



College Achieve Central Charter School

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

College Achieve Central Charter School
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INTRODUCTORY SECTION



The Honorable President and Members
of the Board of Trustees
College Achieve Central Charter School
Plainfield, New Jersey

Dear Board Members:

The comprehensive annual financial report of the College Achieve Central Charter School (the "Charter School") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The College Achieve Central Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The College Achieve Central Charter School constitutes the Charter School's reporting entity.

The mission of College Achieve Central Charter School is to prepare its students to excel in and graduate from the top colleges and universities in the nation.

We - the parents, teachers, and administrators of College Achieve Central Charter School - will create a learning community that prizes excellence and continuous improvement. We will achieve our mission by honoring and developing each student's gifts and talents. It is our hope that all our students will go on to graduate from college and return home to Plainfield and North Plainfield to become the next generation of leaders in education, business, and in the community.

The Charter School completed the 2017-2018 period; its second year of operation, with an enrollment of 801 students.

2) ECONOMIC CONDITION AND OUTLOOK:

The school is serving 1,013 students in 2018-19 and will serve 1,210 students by 2019-20. We continue to monitor legislation in Trenton through the NJ Charter School Association that would affect charter school funding – specifically facilities cost aid and health and pension reforms.

3) MAJOR INITIATIVES:

Key Design Elements: 11 Pillars of the College Achieve Central Education Program

Pillar 1: Character Education: GRACE: Grit, Resiliency, Agency, Character, and Excellence

Pillar 2: A rigorous, standards based instructional program that is backwards mapped from college standards and teaches our students how to think for themselves.

Pillar 3: Elementary School: Systemic Phonics, the Common Core & the Core Knowledge Sequence

Pillar 4: Data-driven assessment & instruction

Pillar 5: Shared Inquiry: Socratic Seminars

Pillar 6: College Achieve's Approach to teaching the Toulmin College Writing Model (Grades 5-12)

Pillar 7: More Time for Learning & Science: longer school day

Pillar 8: Pacing for Rigorous Instruction

Pillar 9: Apprentice Teacher Pipeline & High Dosage Tutoring

Pillar 10: MAADNESS: Music, Art, Athletics, Drama & Dance

Pillar 11: SOAL: Summer Of A Lifetime (SOAL) and Travel Study Programs

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the period 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. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of the Charter School's insurance coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

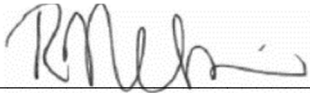
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP, CPAs and Consultants, was selected by the Board of Trustees.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

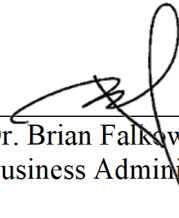
The Honorable President and Members
of the Board of Trustees
College Achieve Central Charter School
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February 28, 2019

10) ACKNOWLEDGMENTS:

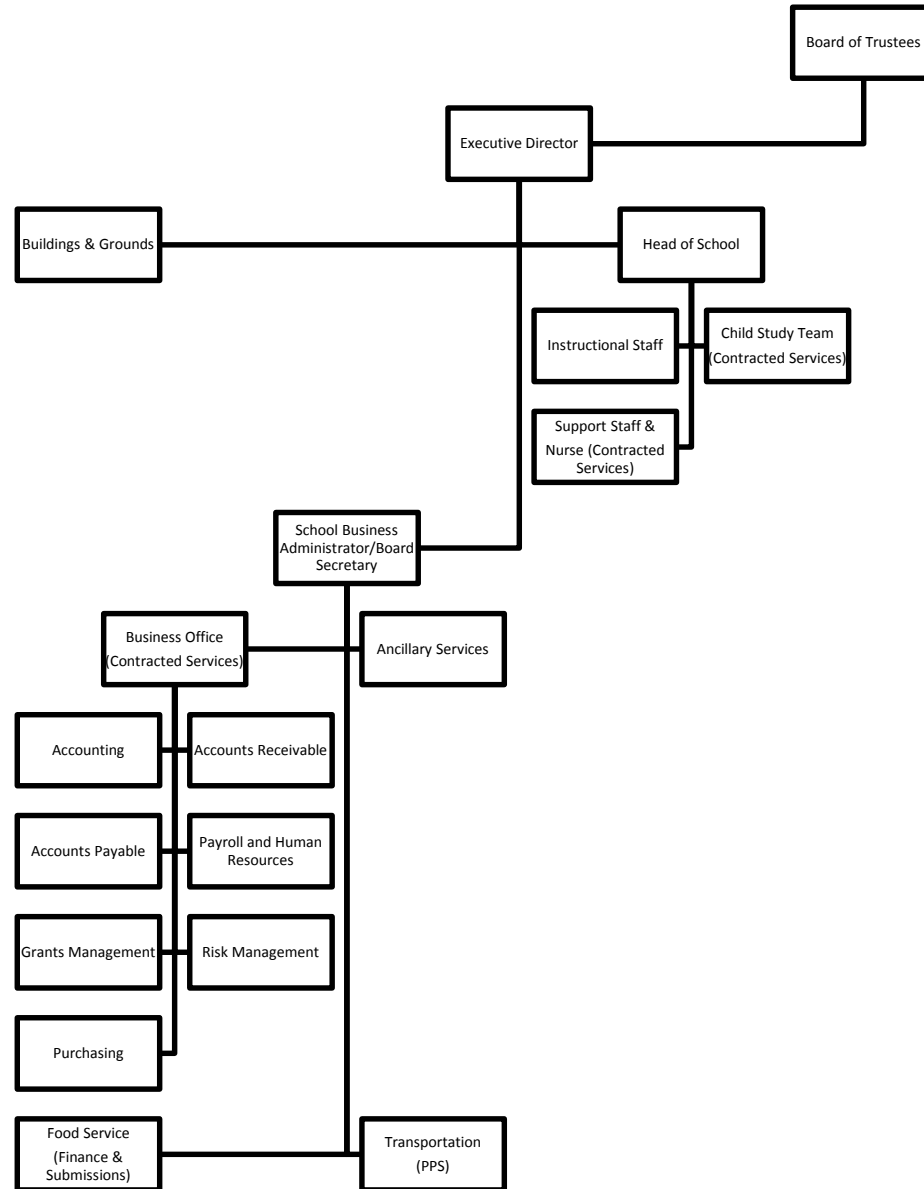
We would like to express our appreciation to the members of the Board of Trustees of the College Achieve Central Charter School for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.



Rachelle Nelson
Executive Director



Dr. Brian Falkowski
Business Administrator/Board Secretary



**COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
PLAINFIELD, NEW JERSEY
ROSTER OF OFFICIALS
June 30, 2018**

Members of the Board of Trustees

Roger F. Grutzmacher, President
Andrew Fesen
Frank Fischer
Travis Ally
Jamie Rojas

Administration:

Michael Piscal	CEO of College Achieve Public Schools Inc.
Rachelle Nelson	Principal, CAO of College Achieve Public Schools Inc.
Dr. Brian S. Falkowski	SBA/ Board Secretary, School Business Office LLC

**COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
PLAINFIELD, NEW JERSEY**

Consultants and Advisors

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043-2493

Attorneys

Johnston Law Firm LLC
75 Midland Avenue
Montclair, NJ 07042

Official Depositories

Wells Fargo Bank

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
College Achieve Central Charter School
Plainfield, New Jersey 07062

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 College Achieve Central Charter School, in the County of Union, 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 College Achieve Central Charter School, in the County of Union, 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 10 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, 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 College Achieve Central Charter School's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section 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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are 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.

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 6, 2019 on our consideration of the College Achieve Central 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 College Achieve Central 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 College Achieve Central 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 6, 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
College Achieve Central Charter School
Plainfield, New Jersey 07062

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 the College Achieve Central Charter School, in the County of Union, 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 6, 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 College Achieve Central 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 College Achieve Central 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 College Achieve Central 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 federal 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
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
March 6, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

As management of the College Achieve Central 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 ended 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.

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 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 assets and liabilities, totaled \$236,958.52 at the close of the fiscal year. This amount represents the net position of Governmental activities and Business-Type activities which was \$236,365.15 and \$593.37 respectively.
- As of the close of the fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$121,596.22. Of this combined balance, \$117,121.22 was unassigned in the general fund and \$4,475.00 was restricted in the special revenue fund.

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.

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 condition of the Charter School's capital assets, to assess the *overall health* of the Charter School.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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 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.

Proprietary Fund - 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 program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the food service program, which is considered a major fund.

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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE

During the fiscal year, the Charter School decreased its net position by \$105,804.35 from June 30, 2017. In the analysis that follows, the focus is on the net position (Table A-1) and changes in net position (Table A-2) of the Charter School's governmental activities and business-type activities.

Table A-1
STATEMENTS OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>June 30, 2018</u>		<u>Totals</u>		<u>June 30, 2017</u>		<u>Totals</u>	
ASSETS:								
Current and Other Assets	\$ 657,810.48	\$ 105,883.97	\$ 763,694.45	\$ 683,744.43	\$ 41,236.80	\$ 724,981.23		
Capital Assets, net	114,768.93		114,768.93	3,519.98		3,519.98		
Total Assets	<u>772,579.41</u>	<u>105,883.97</u>	<u>878,463.38</u>	<u>687,264.41</u>	<u>41,236.80</u>	<u>728,501.21</u>		
LIABILITIES:								
Long-term Liabilities				55,284.67	41,236.80	96,521.47		
Other Liabilities	536,214.26	105,290.60	641,504.86	289,216.87	(41,236.80)	247,980.07		
Total Liabilities	<u>536,214.26</u>	<u>105,290.60</u>	<u>641,504.86</u>	<u>344,501.54</u>		<u>344,501.54</u>		
NET POSITION								
Net Investment in Capital Assets	114,768.93		114,768.93	3,519.98		3,519.98		
Restricted	4,475.00		4,475.00	4,475.00		4,475.00		
Unrestricted	117,121.22	593.37	117,714.59	334,767.89		334,767.89		
Total Net Position	<u>\$ 236,365.15</u>	<u>\$ 593.37</u>	<u>\$ 236,958.52</u>	<u>\$ 342,762.87</u>	<u>\$ -</u>	<u>\$ 342,762.87</u>		

Total assets were \$878,463.38 at June 30, 2018 and \$728,501.21 at June 30, 2017. The cash position decreased \$273,326.26 from \$297,594.59 at June 30, 2017 to \$24,268.33 at June 30, 2018 as a result of operations in the governmental and business-type activities. Receivables at the end of the fiscal year were \$664,245.12 compared to \$427,386.64 at June 30, 2017. In addition, capital assets (net) increased to \$114,768.93 at June 30, 2018 as a result of purchasing furniture in the amount of \$121,291.16 and current year depreciation of \$10,042.21.

Liabilities were \$641,504.86 at June 30, 2018 compared to \$344,501.54 at June 30, 2017. Of this June 30, 2018 amount, accounts payable were \$395,799.86, and intergovernmental accounts payable was \$245,705.00.

The largest portions of net position at the close of the fiscal year is net investment in capital assets and unrestricted. The unrestricted component represents resources and uses that do not meet the criteria of the other two components of net position. At June 30, 2018, the Charter School's unrestricted net position was \$117,714.59, or 50%.

An additional component of the Charter School's net position, or (2%), represents resources that are restricted, which was \$4,475.00. These amounts consist of amounts restricted in the special revenue fund.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

The third and final portion of net position at June 30, 2018, or 48%, reflects its net investment in capital assets (i.e., equipment), which totaled \$114,768.93. This component represents capital assets, net of accumulated depreciation. The Charter School uses these assets to provide educational services to students; consequently, these assets are not available for future spending.

Table A-2 reflects changes in net position for the Charter School's fiscal year which ended June 30, 2018.

Table A-2
STATEMENTS OF ACTIVITIES

	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
	June 30, 2018			June 30, 2017		
Revenues:						
Program Revenues:						
Charges for Services		\$ 3,913.50	\$ 3,913.50		\$ 7,728.45	\$ 7,728.45
Operating Grants and Contributions	\$ 765,913.35	576,143.84	1,342,057.19	\$ 451,937.84	179,485.97	631,423.81
General Revenues:						
Charter School Aid	9,417,887.00		9,417,887.00	6,943,586.00		6,943,586.00
Miscellaneous Income	25,588.89		25,588.89	60,577.56		60,577.56
Transfers	(231,824.13)	231,824.13		(119,325.65)	119,325.65	
Total Revenues	<u>9,977,565.11</u>	<u>811,881.47</u>	<u>10,789,446.58</u>	<u>7,336,775.75</u>	<u>306,540.07</u>	<u>7,643,315.82</u>
Expenses:						
Regular Instruction	4,565,017.16		4,565,017.16	3,021,312.48		3,021,312.48
Special Education Instruction	424,849.29		424,849.29	63,795.20		63,795.20
School Sponsored Extra Curricular Activities Instruction				144.00		144.00
School Sponsored Athletics Instruction				5,276.14		5,276.14
Support Services and Undistributed Costs:						
Student and Instruction Related Services	539,719.58		539,719.58	367,379.56		367,379.56
School Administrative Services	308,570.20		308,570.20	215,062.10		215,062.10
Other Administrative Services	1,294,628.64		1,294,628.64	1,481,624.86		1,481,624.86
Plant Operations and Maintenance	1,567,163.13		1,567,163.13	982,385.30		982,385.30
Pupil Transportation	31,315.00		31,315.00	22,185.00		22,185.00
Unallocated Benefits	1,185,518.48		1,185,518.48	769,906.20		769,906.20
Social Security	167,181.35		167,181.35	92,833.93		92,833.93
Food Service		811,288.10	811,288.10		306,540.07	306,540.07
Total Expenses	<u>10,083,962.83</u>	<u>811,288.10</u>	<u>10,728,069.58</u>	<u>7,021,904.77</u>	<u>306,540.07</u>	<u>7,328,444.84</u>
Change in Net Position	(106,397.72)	593.37	61,377.00	314,870.98		314,870.98
Net Position, July 1	342,762.87		342,762.87	27,891.89		27,891.89
Net Position, June 30	<u>\$ 236,365.15</u>	<u>\$ 593.37</u>	<u>\$ 404,139.87</u>	<u>\$ 342,762.87</u>	<u>\$ -</u>	<u>\$ 342,762.87</u>

During the fiscal year, the Charter School's total revenues were \$10,789,446.58. Key elements of these revenues were attributable to the following:

- Operating grants and contributions were \$1,342,057.19 or 12.44%. These were grants in the governmental activities of \$765,913.35 and in the business-type activities of \$576,143.84.
- Charter School Aid totaled \$9,417,887.00 or 87.29%.
- Other revenues were charges for services in the business-type activities of \$3,913.50 or .04% and miscellaneous revenue sources of \$25,588.89 or .24% in the governmental activities.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL AS A WHOLE (CONT'D)

During the fiscal year, the Charter School's total expenses were \$10,728,069.58. Key elements of these expenses were attributable to the following:

- Instructional expense for regular instruction and special education instruction totaled \$4,989,866.45 or 47% of all expenditures.
- Support services and undistributed costs which included student and instruction related services, administrative services, plant operations and maintenance, pupil transportation and unallocated benefits totaled \$4,926,915.03 or 46% of all expenditures.
- Food services expenditures were \$811,288.10 or 8% of all expenditures.

The net cost of governmental activities is shown in Table A-3.

Table A-3
NET COST OF GOVERNMENTAL ACTIVITIES

	2018		2017	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Regular Instruction	\$ 4,565,017.16	\$ 4,173,440.16	\$ 3,021,312.48	\$ 2,847,175.41
Special Education Instruction	424,849.29	424,849.29	63,795.20	63,795.20
School Sponsored Extra Curricular Activities Instruction			144.00	144.00
School Sponsored Athletics Instruction			5,276.14	5,276.14
Support Services and Undistributed Costs:				
Student and Instruction Related Services	539,719.58	387,164.58	367,379.56	221,321.72
School Administrative Services	308,570.20	308,570.20	215,062.10	215,062.10
Other Administrative Services	1,294,628.64	1,294,628.64	1,481,624.86	1,481,624.86
Plant Operations and Maintenance	1,567,163.13	1,567,163.13	982,385.30	982,385.30
Pupil Transportation	31,315.00	31,315.00	22,185.00	22,185.00
Unallocated Benefits	1,185,518.48	1,130,918.48	769,906.20	730,997.20
Social Security	167,181.35		92,833.93	
Total Expenses	<u>\$ 10,083,962.83</u>	<u>\$ 9,318,049.48</u>	<u>\$ 7,021,904.77</u>	<u>\$ 6,569,966.93</u>

THE CHARTER SCHOOL'S FUNDS

Governmental Funds

As the Charter School completed the fiscal year, its governmental funds reported a *combined* fund balances of \$121,596.22. Of these combined ending fund balances, an unassigned fund balance existed in the amount of \$117,121.22 in the general fund. The remainder is a fund balance of \$4,475.00 in the special revenue fund which is restricted to indicate that it is not available for new spending because it has already been earmarked.

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. At the end of the prior fiscal year, the Charter School had an unassigned fund balance in the general fund of \$390,052.56.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Management's Discussion and Analysis (continued)
 For the Fiscal Year Ended June 30, 2018
 (Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

During the fiscal year, the fund balance of the Charter School's general fund decreased by \$272,931.34. The primary factors affecting the fund balance of the general fund are as follows:

- Total revenues for the year ending June 30, 2018 totaled \$9,610,657.24. This was an increase of \$2,513,659.75 from the prior year, as detailed in Table A-4:

Table A-4
SUMMARY OF GENERAL FUND REVENUE

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Revenues:		
Local Sources:		
Unrestricted Miscellaneous Revenue	\$ 25,588.89	\$ 60,577.56
State Sources:		
Charter School Aid	9,145,100.00	6,895,590.00
Non-public Aid	98,970.00	47,996.00
Adjustment Aid	173,817.00	
Reimbursed Social Security Contributions	167,181.35	92,833.93
Total State Sources	<u>9,585,068.35</u>	<u>7,036,419.93</u>
Total Revenues	<u>\$ 9,610,657.24</u>	<u>\$ 7,096,997.49</u>

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund (Cont'd)

- Total expenditures of \$9,651,764.45 which was an increase over the prior year totaling \$2,979,059.07, as detailed in Table A-5:

Table A-5
SUMMARY OF GENERAL FUND EXPENDITURES

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Regular Instruction	\$4,221,637.10	\$2,852,986.49
Special Education Instruction	424,849.29	65,585.37
School Sponsored Extra Curricular Activities Instruction		144.00
School Sponsored Athletics Instruction		5,276.14
Support Services and Undistributed Costs:		
Student and Instruction Related Services	387,164.58	220,689.59
School Administrative Services	305,615.72	217,392.94
Other Administrative Services	1,294,628.64	1,485,256.98
Plant Operations and Maintenance	1,567,163.13	979,357.74
Pupil Transportation	31,315.00	22,185.00
Unallocated Benefits	1,130,918.48	730,997.20
Social Security	167,181.35	92,833.93
Capital Outlay	<u>121,291.16</u>	
Total General Fund Expenditures	<u>\$9,651,764.45</u>	<u>\$6,672,705.38</u>

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. The activity in the Charter School's fiscal year resulted from the Charter School administering and operating programs funded by the following federal awards: Title I, Part A; Title II, Part A, Improving Teacher Quality; Title III; Title IV, Part A, Student Support and Academic Enrichment; I.D.E.A. Part B, Basic, New Jersey Charter School Implementation Grant and a grant from a local source. Total revenues and total expenditures were \$598,732.00 from these programs.

Proprietary Funds

Food Service Fund - the Charter School completed the fiscal year ended June 30, 2018 with a net position of \$593.37. The key elements that resulted in this net position were the following:

- Total revenues and other financing sources were \$811,881.47 which included \$3,913.50 daily sales; \$9,635.63 state school lunch program; \$465,279.73 federal school lunch program; \$101,228.48 federal school breakfast program and a \$231,824.13 contribution from the general fund for the salaries of the enterprise fund and to fund the operating loss.
- Total expenditures were \$811,288.10.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

THE CHARTER SCHOOL'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$9,417,887.00, which was a decrease of \$294,230.00 over the original budgeted estimate. Total budgeted revenues realized equaled \$9,610,657.24.

The final budgetary basis expenditure appropriation estimate was \$9,484,583.10, which was a decrease of \$155,200.90 over the original budgeted estimate. Actual expenditures were \$9,651,764.45.

Special Revenue Fund Budgetary Highlights

The final budget estimate in the special revenue fund was \$598,732.00. Realized revenues and actual expenditures were \$598,732.00.

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 \$125,691.14, or \$115,648.93 net of accumulated depreciation (see Table A-6). This balance of capital assets includes equipment and furniture. At June 30, 2018, business-type activities had no capital assets.

Table A-6
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Equipment	\$ 4,399.98	\$4,399.98
Furniture	121,291.16	
Less Accumulated Depreciation	(10,922.21)	(880.00)
Net Capital Assets	\$ 114,768.93	\$3,519.98

Additional information on the Charter School's capital assets can be found in note 5.

Long-term Debt

The Charter School has no debt.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2018
(Unaudited)

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 CHARTER SCHOOL'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 information, contact Dr. Brian Falkowski, School Business Administrator, at College Achieve Central Charter School, c/o School Business Office, LLC. 158 South Main Street, Hightstown, New Jersey 08520.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 24,268.33		\$ 24,268.33
Receivables, net	557,332.67	\$ 106,912.45	664,245.12
Internal Balances	1,028.48	(1,028.48)	
Security Deposit	70,706.00		70,706.00
Restricted Assets:			
Restricted Cash and Cash Equivalents	4,475.00		4,475.00
Capital Assets, net (Note 5)	114,768.93		114,768.93
Total Assets	<u>772,579.41</u>	<u>105,883.97</u>	<u>878,463.38</u>
LIABILITIES:			
Accounts Payable	290,509.26	105,290.60	395,799.86
Payable to Local Government	245,705.00		245,705.00
Total Liabilities	<u>536,214.26</u>	<u>105,290.60</u>	<u>641,504.86</u>
NET POSITION:			
Net Investment in Capital Assets	114,768.93		114,768.93
Restricted for:			
Other Purposes	4,475.00		4,475.00
Unrestricted	117,121.22	593.37	117,714.59
Total Net Position	<u>\$ 236,365.15</u>	<u>\$ 593.37</u>	<u>\$ 236,958.52</u>

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

COLLEGE ACHIEVE CENTRAL 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	\$ 4,565,017.16		\$ 391,577.00		\$ (4,173,440.16)		\$ (4,173,440.16)
Special Education Instruction	424,849.29				(424,849.29)		(424,849.29)
Support Services and Undistributed Costs:							
Student and Instruction Related Services	539,719.58		152,555.00		(387,164.58)		(387,164.58)
School Administrative Services	308,570.20				(308,570.20)		(308,570.20)
Other Administrative Services	1,294,628.64				(1,294,628.64)		(1,294,628.64)
Plant Operations and Maintenance	1,567,163.13				(1,567,163.13)		(1,567,163.13)
Pupil Transportation	31,315.00				(31,315.00)		(31,315.00)
Unallocated Benefits	1,185,518.48		54,600.00		(1,130,918.48)		(1,130,918.48)
Social Security	167,181.35		167,181.35				
Total Governmental Activities	10,083,962.83		765,913.35		(9,318,049.48)		(9,318,049.48)
Business-Type Activities:							
Food Service	811,288.10	\$ 3,913.50	576,143.84			\$ (231,230.76)	(231,230.76)
Total Business-Type Activities	811,288.10	3,913.50	576,143.84			(231,230.76)	(231,230.76)
Total Government	\$ 10,895,250.93	\$ 3,913.50	\$ 1,342,057.19	\$ -	(9,318,049.48)	(231,230.76)	(9,549,280.24)
General Revenues:							
Charter School Aid					9,417,887.00		9,417,887.00
Miscellaneous Income					25,588.89		25,588.89
Transfers					(231,824.13)	231,824.13	
Total General Revenues and Transfers					9,211,651.76	231,824.13	9,443,475.89
Change in Net Position					(106,397.72)	593.37	(105,804.35)
Net Position -- July 1					342,762.87		342,762.87
Net Position -- June 30					\$ 236,365.15	\$ 593.37	\$ 236,958.52

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

FUND FINANCIAL STATEMENTS

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 17,637.01	\$ 11,106.32	\$ 28,743.33
Interfund Accounts Receivable:			
Enterprise Fund	1,028.48		1,028.48
Security Deposit	70,706.00		70,706.00
Accounts Receivable:			
Other	244,151.63		244,151.63
Intergovernmental Accounts Receivable:			
State	77,383.98		77,383.98
Other LEAs - State Aid	235,797.06		235,797.06
Total Assets	\$ 646,704.16	\$ 11,106.32	\$ 657,810.48
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 283,877.94	\$ 6,631.32	\$ 290,509.26
Intergovernmental Accounts Payable:			
Other LEA - State Aid	245,705.00		245,705.00
Total Liabilities	529,582.94	6,631.32	536,214.26
Fund Balances:			
Restricted:			
Special Revenue Fund		4,475.00	4,475.00
Unassigned:			
General Fund	117,121.22		117,121.22
Total Fund Balances	117,121.22	4,475.00	121,596.22
Total Liabilities and Fund Balances	\$ 646,704.16	\$ 11,106.32	
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 \$125,691.14 and the accumulated depreciation is \$10,922.21.			
			114,768.93
			<u>\$ 236,365.15</u>

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

COLLEGE ACHIEVE CENTRAL 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	\$ 25,588.89		\$ 25,588.89
State Sources	9,585,068.35		9,585,068.35
Federal Sources		\$ 598,732.00	598,732.00
Total Revenues	9,610,657.24	598,732.00	10,209,389.24
EXPENDITURES:			
Regular Instruction	4,221,637.10	391,577.00	4,613,214.10
Special Education Instruction	424,849.29		424,849.29
Support Services and Undistributed Costs:			
Student and Instruction Related Services	387,164.58	152,555.00	539,719.58
School Administrative Services	305,615.72		305,615.72
Other Administrative Services	1,294,628.64		1,294,628.64
Plant Operations and Maintenance	1,567,163.13		1,567,163.13
Pupil Transportation	31,315.00		31,315.00
Unallocated Benefits	1,130,918.48	54,600.00	1,185,518.48
Social Security	167,181.35		167,181.35
Capital Outlay	121,291.16		121,291.16
Total Expenditures	9,651,764.45	598,732.00	10,250,496.45
Excess (Deficiency) of Revenues over Expenditures	(41,107.21)		(41,107.21)
OTHER FINANCING SOURCES (USES):			
Transfer to Food Service Enterprise Fund	(231,824.13)		(231,824.13)
Total Other Financing Sources and Uses	(231,824.13)		(231,824.13)
Net Change in Fund Balances	(272,931.34)		(272,931.34)
Fund Balance -- July 1	390,052.56	4,475.00	394,527.56
Fund Balance -- June 30	\$ 117,121.22	\$ 4,475.00	\$ 121,596.22

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

COLLEGE ACHIEVE CENTRAL 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	\$ (272,931.34)
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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	\$ (10,042.21)	
Capital Outlays	<u>121,291.16</u>	111,248.95

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 (+).

	<u>55,284.67</u>	
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Change in Net Position of Governmental Activities	<u><u>\$ (106,397.72)</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities -- Enterprise Funds
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable:	
Federal	\$ 105,098.13
State	1,814.32
	106,912.45
Total Current Assets	106,912.45
Total Assets	106,912.45
LIABILITIES:	
Current Liabilities:	
Accounts Payable	105,290.60
Due to General Fund	1,028.48
	106,319.08
Total Liabilities	106,319.08
NET POSITION:	
Unrestricted	593.37
Total Net Position	\$ 593.37

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

COLLEGE ACHIEVE CENTRAL 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>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	\$ 3,913.50
Total Operating Revenues	3,913.50
OPERATING EXPENSES:	
Cost of Sales Reimbursable Programs	639,203.66
Cost of Sales Non-Reimbursable Programs	3,913.50
Salaries	163,601.89
Purchased Professional Services	234.00
Supplies and Materials	4,185.05
Miscellaneous	150.00
Total Operating Expenses	811,288.10
Operating Income (Loss)	(807,374.60)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	9,635.63
Federal Sources:	
National School Lunch Program	465,279.73
National School Breakfast Program	101,228.48
Total Nonoperating Revenues	576,143.84
Income (Loss) before Contributions and Transfers	(231,230.76)
Operating Transfer In - General Fund	231,824.13
Change in Net Position	593.37
Net Position, July 1	-
Net Position, June 30	\$ 593.37

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

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities -- Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 3,913.50
Payments to Employees	(173,692.19)
Payments to Suppliers	(583,632.41)
Net Cash Provided by (used for) Operating Activities	(753,411.10)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Federal Sources	512,896.64
State Sources	8,690.33
Subsidies and Transfers	231,824.13
Net Cash Provided by (used for) Non-Capital Financing Activities	753,411.10
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, July 1	-
Cash and Cash Equivalents, June 30	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (807,374.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Increase (Decrease) in Interfund Payable	(10,090.30)
Increase (Decrease) in Accounts Payable	64,053.80
Total Adjustments	53,963.50
Net Cash Provided by (used for) Operating Activities	\$ (753,411.10)

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

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	<u>Agency Fund</u>
	<u>Payroll</u>
ASSETS:	
Cash and Cash Equivalents	\$ 87,084.60
Total Assets	<u>\$ 87,084.60</u>
LIABILITIES:	
Payroll Deductions and Withholdings	<u>\$ 87,084.60</u>
Total Liabilities	<u>\$ 87,084.60</u>

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

COLLEGE ACHIEVE CENTRAL 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 College Achieve Central 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 K-12 charter school located in the County of Union, State of New Jersey. It was incorporated on November 18, 2014 and opened in September 2015 after receiving the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a charter school, the College Achieve Central Charter School functions independently through a Board of Trustees (the "Board"). In accordance with the bylaws of the Charter School, the Board is to consist of not less than seven and no more than seventeen individuals and serve terms of one, two or three years. 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 K through 12 at its school. In its third operating school year, the Charter School educated students in grades K through 8. The Charter School has an approximate enrollment at June 30, 2018 of 812.

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.

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

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.

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. 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.

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

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, expenditures related to compensated absences are recorded only when payment is due.

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.

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.

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: payroll fund.

As a general rule, the effect of 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 funds, and are submitted to the county office 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 budget line account system promulgated by the State of New Jersey Department of Education for Charter Schools and based on the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school 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. 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.

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.

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>
Furniture	5 - 10 Years
Equipment	5 - 10 Years

The Charter School does not possess any infrastructure assets.

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

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 Education, 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.

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, than 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 10) 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.

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.

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

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 \$322,578.18 were exposed to custodial credit risk.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of 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>Total Governmental Activities</u>	<u>Total Business- Type Activities</u>	<u>Total</u>
Intergovernmental Accounts Receivable:			
Federal Awards		\$ 105,098.13	\$ 105,098.13
State Awards	\$ 77,383.98	1,814.32	79,198.30
Local Awards	235,797.06		235,797.06
Accounts Receivable -Mangement Company	244,151.63		244,151.63
	<u>\$ 557,332.67</u>	<u>\$ 106,912.45</u>	<u>\$ 664,245.12</u>

Note 4: INVENTORY

As of June 30, 2018, the Charter School did not maintain any inventory.

Note 5: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Furniture		\$ 121,291.16		\$ 121,291.16
Equipment	\$ 4,399.98			4,399.98
Total Capital Assets, being Depreciated	4,399.98	121,291.16		125,691.14
Total Capital Assets, Cost	4,399.98	121,291.16		125,691.14
Less Accumulated Depreciation for:				
Furniture		(9,602.21)		(9,602.21)
Equipment	(880.00)	(440.00)		(1,320.00)
Total Accumulated Depreciation	(880.00)	(10,042.21)		(10,922.21)
Total Capital Assets, being Depreciated, Net	3,519.98	111,248.95		114,768.93
Governmental Activities Capital Assets, Net	<u>\$ 3,519.98</u>	<u>\$ 111,248.95</u>	<u>\$ -</u>	<u>\$ 114,768.93</u>

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

Governmental Activities:	
Regular Instruction	\$ 7,087.73
Administrative Services	2,954.48
Total Depreciation Expense - Governmental Activities	<u>\$ 10,042.21</u>

Note 6: SHORT-TERM OBLIGATIONS

The following represents short-term debt activity for the fiscal year ended June 30, 2018:

<u>Description</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
New Jersey Community Capital	\$ -	\$ 339,849.54	\$ (339,849.54)	\$ -

New Jersey Community Capital is a third party lender. The purpose of this short-term obligation was for cash flow operations.

Note 7: 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:					
Compensated Absences	\$ 55,284.67	\$ -	\$ (55,284.67)	\$ -	\$ -
	<u>\$ 55,284.67</u>	<u>\$ -</u>	<u>(55,284.67)</u>	<u>\$ -</u>	<u>\$ -</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the Charter School's policy.

Note 8: OPERATING LEASES

At June 30, 2018, the Charter School had three operating lease agreements with College Achieve Public Charter Schools, Inc. in effect for a school facilities in Plainfield and North Plainfield, New Jersey. Under these agreements, the Charter School was required to pay a security deposit of \$20,000.00, \$20,164.00, and \$30,542.00 for each respective location and rent of \$23,152.00, \$20,187.00, and \$42,052.78 per month respectively. The agreement has established annual rent increases through June 2021.

Rental payments and security deposit payments under this operating lease for the fiscal year ended June 30, 2018 were \$1,024,701.36.

Note 9: 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, certain employees are eligible to 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>

Note 9: PENSION PLANS (CONT'D)**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.

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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)****Teachers' Pension and Annuity Fund (Cont'd)**

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.

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.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****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*.

The Charter School commenced operations on January 1, 2015 and the enrollment process of Charter School employees in the TPAF began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2018 there are no contractual requirements to contribute. Timing of participation aside, the Charter School would not have been required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017 and the timing of the Charter School's participation in the pension plan, there was no State contractually required contribution, on behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2018. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$213,827.99.

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 commenced operations on January 1, 2015 and the enrollment process of Charter School employees in the Public Employees' Retirement System began upon hiring of applicable personnel. As a result of the timing of participation in the pension plan, at June 30, 2018 there are no contractual requirements to contribute. Charter School employee contributions to the pension plan during the fiscal year were \$96,282.28.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

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.

At June 30, 2018, the Charter School has no employees participating in this program.

Note 10: 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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

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	-
	<u>366,078</u>

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 \$56,016.00. 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 .0001044298%, which was an increase of .0000091743% 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%

Note 10: 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)****Actuarial Assumptions and Other Inputs (Cont'd) -**

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.

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		\$	55,088.00
Changes for the Year:			
Service Cost	\$	12,233.00	
Interest Cost		1,901.00	
Changes in Assumptions		(11,957.00)	
Gross Benefit Payments		(1,297.00)	
Member Contributions		48.00	
Net Changes			928.00
Balance at June 30, 2018		\$	56,016.00

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 10: 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 (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 66,495.03	\$ 56,016.00	\$ 47,703.93

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	\$ 46,067.74	\$ 56,016.00	\$ 69,227.17

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 \$13,723.00 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 School District'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:

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:

<u>Year Ending June 30,</u>	
2019	\$ (284.74)
2020	(284.74)
2021	(284.74)
2022	(284.74)
2023	(284.74)
Thereafter	(1,009.32)
	<u>\$ (2,433.00)</u>

Note 11: 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 "Benefit Contribution Method". Under this plan, the Charter School is provided an experience rate by the State of New Jersey.

Note 12: DEFERRED COMPENSATION

The Charter School offers its employees one deferred compensation plan created in accordance with Internal Revenue Code Sections 403(b). The plan, which is administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrator is as follows:

Foresters Financial

Note 13: 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 are granted vacation days in varying amounts under the school's personnel policies. In the event of termination, an employee is reimbursed for one-half of the employee's accrued vacation days at their current hourly pay rate.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the Charter School had no compensated absences liability due to qualifying employees using all of their vacation time.

Note 14: 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	\$ 1,028.48	
Food Service		\$ 1,028.48
	<u>\$ 1,028.48</u>	<u>\$ 1,028.48</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.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)

Interfund Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>
	Food Service Fund
General Fund	<u>\$ 231,824.13</u>
Total Transfers	<u>\$ 231,824.13</u>

The transfer from the general fund was to fund the salary expenditures and the operating loss in the food service enterprise fund.

Note 15: 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 16: 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 17: 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:

Special Revenue Fund

For Grant Expenditures – At June 30, 2018, the Charter School has a local grant which has not been expended in the amount of \$4,475.00.

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, \$117,121.22 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

COLLEGE ACHIEVE CENTRAL 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				\$ 25,588.89	\$ 25,588.89
Total - Local Sources				25,588.89	25,588.89
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
State and Local Share	\$ 9,235,113.00	\$ (432,027.00)	\$ 8,803,086.00	8,803,086.00	
Total - Local Levy/Equalization Aid	9,235,113.00	(432,027.00)	8,803,086.00	8,803,086.00	
Categorical Aid:					
Special Education Aid	262,659.00	(111,156.00)	151,503.00	151,503.00	
Security Aid	203,607.00	(13,096.00)	190,511.00	190,511.00	
Total Categorical Aid	466,266.00	(124,252.00)	342,014.00	342,014.00	
Total Charter School Aid	9,701,379.00	(556,279.00)	9,145,100.00	9,145,100.00	
Other State Sources:					
Adjustment Aid		173,817.00	173,817.00	173,817.00	
Charter School Aid - Non-Public Aid		98,970.00	98,970.00	98,970.00	
Other State Revenue	10,738.00	(10,738.00)			
Reimbursed TPAF Social Security Contributions				167,181.35	167,181.35
Total - Other State Sources	10,738.00	262,049.00	272,787.00	439,968.35	167,181.35
Total - State Sources	9,712,117.00	(294,230.00)	9,417,887.00	9,585,068.35	167,181.35
Total Revenues	9,712,117.00	(294,230.00)	9,417,887.00	9,610,657.24	192,770.24

(Continued)

COLLEGE ACHIEVE CENTRAL 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</u>					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten		\$ 297,542.50	\$ 297,542.50	\$ 297,542.50	
Grades 1-5	\$ 2,733,487.00	(984,311.72)	1,749,175.28	1,749,175.28	
Grades 6-8		852,292.53	852,292.53	852,292.53	
Instruction:					
Other Salaries for Instruction	403,002.00	(18,806.31)	384,195.69	384,195.69	
Purchased Professional - Educational Services		700,906.46	700,906.46	700,906.46	
Purchased Professional and Technical Services	875,816.00	(875,816.00)			
Other Purchased Services (400-500 series)	42,400.00	4,461.13	46,861.13	46,861.13	
General Supplies	104,978.00	(17,471.85)	87,506.15	87,506.15	
Textbooks	194,500.00	(165,875.41)	28,624.59	28,624.59	
Other Objects		74,532.77	74,532.77	74,532.77	
Total Regular Programs - Instruction	4,354,183.00	(132,545.90)	4,221,637.10	4,221,637.10	
Special Education Instruction:					
Cognitive - Mild:					
Salaries of Teachers		424,849.29	424,849.29	424,849.29	
Total Cognitive Mild		424,849.29	424,849.29	424,849.29	
Total Special Education - Instruction		424,849.29	424,849.29	424,849.29	
Total Instruction	4,354,183.00	292,303.39	4,646,486.39	4,646,486.39	
Undistributed Expenditures - Health Services:					
Salaries		70,318.18	70,318.18	70,318.18	
Purchased Professional and Technical Services		10,722.16	10,722.16	10,722.16	
Supplies and Materials		7,671.64	7,671.64	7,671.64	
Total Undistributed Expenditures - Health Services		88,711.98	88,711.98	88,711.98	

(Continued)

COLLEGE ACHIEVE CENTRAL 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 - Guidance Services:					
Salaries of Other Professional Staff		\$ 298,452.60	\$ 298,452.60	\$ 298,452.60	
Total Undistributes Expenditures - Guidance Services		298,452.60	298,452.60	298,452.60	
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	\$ 35,000.00	(5,924.00)	29,076.00	29,076.00	
Audit Fees		20,000.00	20,000.00	20,000.00	
Other Purchased Professional Services	1,113,667.00	(370,193.31)	743,473.69	743,473.69	
Other Purchased Services (400-500 series)	54,360.00	(27,077.62)	27,282.38	27,282.38	
Communications / Telephone	56,500.00	45,690.39	102,190.39	102,190.39	
General Supplies	86,000.00	(86,000.00)			
Miscellaneous Expenditures	31,875.00	(23,290.42)	8,584.58	8,584.58	
Total Undistributed Expenditures - Support Services - General Administration	1,377,402.00	(446,794.96)	930,607.04	930,607.04	
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals/ Program Directors	634,400.00	(340,838.72)	293,561.28	293,561.28	
Salaries of Secretarial and Clerical Assistants	203,490.00	(203,490.00)			
Travel		932.25	932.25	932.25	
Supplies and Materials		5,262.15	5,262.15	5,262.15	
Other Objects		5,860.04	5,860.04	5,860.04	
Total Undistributed Expenditures - Support Services - School Administration	837,890.00	(532,274.28)	305,615.72	305,615.72	

(Continued)

COLLEGE ACHIEVE CENTRAL 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 - Central Services:					
Salaries - Administrative Assistants		\$ 44,490.40	\$ 44,490.40	\$ 44,490.40	
Purchased Professional Services		13,570.85	13,570.85	13,570.85	
Purchased Professional Technical Services		265,716.85	265,716.85	265,716.85	
Supplies and Materials		4,706.09	4,706.09	4,706.09	
Interest on Current Loans	\$ 35,000.00	(11,874.59)	23,125.41	23,125.41	
Miscellaneous Expenditures		12,412.00	12,412.00	12,412.00	
Total Undistributed Expenditures - Central Services	35,000.00	329,021.60	364,021.60	364,021.60	
Undistributed Expenditures - Custodial Services:					
Salaries - Custodial	184,457.00	(175,221.00)	9,236.00	9,236.00	
Purchased Professional and Technical Services	25,000.00	(25,000.00)			
Cleaning, Repair and Maintenance Services		375,857.16	375,857.16	375,857.16	
Rental of Land and Buildings Other Than Lease Purchase	945,000.00	37,648.58	982,648.58	982,648.58	
Other Purchased Property Services	230,000.00	(128,521.09)	101,478.91	101,478.91	
Insurance	22,950.00	57,850.86	80,800.86	80,800.86	
General Supplies	40,000.00	(23,518.38)	16,481.62	16,481.62	
Energy - Electricity and Heat	200,000.00	(200,000.00)			
Total Undistributed Expenditures - Custodial Services	1,647,407.00	(80,903.87)	1,566,503.13	1,566,503.13	
Undistributed Expenditures - Security:					
Purchased Professional & Technical Services		660.00	660.00	660.00	
Total Undistributed Expenditures - Security		660.00	660.00	660.00	
Total Undistributed Expenditures - Operation and Maintenance of Plant	1,647,407.00	(80,243.87)	1,567,163.13	1,567,163.13	
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Between Home and School) - Vendors	20,000.00	11,315.00	31,315.00	31,315.00	
Total Undistributed Expenditures - Student Transportation Services	20,000.00	11,315.00	31,315.00	31,315.00	

(Continued)

COLLEGE ACHIEVE CENTRAL 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>					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions		\$ 251,121.30	\$ 251,121.30	\$ 251,121.30	
Other Retirement Contributions - PERS		1,351.86	1,351.86	1,351.86	
Unemployment Compensation		48,481.71	48,481.71	48,481.71	
Workers' Compensation		68,828.00	68,828.00	68,828.00	
Health Benefits	\$ 1,255,402.00	(539,141.39)	716,260.61	716,260.61	
Other Employee Benefits		44,875.00	44,875.00	44,875.00	
Total Unallocated Benefits - Employee Benefits	1,255,402.00	(124,483.52)	1,130,918.48	1,130,918.48	
Reimbursed TPAF Social Security Contributions				167,181.35	\$ (167,181.35)
Total Undistributed Expenditures	5,173,101.00	(456,295.45)	4,716,805.55	4,883,986.90	(167,181.35)
Total General Current Expense	9,527,284.00	(163,992.06)	9,363,291.94	9,530,473.29	(167,181.35)
Capital Outlay:					
Equipment:					
Undistributed Expenditures - Instruction	25,000.00	58,971.35	83,971.35	83,971.35	
Undistributed Expenditures - Administration	75,000.00	(37,680.19)	37,319.81	37,319.81	
Total Equipment	100,000.00	21,291.16	121,291.16	121,291.16	
Facilities Acquisition and Construction Services:					
Capital Lease Principal	12,500.00	(12,500.00)			
Total Facilities Acquisition and Construction Services	12,500.00	(12,500.00)			
Total Capital Outlay	112,500.00	8,791.16	121,291.16	121,291.16	

(Continued)

COLLEGE ACHIEVE CENTRAL 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 Expenditures	\$ 9,639,784.00	\$ (155,200.90)	\$ 9,484,583.10	\$ 9,651,764.45	\$ (167,181.35)
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,333.00	(139,029.10)	(66,696.10)	(41,107.21)	25,588.89
Other Financing Sources (Uses): Transfer to Cover Deficit - Food Service		(231,824.13)	(231,824.13)	(231,824.13)	
Total Other Financing Sources (Uses)		(231,824.13)	(231,824.13)	(231,824.13)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	72,333.00	(370,853.23)	(298,520.23)	(272,931.34)	25,588.89
Fund Balances, July 1	390,052.56		390,052.56	390,052.56	
Fund Balances, June 30	\$ 462,385.56	\$ (370,853.23)	\$ 91,532.33	\$ 117,121.22	\$ 25,588.89
Recapitulation: Unassigned Fund Balance				<u>\$ 117,121.22</u>	

COLLEGE ACHIEVE CENTRAL 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	\$ 235,728.00	\$ 68,449.00	\$ 304,177.00	\$ 304,177.00	
Title IIA		33,892.00	33,892.00	33,892.00	
Title III		28,348.00	28,348.00	28,348.00	
Title IV		10,000.00	10,000.00	10,000.00	
I.D.E.A. Basic	65,755.00	56,560.00	122,315.00	122,315.00	
New Jersey Charter School Implementation Grant		100,000.00	100,000.00	100,000.00	
Total - Federal Sources	<u>301,483.00</u>	<u>297,249.00</u>	<u>598,732.00</u>	<u>598,732.00</u>	
Total Revenues	<u>301,483.00</u>	<u>297,249.00</u>	<u>598,732.00</u>	<u>598,732.00</u>	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	301,483.00	(106,483.00)	195,000.00	195,000.00	
Other Purchased Services		8,000.00	8,000.00	8,000.00	
Instructional Supplies		188,577.00	188,577.00	188,577.00	
Total Instruction	<u>301,483.00</u>	<u>90,094.00</u>	<u>391,577.00</u>	<u>391,577.00</u>	
Support Services:					
Personal Services - Employee Benefits		54,600.00	54,600.00	54,600.00	
Purchased Professional and Technical Services		144,207.00	144,207.00	144,207.00	
Other Purchased Services		8,348.00	8,348.00	8,348.00	
Total Support Services		<u>207,155.00</u>	<u>207,155.00</u>	<u>207,155.00</u>	
Total Expenditures	<u>301,483.00</u>	<u>297,249.00</u>	<u>598,732.00</u>	<u>598,732.00</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

COLLEGE ACHIEVE CENTRAL 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	<u>\$ 9,610,657.24</u>	<u>\$ 598,732.00</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 9,610,657.24</u></u>	<u><u>\$ 598,732.00</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 9,651,764.45</u>	<u>\$ 598,732.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 9,651,764.45</u></u>	<u><u>\$ 598,732.00</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

COLLEGE ACHIEVE CENTRAL 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	\$ 12,233.00
Interest Cost	1,901.00
Changes in Assumptions	(11,957.00)
Gross Benefit Payments	(1,297.00)
Member Contributions	<u>48.00</u>
Net Change in Total Non-Employer OPEB Liability	928.00
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>55,088.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 56,016.00</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 733,464.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	7.64%

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.

COLLEGE ACHIEVE CENTRAL 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

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	E.S.S.A.				I.D.E.A.	New Jersey Charter School Implementation Grant	Total
	Title I	Title II A	Title III	Title IV	Basic		
REVENUES:							
Federal Sources	\$304,177.00	\$ 33,892.00	\$ 28,348.00	\$ 10,000.00	\$ 122,315.00	\$ 100,000.00	\$ 598,732.00
Total Revenues	<u>304,177.00</u>	<u>33,892.00</u>	<u>28,348.00</u>	<u>10,000.00</u>	<u>122,315.00</u>	<u>100,000.00</u>	<u>598,732.00</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	195,000.00						195,000.00
Other Purchased Services			8,000.00				8,000.00
Instructional Supplies	<u>54,577.00</u>		<u>12,000.00</u>	<u>10,000.00</u>	<u>12,000.00</u>	<u>100,000.00</u>	<u>188,577.00</u>
Total Instruction	<u>249,577.00</u>		<u>20,000.00</u>	<u>10,000.00</u>	<u>12,000.00</u>	<u>100,000.00</u>	<u>391,577</u>
Support Services:							
Personal Services - Employee Benefits	54,600.00						54,600.00
Purchased Professional and Technical Services		33,892.00			110,315.00		144,207.00
Other Purchased Services			<u>8,348.00</u>				<u>8,348.00</u>
Total Support Services	<u>54,600.00</u>	<u>33,892.00</u>	<u>8,348.00</u>		<u>110,315.00</u>		<u>207,155.00</u>
Total Expenditures	<u>304,177.00</u>	<u>33,892.00</u>	<u>28,348.00</u>	<u>10,000.00</u>	<u>122,315.00</u>	<u>100,000.00</u>	<u>598,732.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PROPRIETARY FUNDS

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Enterprise Funds
 Statement of Net Position
 June 30, 2018

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable:	
Federal	\$ 105,098.13
State	<u>1,814.32</u>
Total Current Assets	<u>106,912.45</u>
Total Assets	<u>106,912.45</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	105,290.60
Due to General Fund	<u>1,028.48</u>
Total Liabilities	<u>106,319.08</u>
NET POSITION:	
Unrestricted	<u>593.37</u>
Total Net Position	<u><u>\$ 593.37</u></u>

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Enterprise Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	\$ 3,913.50
Total Operating Revenues	<u>3,913.50</u>
OPERATING EXPENSES:	
Cost of Sales Reimbursable Programs	639,203.66
Cost of Sales Non-Reimbursable Programs	3,913.50
Salaries	163,601.89
Purchased Professional Services	234.00
Supplies and Materials	4,185.05
Miscellaneous	<u>150.00</u>
Total Operating Expenses	<u>811,288.10</u>
Operating Income (Loss)	<u>(807,374.60)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	9,635.63
Federal Sources:	
National School Lunch Program	465,279.73
National School Breakfast Program	<u>101,228.48</u>
Total Nonoperating Revenues	<u>576,143.84</u>
Income (Loss) before Contributions and Transfers	(231,230.76)
Operating Transfer In - General Fund	<u>231,824.13</u>
Change in Net Position	593.37
Net Position, July 1	<u>-</u>
Net Position, June 30	<u>\$ 593.37</u>

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Enterprise Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 3,913.50
Payments to Employees	(173,692.19)
Payments to Suppliers	<u>(583,632.41)</u>
Net Cash Provided by (used for) Operating Activities	<u>(753,411.10)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Federal Sources	512,896.64
State Sources	8,690.33
Subsidies and Transfers	<u>231,824.13</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>753,411.10</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, July 1	<u>-</u>
Cash and Cash Equivalents, June 30	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (807,374.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Increase (Decrease) in Interfund Payable	(10,090.30)
Increase (Decrease) in Accounts Payable	<u>64,053.80</u>
Total Adjustments	<u>53,963.50</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (753,411.10)</u></u>

FIDUCIARY FUNDS

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	<u>Agency Fund</u>
	<u>Payroll</u>
ASSETS:	
Cash and Cash Equivalents	\$ 87,084.60
Total Assets	<u>\$ 87,084.60</u>
LIABILITIES:	
Payroll Deductions and Withholdings	<u>\$ 87,084.60</u>
Total Liabilities	<u>\$ 87,084.60</u>

COLLEGE ACHIEVE CENTRAL 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	\$ 30,811.95	\$ 5,228,155.16	\$ 5,171,882.51	\$ 87,084.60
Total Assets	<u>\$ 30,811.95</u>	<u>\$ 5,228,155.16</u>	<u>\$ 5,171,882.51</u>	<u>\$ 87,084.60</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 30,811.95	\$ 1,818,322.24	\$ 1,762,049.59	\$ 87,084.60
Net Payroll		<u>3,409,832.92</u>	<u>3,409,832.92</u>	
Total Liabilities	<u>\$ 30,811.95</u>	<u>\$ 5,228,155.16</u>	<u>\$ 5,171,882.51</u>	<u>\$ 87,084.60</u>

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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Net Position by Component
 Last Three Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal year Ended		
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Governmental Activities			
Net Investment in Capital Assets	\$ 114,768.93	\$ 3,519.98	\$ 3,959.98
Restricted	4,475.00	4,475.00	4,475.00
Unrestricted	<u>117,121.22</u>	<u>334,767.89</u>	<u>19,456.91</u>
Total Governmental Activities Net Position	<u>\$ 236,365.15</u>	<u>\$ 342,762.87</u>	<u>\$ 27,891.89</u>
Business-type Activities			
Unrestricted	<u>593.37</u>		
Total Business-type Activities Net Assets	<u>\$ 593.37</u>	<u>\$ -</u>	<u>\$ -</u>
Government-wide			
Net Investment in Capital Assets	\$ 114,768.93	\$ 3,519.98	\$ 3,959.98
Restricted	4,475.00	4,475.00	4,475.00
Unrestricted	<u>117,714.59</u>	<u>334,767.89</u>	<u>19,456.91</u>
Total Government-wide Net Position	<u>\$ 236,958.52</u>	<u>\$ 342,762.87</u>	<u>\$ 27,891.89</u>

Source: Charter School's Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Changes in Net Position
Last Three Fiscal Years (accrual basis of accounting)
Unaudited

	Fiscal year Ended		
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Expenses			
Governmental Activities			
Regular Instruction	\$ 4,565,017.16	\$ 3,021,312.48	\$ 1,736,701.47
Special Education Instruction	424,849.29	63,795.20	89,132.64
School Sponsored Extra Curricular Activities Instruction		144.00	
School Sponsored Athletics Instruction		5,276.14	847.19
Support Services and Undistributed Costs:			
Student and Instruction Related Services	539,719.58	367,379.56	410,281.32
School Administrative Services	308,570.20	215,062.10	439,602.63
Other Administrative Services	1,294,628.64	1,481,624.86	529,319.61
Plant Operations and Maintenance	1,567,163.13	982,385.30	615,096.30
Pupil Transportation	31,315.00	22,185.00	13,326.40
Unallocated Benefits	1,185,518.48	769,906.20	396,900.84
TPAF Pension and Social Security	167,181.35	92,833.93	
Total Governmental Activities Expenses	<u>10,083,962.83</u>	<u>7,021,904.77</u>	<u>4,231,208.40</u>
Business-type Activities:			
Food Service	811,288.10	306,540.07	210,986.91
Total Business-type Activities Expense	<u>811,288.10</u>	<u>306,540.07</u>	<u>210,986.91</u>
Total Government-wide Expenses	<u>\$ 10,895,250.93</u>	<u>\$ 7,328,444.84</u>	<u>\$ 4,442,195.31</u>
Program Revenues			
Governmental Activities:			
Operating Grants and Contributions	\$ 765,913.35	\$ 451,937.84	\$ 430,603.09
Total Governmental Activities Program Revenues	<u>765,913.35</u>	<u>451,937.84</u>	<u>430,603.09</u>
Business-type activities:			
Food Services:			
Charges for services	3,913.50	7,728.45	13,761.11
Operating Grants and Contributions	576,143.84	179,485.97	62,995.72
Total Business-type Activities Program Revenues	<u>580,057.34</u>	<u>187,214.42</u>	<u>76,756.83</u>
Total Governmental-wide Program Revenues	<u>\$ 1,345,970.69</u>	<u>\$ 639,152.26</u>	<u>\$ 507,359.92</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (9,318,049.48)	\$ (6,569,966.93)	\$ (3,800,605.31)
Business-type Activities	<u>(231,230.76)</u>	<u>(119,325.65)</u>	<u>(134,230.08)</u>
Total Government-Wide Net Expense	<u>\$ (9,549,280.24)</u>	<u>\$ (6,689,292.58)</u>	<u>\$ (3,934,835.39)</u>

(Continued)

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Changes in Net Position
 Last Three Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal year Ended		
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Charter School Aid	\$ 9,417,887.00	\$ 6,943,586.00	\$ 3,938,063.00
Miscellaneous Income	25,588.89	60,577.56	24,664.28
Transfers	<u>(231,824.13)</u>	<u>(119,325.65)</u>	<u>(134,230.08)</u>
Total Governmental Activities	<u>9,211,651.76</u>	<u>6,884,837.91</u>	<u>3,828,497.20</u>
Business-type Activities:			
Transfers	<u>231,824.13</u>	<u>119,325.65</u>	<u>134,230.08</u>
Total Business-type Activities	<u>231,824.13</u>	<u>119,325.65</u>	<u>134,230.08</u>
Total Government-wide	<u>\$ 9,443,475.89</u>	<u>\$ 7,004,163.56</u>	<u>\$ 3,962,727.28</u>
Change in Net Position			
Governmental Activities	\$ (106,397.72)	\$ 314,870.98	\$ 27,891.89
Business-type Activities	<u>593.37</u>		
Total Government-wide	<u>\$ (105,804.35)</u>	<u>\$ 314,870.98</u>	<u>\$ 27,891.89</u>

Source: Charter School's Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Three Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal year Ended		
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
General Fund			
Unassigned	\$ 117,121.22	\$ 390,052.56	\$ 85,086.10
Total General Fund	<u>\$ 117,121.22</u>	<u>\$ 390,052.56</u>	<u>\$ 85,086.10</u>
All Other Governmental Funds			
Restricted	\$ 4,475.00	\$ 4,475.00	\$ 4,475.00
Total All Other Governmental Funds	<u>\$ 4,475.00</u>	<u>\$ 4,475.00</u>	<u>\$ 4,475.00</u>

Source: Charter School's Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Changes in Fund Balances, Governmental Funds
 Last Three Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal year Ended		
	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Revenues			
Local Sources	\$ 25,588.89	\$ 60,577.56	\$ 29,139.28
State Sources	9,585,068.35	7,036,419.93	3,938,063.00
Federal Sources	598,732.00	359,103.91	426,128.09
Total Revenue	<u>10,209,389.24</u>	<u>7,456,101.40</u>	<u>4,393,330.37</u>
Expenditures			
Regular Instruction	4,613,214.10	3,027,123.56	1,690,343.08
Special Education Instruction	424,849.29	65,585.37	83,868.39
School Sponsored Extra Curricular Activities Instruction		144.00	
School Sponsored Athletics Instruction		5,276.14	847.19
Support Services and Undistributed Costs:			
Student and Instruction Related Services	539,719.58	366,747.43	406,509.30
School Administrative Services	305,615.72	217,392.94	437,271.79
Other Administrative Services	1,294,628.64	1,485,256.98	525,687.49
Plant Operations and Maintenance	1,567,163.13	979,357.74	615,096.30
Pupil Transportation	31,315.00	22,185.00	13,326.40
Unallocated Benefits	1,185,518.48	769,906.20	392,189.27
TPAF Pension and Social Security	167,181.35	92,833.93	4,399.98
Capital Outlay	121,291.16		
Total Expenditures	<u>10,250,496.45</u>	<u>7,031,809.29</u>	<u>4,169,539.19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,107.21)</u>	<u>424,292.11</u>	<u>223,791.18</u>
Other Financing Sources (Uses)			
Transfer to Food Service Enterprise Fund	<u>(231,824.13)</u>	<u>(119,325.65)</u>	<u>(134,230.08)</u>
Total Other Financing Sources (Uses)	<u>(231,824.13)</u>	<u>(119,325.65)</u>	<u>(134,230.08)</u>
Net Change in Fund Balances	<u>\$ (272,931.34)</u>	<u>\$ 304,966.46</u>	<u>\$ 89,561.10</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A

Source: Charter School's Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Three Fiscal Years (modified accrual basis of accounting)
 Unaudited

	June 30,		
	2018	2017	2016 (1)
Book Fair			\$ 2,255.91
Box Tops	\$ 162.90		
Cancellation of Prior Years Checks	5,034.79		
Dress Down Day	35.00		
Fall Festival			2,264.00
Field Trip Fees	64.00		5,314.00
Fundraising Events and Donations	1,585.20	\$ 11,041.50	10,689.37
Graduation	30.00		
Lost Book Fees			56.00
Prior Year Refund		41,466.06	
Summer Camp	16,955.00	8,070.00	1,690.00
T-Shirt Sales			1,095.00
Tutoring	345.00		
Yearbook	1,377.00		1,300.00
	<u>\$ 25,588.89</u>	<u>\$ 60,577.56</u>	<u>\$ 24,664.28</u>

Source: Charter School Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL

Ratios of Outstanding Debt by Type

Last Three Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of	
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases		Personal Income	Per Capita
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 (1)	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.

(1) For 2015, the operating period is January 1, 2015 - June 30, 2016.

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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Demographic and Economic Statistics (1)
 Last Ten Fiscal Years
 Unaudited

Year	City of Plainfield Population (2)	Personal Income (3)	Union County Per Capita Personal Income (4)	Unemployment Rate (5)
2018	Unavailable	Unavailable	Unavailable	Unavailable
2017	51,327	Unavailable	Unavailable	6.3%
2016	50,636	\$ 3,129,709,888	\$ 61,808	6.7%
2015	51,217	3,077,578,313	60,089	7.4%
2014	50,990	2,922,032,940	57,306	8.5%
2013	50,741	2,785,122,749	54,889	10.4%
2012	50,356	2,751,905,044	54,649	11.9%
2011	50,098	2,680,543,588	53,506	11.6%
2010	49,914	2,564,980,632	51,388	12.1%
2009	46,318	2,326,923,684	50,238	12.1%

Source:

- (1) Data provided for Union County, New Jersey.
- (2) Population information for the City of Plainfield 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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Principal Employers
 Current Year and Nine Years Ago
 Unaudited

<u>Employer (1)</u>	<u>2018 (1)</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>
	-					

(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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Full-time Equivalent Charter School Employees by Function/Program
 Last Three Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Instruction:			
Regular	56	45	25
Special Education	3	7	3
Support Services:			
Student & Instruction Related Services	11	2	2
General Administration	2	0	1
School Administrative Services	5	2	2
Central Services	10	2	2
Food Services	3	5	2
Total	90	63	37

Source: Charter School Personnel Records

(1) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL

Operating Statistics
Last Three Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio Elementary (K-7)	Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	801	\$ 10,129,205.29	\$ 12,645.70	8.26%	70	12:01	801.0	763.93	36.60%	95.37%
2017	602	7,031,809.29	11,680.75	-5.03%	47	12:01	586.4	553.04	71.46%	94.31%
2016 (4)	339	4,169,539.19	12,299.53	N/A	28	12:1	342.0	328.0	N/A	95.91%

Sources: Charter School Records

Note: Enrollment based on annual October 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 and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2016, the operating period is January 1, 2015 - June 30, 2016.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
School Building Information
Last Three Fiscal Years
Unaudited

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

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL

Insurance Schedule

June 30, 2018

Unaudited

<u>Policy Level Information</u>	<u>Coverage</u>	<u>Deductible</u>
Commercial Property Coverages:		
Business Personal Property	\$ 250,000	\$ 500
Business Income	500,000	
Equipment Breakdown		500
Commercial General Liability Coverages:		
Bodily Injury and Property Damage Combined Single Limit of Liability (Each Occurrence)	1,000,000	
General Aggregate	3,000,000	
Products & Completed Operations Aggregate	3,000,000	
Personal & Advertising Injury	1,000,000	
Fire Damage Liability	100,000	
Medical Expense (Any One Person)	5,000	
Employee Benefits Liability	1,000,000	
Abuse or Molestation Included	1,000,000	
Professional Liability	1,000,000	
Commercial Automobile Schedule:		
Hired & Non-owned Automobile Liability	1,000,000	
Hired & Non-owned Automobile Property Damage	1,000,000	
Directors and Officers Liability	1,000,000	
Workers' Compensation Coverages:		
Employee Liability - Each Accident	1,000,000	
Employee Liability - Disease (Each employee)	1,000,000	
Employee Liability - Disease (Policy Limit)	1,000,000	
Commercial Umbrella Coverages:		
Bodily Injury and Property Damage Combined Single Limit of Liability	2,000,000	
Aggregate Limit	2,000,000	
Public Officials Bonds		
School Business Administrator	180,000	
Schedule of Additional Premier Enhancement Endorsement Coverage and Limits:		
Earthquake Coverage (Each Movement)	25,000	
Earthquake Sprinklers Leakage	25,000	
Newly Acquired Property (180 days)	300,000	
Business Personal Property (within 1500 fee)		
Flood or Backup of Sewers and Drains	25,000	
Ordinance of Law - Undamaged Portion of the Building (Building Limit)		
Ordinance of Law - Demolition Cost	500,000	
Ordinance of Law - Increased Cost	500,000	
Accounts Receivable	75,000	
Valuable Papers	75,000	
Personal Effects / Property of Others	10,000.00 / 35,000.00	
Computer/EDP Coverage for each Described Premises	35,000	

(Continued)

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL

Insurance Schedule

June 30, 2018

Unaudited

	Coverage	Deductible
Schedule of Additional Premier Enhancement Endorsement Coverage and Limits (Cont'd):		
Property Off Premises - Including Stock; Property at Conventions; Fairs; Exhibitions or Special Events	\$ 500,000	75,000
Property in Transit		50,000
Outdoor Property Including Playground and Exercise Equipment/Debris Removal		50,000
Money and Securities Inside and Out		25,000
Consequential Loss Assumption		50,000
Off Premises Power Failure		50,000
Utility Services (Business Income and Extra Expense Coverage)		Extension
Spoilage		35,000
Pollutant Clean-up and Removal		50,000
Fire Department Service Charge		35,000
Emergency Vacating Expense		25,000
Identity Theft Expense		25,000
Terrorist Travel Reimbursement		25,000
Emergency Real Estate Consulting Fee		25,000
Temporary Meeting Space Reimbursement		25,000
Workplace Violence Counseling		25,000
Key Individual Replacement Expense		75,000
Automated External Defibrillators		10,000
Lease Cancellation Moving Expense		10,000
Other Buildings or Structures		10,000
Retaining Walls		10,000
Residential Room Reserve		75,000
Fire Extinguishers Recharge		15,000
Lock Replacement		10,000
Reward Reimbursement		30,000
Inventory and Appraisals of Loss		50,000
Pair, Set, or Parts (Adjustment included)		
Fine Arts		35,000
Furs		10,000
Precious Metals		10,000
Miscellaneous "Dependent Property" Locations		25,000
Brands and Labels		25,000
Kidnap Expense		50,000
Donation Assurance		25,000
Image Restoration Expense		25,000
Workplace Violence -- Loss of Income/Extra Expense		50,000
Non-owned detached trailers		25,000

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.

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
Charter School Performance Framework
Financial Indicators - Fiscal Ratios
Unaudited

	2016	2017	2018	Source
	Audit	Audit	Audit	
Cash	\$ 186,178.41	\$ 297,594.59	\$ 28,743.33	Audit: Exhibit A-1
Current Assets	302,030.02	724,981.23	763,694.45	Audit: Exhibit A-1
Total Assets	305,990.00	728,501.21	878,463.38	Audit: Exhibit A-1
Current Liabilities	211,797.42	330,453.67	641,504.86	Audit: Exhibit A-1
Total Liabilities	278,098.11	385,738.34	641,504.86	Audit: Exhibit A-1
Net Position	27,891.89	342,762.87	236,958.52	Audit: Exhibit A-1
Total Revenue	3,962,727.28	7,004,163.56	9,443,475.89	Audit: Exhibit A-2
Total Expenses	3,934,835.39	6,689,292.58	9,549,280.24	Audit: Exhibit A-2
Change in Net Position	27,891.89	314,870.98	(105,804.35)	Audit: Exhibit A-2
Depreciation Expense	440.00	440.00	10,042.21	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	342.0	602.0	801.0	DOE Enrollment Reports
March 30th Budgeted Enrollment	341.3	602.0	826.0	Charter School Budget

RATIOS ANALYSIS...

Near Term Indicators	2016	2017	2018	3 YR CUM (1)	Source:
1a. Current Ratio	1.43	2.19	1.19	1.60	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	17.27	16.24	1.10	11.54	Cash/(Total Expenses/365)
1c. Enrollment Variance	100.2%	100.0%	97.0%	99.1%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	NA	NA	NA	NA	Audit
Sustainability Indicators					
2a. ** Cash Flow	186,178.41	297,594.59	(268,851.26)	71,641.00	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 =2016 Cash-2015 Cash

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
College Achieve Central Charter School
Plainfield, New Jersey 07062

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College Achieve Central Charter School's, in the County of Union, State of New Jersey, compliance.

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey Circular 15-08-OMB and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as items 2018-001 and 2018-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The College Achieve Central Charter School's, in the County of Union, State of New Jersey, response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The College Achieve Central Charter School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the College Achieve Central Charter School, in the County of Union, 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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 College Achieve Central Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

The College Achieve Central Charter School's, in the County of Union, State of New Jersey, response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The College Achieve Central Charter School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and 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 6, 2019

COLLEGE ACHIEVE CENTRAL 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 June 30, 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	84.010	S010A160030	NCLB026017	\$ 208,576.00	7/1/2016	6/30/2017	\$ (104,276.00)
Title I, Part A	84.010	S010A170030	NCLB026018	304,177.00	7/1/2017	6/30/2018	
Total Title I, Part A							(104,276.00)
Title II, Part A, Improving Teacher Quality	84.367	S367A180029	NCLB026018	33,892.00	7/1/2017	6/30/2018	
Total Title II, Part A							
Title III	84.365	S365A170030	NCLB026017	26,558.00	7/1/2016	6/30/2017	(13,308.00)
Title III	84.365	S365A180030	NCLB026018	28,348.00	7/1/2017	6/30/2018	
Total Title III							(13,308.00)
Title IV	84.424	S424A180031	NCLB026018	10,000.00	7/1/2017	6/30/2018	
Total Title IV							
Total N.C.L.B. / E.S.S.A.:							(117,584.00)
I.D.E.I.A. Part B:							
Special Education Cluster:							
Basic	84.027	H027A160100	IDEA026017	65,755.00	7/1/2016	6/30/2017	(33,255.00)
Basic	84.027	H027A170100	IDEA026018	122,315.00	7/1/2017	6/30/2018	
Total I.D.E.I.A. Part B Special Education Cluster							(33,255.00)
Public Charter School Program:							
New Jersey Charter School Implementation Grant	84.282A	U282A120015	16-CA87-B-07	275,000.00	11/1/2015	10/31/2017	(30,000.00)
Total Public Charter School Program							(30,000.00)
Total U.S. Department of Education							(180,839.00)
Total Special Revenue Fund							(180,839.00)
Enterprise Fund:							
U.S. Department of Agriculture:							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	171NJ304N1099	N/A	150,181.40	07/01/16	06/30/17	(44,884.44)
National School Lunch Program	10.555	181NJ304N1099	N/A	465,279.73	07/01/17	06/30/18	
School Breakfast Program	10.553	171NJ304N1099	N/A	26,338.49	07/01/16	06/30/17	(6,602.12)
School Breakfast Program	10.553	181NJ304N1099	N/A	101,228.48	07/01/17	06/30/18	
Total Enterprise Fund and Child Nutrition Cluster							(51,486.56)
Total Federal Financial Assistance							\$ (232,325.56)

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.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 104,276.00			\$ (304,177.00)						
	304,177.00	\$ (304,177.00)		(304,177.00)						
	408,453.00	(304,177.00)		(304,177.00)						
	33,892.00	(33,892.00)		(33,892.00)						
	33,892.00	(33,892.00)		(33,892.00)						
	13,308.00									
	28,348.00	(28,348.00)		(28,348.00)						
	41,656.00	(28,348.00)		(28,348.00)						
	10,000.00	(10,000.00)		(10,000.00)						
	10,000.00	(10,000.00)		(10,000.00)						
	494,001.00	(376,417.00)		(376,417.00)						
	33,255.00									
	122,315.00	(122,315.00)		(122,315.00)						
	155,570.00	(122,315.00)		(122,315.00)						
	130,000.00	(100,000.00)		(100,000.00)						
	130,000.00	(100,000.00)		(100,000.00)						
	779,571.00	(598,732.00)		(598,732.00)						
	779,571.00	(598,732.00)		(598,732.00)						
	44,884.44									
	377,625.12	(465,279.73)		(465,279.73)			\$ (87,654.61)			
	6,602.12									
	83,784.96	(101,228.48)		(101,228.48)			(17,443.52)			
	512,896.64	(566,508.21)		(566,508.21)			(105,098.13)			
\$ -	\$ 1,292,467.64	\$ (1,165,240.21)	\$ -	\$ (1,165,240.21)	\$ -	\$ -	\$ -	\$ (105,098.13)	\$ -	\$ -

COLLEGE ACHIEVE CENTRAL 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>		
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	16-495-034-5120-078	\$ 3,776,011.00	7/1/15	6/30/16	\$ 28,260.00	\$ (28,260.00)
Local Levy Equalization Aid - State and Local Share	17-495-034-5120-078	6,585,353.00	7/1/16	6/30/17	2,469.00	(2,469.00)
Local Levy Equalization Aid - State and Local Share	18-495-034-5120-078	8,803,086.00	7/1/17	6/30/18		30,729.00
Special Education Categorical Aid	17-495-034-5120-089	156,149.00	7/1/16	6/30/17	(5,581.00)	
Special Education Categorical Aid	18-495-034-5120-089	151,503.00	7/1/17	6/30/18		
Security Aid	17-495-034-5120-084	154,088.00	7/1/16	6/30/17	(3,558.00)	
Security Aid	18-495-034-5120-084	190,511.00	7/1/17	6/30/18		
Total Passed-Through Local Education Agencies					<u>21,590.00</u>	
State Aid - Public Cluster:						
Adjustment Aid	18-495-034-5120-085	173,817.00	7/1/17	6/30/18		
Total State Aid Public Cluster					<u>21,590.00</u>	
Charter School Aid -- Non-public State Aid						
Charter School Aid -- Non-public State Aid	17-495-034-5120-078	47,996.00	7/1/16	6/30/17	4,401.00	(4,401.00)
Charter School Aid -- Non-public State Aid	18-495-034-5120-078	98,970.00	7/1/17	6/30/18		4,401.00
Total Charter School Aid - Non-public State Aid					<u>4,401.00</u>	
Reimbursed T.P.A.F. Social Security Contributions						
Reimbursed T.P.A.F. Social Security Contributions	17-495-034-5094-003	92,833.93	7/1/16	6/30/17	(14,389.06)	
Reimbursed T.P.A.F. Social Security Contributions	18-495-034-5094-003	167,181.35	7/1/17	6/30/18		
Total Reimbursed TPAF Social Security Contributions					<u>(14,389.06)</u>	
Total General Fund					<u>11,601.94</u>	
Food Service Enterprise Fund:						
New Jersey Department of Agriculture:						
National School Lunch Program (State Share)						
National School Lunch Program (State Share)	17-100-010-3350-023	2,996.08	7/1/16	6/30/17	(869.02)	
National School Lunch Program (State Share)	18-100-010-3350-023	9,635.63	7/1/17	6/30/18		
Total Enterprise Fund					<u>(869.02)</u>	
Total State Financial Assistance					<u>\$ 10,732.92</u>	<u>\$ -</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.

Cash Received	Total Budgetary Expenditures	Passed - Through Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
									\$ 3,776,011.00
\$ 8,788,207.94	\$ (8,803,086.00)				\$ (229,854.06)		\$ 245,705.00		6,585,353.00
5,581.00									8,803,086.00
148,062.00	(151,503.00)				(3,441.00)				156,149.00
3,558.00									151,503.00
188,009.00	(190,511.00)				(2,502.00)				154,088.00
<u>9,133,417.94</u>	<u>(9,145,100.00)</u>				<u>(235,797.06)</u>		<u>245,705.00</u>		<u>19,816,701.00</u>
<u>106,516.00</u>	<u>(173,817.00)</u>				<u>(67,301.00)</u>				<u>173,817.00</u>
<u>9,239,933.94</u>	<u>(9,318,917.00)</u>				<u>(303,098.06)</u>		<u>245,705.00</u>		<u>19,990,518.00</u>
<u>94,569.00</u>	<u>(98,970.00)</u>								<u>47,996.00</u>
<u>94,569.00</u>	<u>(98,970.00)</u>								<u>98,970.00</u>
<u>14,389.06</u>									<u>146,966.00</u>
<u>157,098.37</u>	<u>(167,181.35)</u>				<u>(10,082.98)</u>				<u>92,833.93</u>
<u>171,487.43</u>	<u>(167,181.35)</u>				<u>(10,082.98)</u>				<u>167,181.35</u>
<u>9,505,990.37</u>	<u>(9,585,068.35)</u>				<u>(313,181.04)</u>		<u>245,705.00</u>		<u>260,015.28</u>
<u>869.02</u>									<u>20,397,499.28</u>
<u>7,821.31</u>	<u>(9,635.63)</u>				<u>(1,814.32)</u>				<u>9,635.63</u>
<u>8,690.33</u>	<u>(9,635.63)</u>				<u>(1,814.32)</u>				<u>9,635.63</u>
<u>\$ 9,514,680.70</u>	<u>\$ (9,594,703.98)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (314,995.36)</u>	<u>\$ -</u>	<u>\$ 245,705.00</u>	<u>\$ -</u>	<u>\$ 20,407,134.91</u>

COLLEGE ACHIEVE CENTRAL 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 College Achieve Central 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 exception: 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: INDIRECT COST RATE

The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: 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 4: 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		\$ 9,585,068.35	\$ 9,585,068.35
Special Revenue	\$ 598,732.00		598,732.00
Food Service	<u>566,508.21</u>	<u>9,635.63</u>	<u>576,143.84</u>
Total Awards and Financial Assistance	<u>\$ 1,165,240.21</u>	<u>\$ 9,594,703.98</u>	<u>\$ 10,759,944.19</u>

Note 5: 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 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the Charter School was the recipient of state assistance that represented a reimbursement to 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.

Note 7: MAJOR PROGRAMS

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

COLLEGE ACHIEVE CENTRAL CHARTER SCHOOL
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? X yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Cluster:
<u>10.555</u>	<u>181NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>181NJ304N1099</u>	<u>School Breakfast Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes X no

COLLEGE ACHIEVE CENTRAL 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.

COLLEGE ACHIEVE CENTRAL 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).

Finding No. 2018-001

Information on the Federal Program

Child Nutrition Cluster; National School Lunch Program (C.F.D.A. 10.555), and School Breakfast Program (C.F.D.A. 10.553)

Criteria or Specific Requirement

The Child Nutrition Cluster compliance supplement indicates that to receive reimbursement payments for meals, a School Food Authority (SFA) must submit claims for reimbursement. All meals claimed for reimbursement must (a) be of types authorized by the SFA's administering agency, (b) be served to eligible children, and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type.

Condition

Meals claimed did not agree with meal count records resulting in an estimated over claim.

Questioned Costs

None.

Context

Our test of monthly meal counts submitted to SNEARS for reimbursement noted that there were a few months that the Charter School did not have edit check worksheets nor meal count activity records on file to verify the number of meals claimed.

Effect

Inaccurate meals counts submitted for reimbursement can have a material effect on food service program revenues.

Cause

Meal counts reported to SNEARS for reimbursement were not properly reviewed with supporting records.

Recommendation

Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and edit check worksheets.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

COLLEGE ACHIEVE CENTRAL 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.

Finding No. 2018-002 (Prior Year Finding 2017-001)

Information on the State Program

Equalization Aid (GMIS No. 495-034-5120-078); Special Education Categorical Aid (GMIS No. 495-034-5120-089); Security Aid (GMIS No. 495-034-5120-084); Adjustment Aid (GMIS No. 495-034-5120-085)

Criteria or Specific Requirement

The reporting of low income status for a student should be supported by an application for free or reduced lunch which has met the low income level requirements or other factors for eligibility.

Condition

Our audit of enrollment disclosed several instances where the reporting for low income was not in agreement with the documentation on file.

Questioned Costs

None.

Context

The audit of enrollment included the low income status for 464 students. The results were that for 95 of these students, either the eligibility was not properly calculated or a household survey was not available for audit.

Effect

Inaccurate enrollment data can have a material effect on the revenues where low income status is a factor.

Cause

Information reported for enrollment was not properly reviewed with supporting records.

Recommendation

That the reporting of students with low income status be supported by complete and accurate documentation as required by the New Jersey Department of Education.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

COLLEGE ACHIEVE CENTRAL 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

Finding No. 2017-001

Program

Equalization Aid (GMIS No. 495-034-5120-078); Special Education Categorical Aid (GMIS No. 495-034-5120-089); Security Aid (GMIS No. 495-034-5120-084)

Condition

Our audit of enrollment disclosed several instances where the reporting for low income was not in agreement with the documentation on file.

Current Status

Condition unresolved. See current year Finding No. 2018-002.

Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

