
2014	169	3,260,691.00	19,294.03	25.99%	11	11:1	11:1	169	166	0.00%	98.22%
2013	169	2,587,974.00	15,313.46	31.04%	11	11:1	11:1	169	166	0.00%	98.22%
2012 (6)	169	1,975,014.00	11,686.47	0.00%	11	11:1	11:1	169	166	0.00%	98.22%

Sources: District records and enrollment counts.

Note: Enrollment based on end of school year enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment as reported by the State of New Jersey based on the final enrollment count.
- (4) Average daily attendance is obtained from the School Register Summary (SRS).
- (5) Preschool (PK) began in the fiscal year ended June 30, 2018.
- (6) The fiscal year ended June 30, 2012 was the Charter School's first fiscal year.

JOHN P. HOLLAND CHARTER SCHOOL
School Building Information
Last Seven Fiscal Years
Unaudited

Not Applicable. The Charter School does not own any facilities.

JOHN P. HOLLAND CHARTER SCHOOL
Insurance Schedule
June 30, 2018
Unaudited

<u>Policy Level Information</u>	<u>Coverage</u>
Markel Insurance Co.:	
Property:	
Business Personal Property - All Risk w/ \$1,000.00 deductible:	
Oliver	\$ 400,000.00
Shepherd	400,000.00
EDP - Computers w/ \$500.00 Deductible:	
Oliver	300,000.00
Shepherd	300,000.00
Business Income and Extra Expense w/ 72 Hour Deductible	300,000.00
General Liability:	
Aggregate	3,000,000.00
Each Occurrence	1,000,000.00
Products / Completed Operations Aggregate	3,000,000.00
Sexual Abuse per Occurrence	1,000,000.00
Sexual Abuse Aggregate	2,000,000.00
Personal Injury/ Advertising Injury	1,000,000.00
Premise Medical Payments (Any One Person)	10,000.00
Fire Legal Liability (Any One Fire)	1,000,000.00
Employee Benefits Aggregate Limit w/ \$1,000.00 Deductible	3,000,000.00
Employee Benefits Aggregate Limit w/ \$1,000.00 Deductible	1,000,000.00
Educators Legal Liability:	
Each Wrongful Act w/ \$5,000.00 Deductible	1,000,000.00
Aggregate w/ \$5,000.00 Deductible	2,000,000.00
Crime:	
Blanket Employee theft w / \$500.00 Deductible	200,000.00
Forgery or Alteration w / \$500.00 Deductible	10,000.00
Public Officials Bonds	
School Business Administrator	160,000.00
Automobile Liability - Hired and Non Owned - Occurrence	1,000,000.00
Umbrella:	
Aggregate w/ \$10,000.00 Retention	1,000,000.00
Each Occurrence w/ \$10,000.00 Retention	1,000,000.00
Student Accident:	
Aggregate Limit of Indemnity	250,000.00
Accidental Medical Expense Benefit	25,000.00
Accidental Death & Dismemberment	10,000.00
Workers' Compensation:	
Each Accident	1,000,000.00
Each Employee	1,000,000.00
Policy Limit	1,000,000.00
Darwin National Assurance Company:	
D&O/ EPLI:	
Educator Errors and Omissions Liability w / \$5,000.00 Deductible	1,000,000.00
Employment Practices Liability Insurance w/ \$25,000.00 Deductible	1,000,000.00
Supplementary Payments w/ \$5,000.00 Deductible	50,000.00
Supplementary Payments Aggregate w/ \$5,000.00 Deductible	100,000.00

Source: Charter School Records

Charter School Financial Framework - Financial Indicators

The New Jersey Department of Education (NJDOE) developed the comprehensive Performance Framework to ensure that each and every NJ charter school is serving students with a high-quality education. The Performance Framework - Financial Indicators set the fiscal standards by which all NJ public charter schools will be evaluated, informing both the NJDOE and individual school officials about school performance and sustainability. By utilizing the Performance Framework throughout the charter school's life cycle, NJDOE officials will expand the rigorous standards and metrics by which each and every public charter school is evaluated. Please refer to the following exhibit for the Charter School's Performance Framework Financial Indicators.

JOHN P. HOLLAND CHARTER SCHOOL
Charter School Performance Framework
Financial Indicators - Fiscal Ratios
Unaudited

	2016	2017	2018	Source
	Audit	Audit	Audit	
Cash	\$ 463,349.00	\$ 260,159.00	\$ 27,747.30	Audit: Exhibit A-1
Current Assets	236,954.00	193,092.00	268,892.68	Audit: Exhibit A-1
Total Assets	741,323.00	484,620.00	289,167.83	Audit: Exhibit A-1
Current Liabilities	220,018.00	252,709.00	288,361.82	Audit: Exhibit A-1
Total Liabilities	288,468.00	482,396.00	1,529,956.06	Audit: Exhibit A-1
Net Position	452,855.00	2,224.00	(848,999.23)	Audit: Exhibit A-1
Total Revenue	3,436,619.00	4,268,379.00	3,787,788.29	Audit: Exhibit A-2
Total Expenses	3,931,759.00	4,828,142.00	3,991,346.70	Audit: Exhibit A-2
Change in Net Position	(495,140.00)	(559,763.00)	(203,558.41)	Audit: Exhibit A-2
Depreciation Expense	32,950.00	13,601.00	11,093.98	Financial Statements/Audit Workpapers
Interest Expense	NA	NA	NA	Financial Statements/Audit Workpapers
Principal Payments	NA	NA	NA	Financial Statements/Audit Workpapers
Interest Payments	NA	NA	NA	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	199.0	203.0	354.3	DOE Enrollment Reports
March 30th Budgeted Enrollment	200.0	201.0	360.0	Charter School Budget

RATIOS ANALYSIS...

Near Term Indicators	2016	2017	2018	3 YR CUM	Source:
1a. Current Ratio	3.18	1.79	0.93	1.97	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	43.01	19.66	2.54	21.74	Cash/(Total Expenses/365)
1c. Enrollment Variance	100%	100%	98.4%	99%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	NA	NA	NA	NA	Audit
Sustainability Indicators					
2a. ** Cash Flow	(414,353.00)	(203,190.00)	(232,411.70)	(283,318.23)	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2b. Debt Service Coverage Ratio	NA	NA	NA	NA	

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

** 2018 = 2018 Cash- 2017 Cash; 2017 = 2017 Cash - 2016 Cash; 2016 Cash = 2016 Cash - 2015 Cash

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
John P. Holland Charter School
Paterson, New Jersey 07501

Report on Compliance for Each Major State Program

We have audited the John P. Holland Charter School's, in the County of Passaic, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2018. The Charter School's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the John P. Holland Charter School, in the County of Passaic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the John P. Holland Charter School, in the County of Passaic, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
March 11, 2019

JOHN P. HOLLAND CHARTER SCHOOL
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance July 01, 2017
					From	To	
Special Revenue Fund:							
U.S. Department of Education							
Passed-through State Department of Education:							
N.C.L.B. / E.S.S.A.							
Title I, Part A (P.L. 103-382)	84.010	S010A110030	NCLB607912	\$ 64,040.00	9/1/2011	6/30/2012	\$ (227.00)
Title I, Part A (P.L. 103-382)	84.010	S010A120030	NCLB607913	223,796.00	9/1/2012	6/30/2013	9,755.00
Title I, Part A (P.L. 103-382)	84.010	S010A170030	NCLB607918	183,283.00	7/1/2017	6/30/2018	
Total Title I, Part A							<u>9,528.00</u>
Title II, Part A, Improving Teacher Quality	84.367	S367A120029	NCLB607912	2,381.00	9/1/2011	6/30/2012	2,381.00
Title II, Part A, Improving Teacher Quality	84.367	S367A130029	NCLB607913	3,191.00	9/1/2012	6/30/2013	306.00
Title II, Part A, Improving Teacher Quality	84.367	S367A180029	NCLB607918	16,774.00	7/1/2017	6/30/2018	
Total Title II, Part A							<u>2,687.00</u>
Title IV	84.424	S424A180031	NCLB607918	10,000.00	7/1/2017	6/30/2018	
Total Title IV							
Special Education Cluster:							
I.D.E.A. Part B Basic	84.027	H027A110100	IDEA607912	33,674.00	9/1/2011	6/30/2012	3,292.00
I.D.E.A. Part B Basic	84.027	H027A120100	IDEA607913	34,489.00	9/1/2012	6/30/2013	597.00
I.D.E.A. Part B Basic	84.027	H027A130100	IDEA607914	34,434.00	9/1/2013	6/30/2014	(13,946.00)
I.D.E.A. Part B Basic	84.027	H027A170100	IDEA607918	122,315.00	7/1/2017	6/30/2018	
Total I.D.E.A. Part B Cluster							<u>(10,057.00)</u>
Total U.S. Department of Education							<u>2,158.00</u>
Total Special Revenue Fund							<u>2,158.00</u>
Food Service Enterprise Fund:							
U.S. Department of Agriculture:							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	16161NJ304N1099	N/A	86,265.00	07/01/14	06/30/15	(17,918.50)
National School Lunch Program	10.555	16161NJ304N1099	N/A	82,840.71	07/01/15	06/30/16	(7,370.60)
National School Lunch Program	10.555	171NJ304N1099	N/A	86,815.58	07/01/16	06/30/17	(8,437.36)
National School Lunch Program	10.555	181NJ304N1099	N/A	141,622.30	07/01/17	06/30/18	
After School Snack Program	10.555	181NJ304N1099	N/A	5,162.96	07/01/17	06/30/18	
School Breakfast Program	10.553	16161NJ304N1099	N/A	22,500.00	07/01/14	06/30/15	(4,292.04)
School Breakfast Program	10.553	16161NJ304N1099	N/A	37,832.02	07/01/15	06/30/16	(2,832.01)
School Breakfast Program	10.553	171NJ304N1099	N/A	34,196.56	07/01/16	06/30/17	(3,800.72)
School Breakfast Program	10.553	181NJ304N1099	N/A	61,752.20	07/01/17	06/30/18	
Total Child Nutrition Cluster							<u>(44,651.23)</u>
Child and Adult Care Food Program	10.558	171NJ314N1050	N/A	16,608.64	07/01/16	06/30/17	(3,914.54)
Child and Adult Care Food Program	10.558	181NJ304N1099	N/A	21,996.68	07/01/17	06/30/18	
Child and Adult Care Food Program - CIL	10.558	171NJ304N2020	N/A	2,549.42	07/01/16	06/30/17	(211.37)
Child and Adult Care Food Program - CIL	10.558	181NJ304N2020	N/A	1,241.56	07/01/17	06/30/18	
Total Child and Adult Care Food Program							<u>(4,125.91)</u>
Total U.S. Department of Agriculture and Food Service Enterprise Fund							<u>(48,777.14)</u>
Total Federal Financial Assistance							<u>\$ (46,619.14)</u>

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant award expenditures were less than \$750,000.00.

JOHN P. HOLLAND CHARTER SCHOOL
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2017</u>		<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>	
General Fund:							
New Jersey Department of Education:							
Passed-Through Local Education Agencies:							
Current Expense:							
Charter School Aid:							
State Aid - Public Cluster:							
Local Levy Equalization Aid - State and Local Share	17-495-034-5120-078	\$ 2,403,757.00	7/1/16	6/30/17	\$ (27,819.70)	\$ 80,230.30	
Local Levy Equalization Aid - State and Local Share	18-495-034-5120-078	3,180,639.00	7/1/17	6/30/18			
Special Education Categorical Aid	17-495-034-5120-089	44,626.00	7/1/16	6/30/17	(3,320.00)		
Special Education Categorical Aid	18-495-034-5120-089	81,859.00	7/1/17	6/30/18			
Security Aid	17-495-034-5120-084	91,032.00	7/1/16	6/30/17	(2,085.00)		
Security Aid	18-495-034-5120-084	145,964.00	7/1/17	6/30/18			
Total Passed-Through Local Education Agencies					<u>(33,224.70)</u>	<u>80,230.30</u>	
State Aid - Public Cluster:							
Adjustment Aid	17-495-034-5120-085	170,247.00	7/1/16	6/30/17	(17,688.00)		
Adjustment Aid	18-495-034-5120-085	221,903.00	7/1/17	6/30/18			
Total Adjustment Aid					<u>(17,688.00)</u>		
Total State Aid Public Cluster					<u>(50,912.70)</u>	<u>80,230.30</u>	
Reimbursed T.P.A.F. Social Security Contributions							
Reimbursed T.P.A.F. Social Security Contributions	17-495-034-5094-003	89,117.93	7/1/16	6/30/17	(8,300.84)		
Reimbursed T.P.A.F. Social Security Contributions	18-495-034-5094-003	109,391.72	7/1/17	6/30/18			
Total Reimbursed TPAF Social Security Contributions					<u>(8,300.84)</u>		
Total General Fund					<u>(59,213.54)</u>	<u>80,230.30</u>	
Special Revenue Fund:							
New Jersey Department of Education:							
Passed-Through Local Education Agencies:							
Charter School Aid:							
Preschool Education Aid	18-495-034-5120-086	1,075,335.00	7/1/17	6/30/18			
Total Special Revenue Fund							
Food Service Enterprise Fund:							
New Jersey Department of Agriculture:							
National School Lunch Program (State Share)	16-100-010-3350-023	1,451.22	7/1/15	6/30/16	(130.13)		
National School Lunch Program (State Share)	17-100-010-3350-023	1,513.11	7/1/16	6/30/17	(146.70)		
National School Lunch Program (State Share)	18-100-010-3350-023	2,496.74	7/1/17	6/30/18			
Total Enterprise Fund					<u>(276.83)</u>		
Total State Financial Assistance subject to Major Program Determination for State Single Audit					<u>(59,490.37)</u>	<u>80,230.30</u>	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
T.P.A.F. Post-Retirement Medical	18-495-034-5094-001	114,737.00	7/1/17	6/30/18			
Teacher's Pension and Annuity Fund	18-495-034-5094-002	173,435.00	7/1/17	6/30/18			
T.P.A.F. LTDI	18-495-034-5094-004	4,209.00	7/1/17	6/30/18			
T.P.A.F. Non-contributory Insurance	18-495-034-5094-004	763.00	7/1/17	6/30/18			
Total General Fund (Non-Cash Assistance)							
					<u>\$ (59,490.37)</u>	<u>\$ 80,230.30</u>	<u>\$ -</u>

(A) See Note 6 to the Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

Balance June 30, 2018								Memo	
Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ 27,817.70				\$ (55,749.50)	\$ (2.00)		\$ 24,480.80		\$ 2,403,757.00
3,146,019.01	\$ (3,180,639.00)		\$ (0.01)	(11,443.00)	(46,767.00)		704.00		3,180,639.00
3,320.00									44,626.00
81,859.00	(81,859.00)								81,859.00
2,085.00									91,032.00
145,964.00	(145,964.00)								145,964.00
<u>3,407,064.71</u>	<u>(3,408,462.00)</u>		<u>(0.01)</u>	<u>(67,192.50)</u>	<u>(46,769.00)</u>		<u>25,184.80</u>		<u>5,947,877.00</u>
17,688.00									170,247.00
173,844.00	(221,903.00)				(48,059.00)				221,903.00
191,532.00	(221,903.00)				(48,059.00)				392,150.00
3,598,596.71	(3,630,365.00)		(0.01)	(67,192.50)	(94,828.00)		25,184.80		6,340,027.00
8,300.84									89,117.93
103,733.08	(109,391.72)				(5,658.64)				109,391.72
112,033.92	(109,391.72)				(5,658.64)				198,509.65
3,710,630.63	(3,739,756.72)		(0.01)	(67,192.50)	(100,486.64)		25,184.80		6,538,536.65
1,075,335.00	(1,075,335.00)								1,075,335.00
1,075,335.00	(1,075,335.00)								1,075,335
146.70					(130.13)				1,451.22
1,948.34	(2,496.74)				(548.40)				1,513.11
2,095.04	(2,496.74)				(678.53)				2,496.74
4,788,060.67	(4,817,588.46)		(0.01)	(67,192.50)	(101,165.17)		25,184.80		5,461.07
114,737.00	(114,737.00)								7,619,332.72
173,435.00	(173,435.00)								114,737.00
4,209.00	(4,209.00)								173,435.00
763.00	(763.00)								4,209.00
293,144.00	(293,144.00)								763.00
<u>\$ 5,081,204.67</u>	<u>\$ (5,110,732.46)</u>	<u>\$ -</u>	<u>\$ (0.01)</u>	<u>\$ (67,192.50)</u>	<u>\$ (101,165.17)</u>	<u>\$ -</u>	<u>\$ 25,184.80</u>	<u>\$ -</u>	<u>\$ 7,912,476.72</u>

JOHN P. HOLLAND CHARTER SCHOOL
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the John P. Holland Charter School (hereafter referred to as the “Charter School”). The Charter School is defined in note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

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. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

There is no net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general or the special revenue funds. See exhibit C-3, notes to 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 expenditures reported in the Charter School's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 4,032,900.72	\$ 4,032,900.72
Special Revenue	\$ 236,834.00	1,075,335.00	1,312,169.00
Food Service	231,775.70	2,496.74	234,272.44
Total Awards and Financial Assistance	<u>\$ 468,609.70</u>	<u>\$ 5,110,732.46</u>	<u>\$ 5,579,342.16</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: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the Charter School was the recipient of state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. 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 fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 6: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent a rounding difference experienced between the award and the amount received.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

JOHN P. HOLLAND CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

JOHN P. HOLLAND CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Not applicable.

JOHN P. HOLLAND CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

JOHN P. HOLLAND CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Not applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

