

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2020

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

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

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2020***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Prepared by

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

And

Barre & Company LLC, CPAs

STATE BOARD OF EDUCATION

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Kevin Dehmer, Interim Commissioner
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INTRODUCTORY SECTION

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

January 15, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of Central Jersey College Prep Charter School (Charter School) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single*

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

Charter School Organization

An elected five-member Board of Education (the "Board") serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

1. REPORTING ENTITY AND ITS SERVICES: Central Jersey College Prep Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14, as amended. All funds of the Charter School are included in this report. Central Jersey College Prep Charter School Board of Trustees constitutes the Charter School's reporting entity.

Central Jersey College Prep Charter School provides a full range of services appropriate to Grades Kindergarten thru 4 and Grades 6 thru 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2019-2020 school year with an enrollment of 816 students. The following details the student enrollment of the Charter School.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment-ADE</u>	<u>Percent Change - ADE</u>
2019-2020	1014	19.51%
2018-2019	816	24.79%
2017-2018	614	22.55%
2016-2017	475	11.74%
2015-2016	420	26.34%
2014-2015	309	2.27%

2. MISSION AND GOALS: The mission of Central Jersey College Prep Charter School is to provide academic and social challenges and opportunities for students to attain the skills necessary for success in post-secondary education. CJCP serves its mission through rigorous academic programs incorporating individualized instruction, increased integration of technology in instruction, and extracurricular enrichment programs; increased participation of students in college-level courses; preparing students for college entrance exams, and offering college and career counseling. CJCP also implements research-proven and field-tested instructional and organizational strategies including but not limited to low-student teacher ratio, small classroom sizes, supplemental instruction for remediation, and data-driven decision making.

As a result of implementing the programs outlined below, CJCP has been recognized on both local and state levels. CJCP earned the Blue-Ribbon status in 2016 and continues to perform at a high level. In 2018, US News ranked CJCP 43 out of 438 high schools in New Jersey. This ranking is particularly notable because CJCP was the second highest ranked charter school in the state and CJCP's ranking was significantly higher than the rankings of all three sending districts: Franklin High School (181), North Brunswick High School (210), and New Brunswick (314). CJCP earned a summative score of 91.49 from The New Jersey Department of Education, and this equates to a summative ranking of 97.92.

CJCP's focus on preparing students to be college and career ready prior to graduation is evident in all of the school's vision and programming. CJCP encourages all students to take college level coursework throughout high school, and this results in approximately 90% participation from 11th and 12th graders in AP and dual enrollment courses compared to 29% of 11th and 12th graders in Franklin High School and 49.2% of 11th and 12th graders across the state. More detailed information regarding college level coursework can be found in Section 1.3.

As a result of CJCP's instructional structure, 100% of CJCP's students not only graduated in four years, but all graduates have received acceptances to 4-year, accredited universities since 2011. The class of 2019 earned over \$13 million in scholarships from 4-year universities.

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

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets

are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2020.

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

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

7. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

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

Respectfully submitted,

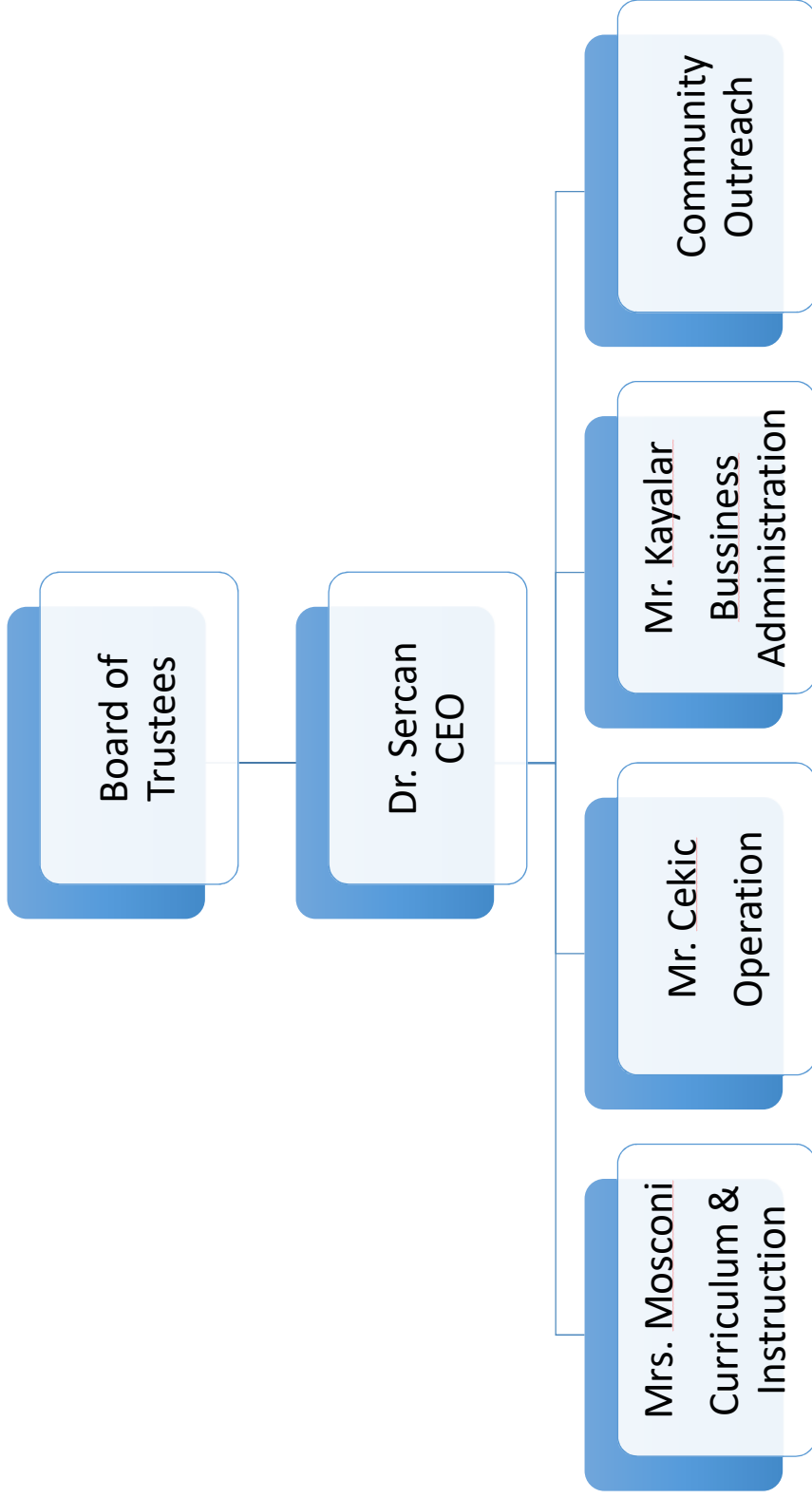


Dr. Namik Sercan
Chief Education Officer

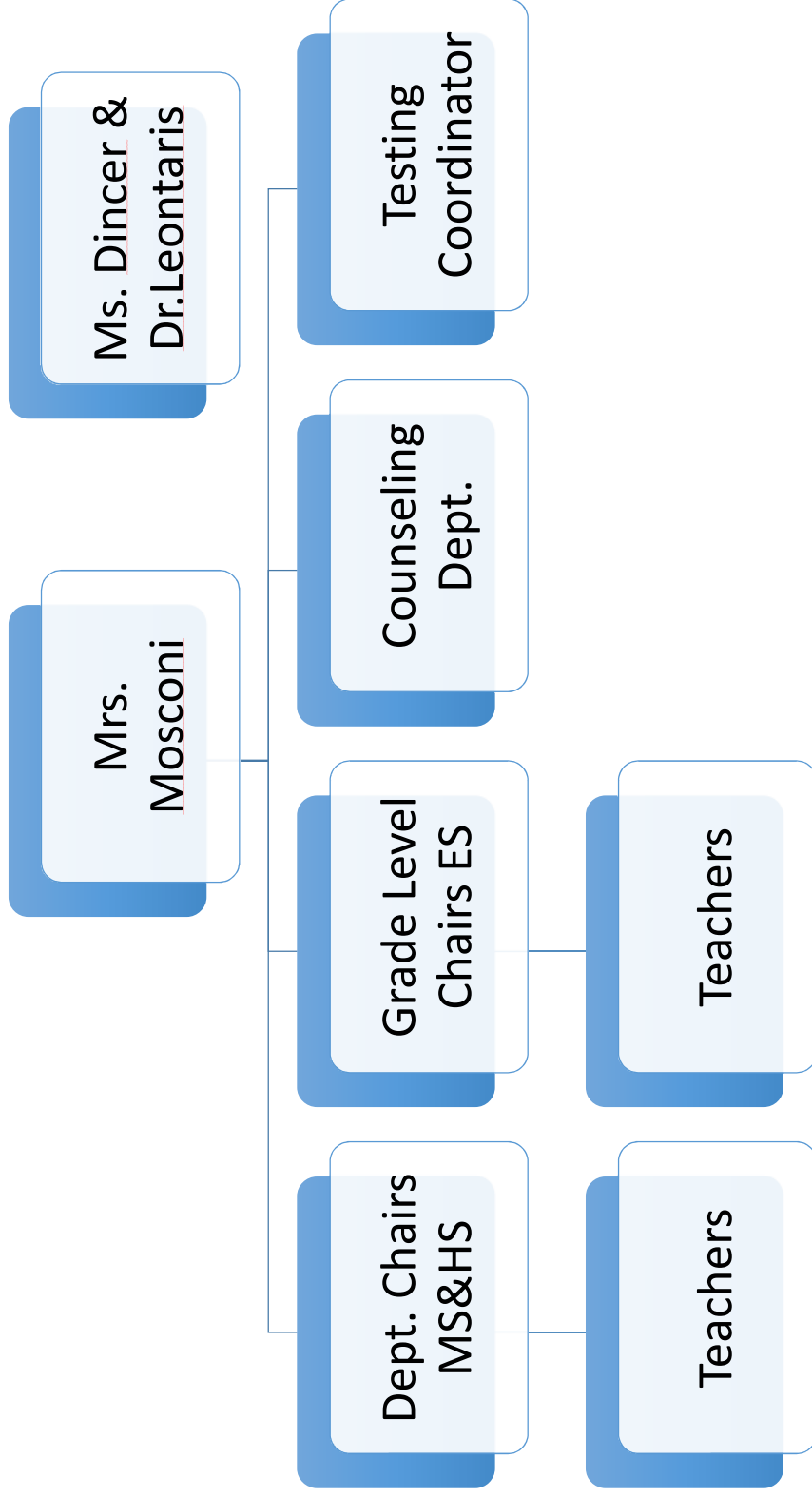


Fatih Kayalar
Business Administrator

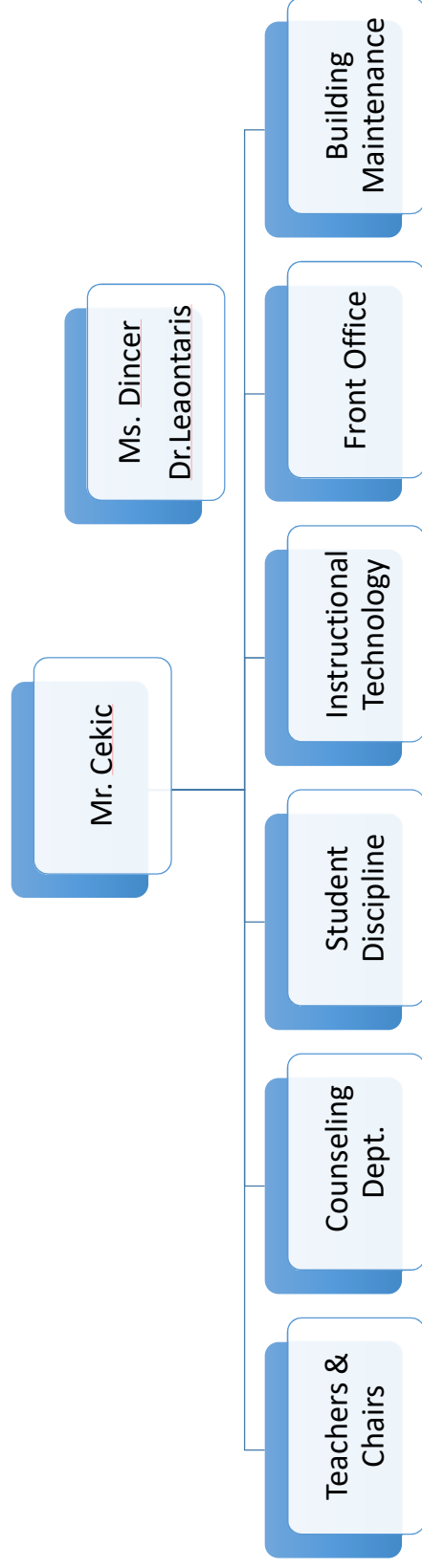
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

MEMBERS OF THE BOARD OF TRUSTEES

POSITION

Ferhan Tunagur, PhD.

President

Jackie Lewis

Vice President/ Trustee

Ozcan Uzun

Trustee

Sevil Eke

Trustee

OTHER OFFICIALS

Dr. Namik Sercan

Chief Education Officer

Fatih Kayalar

Business Administrator

Christopher Lessard

Treasurer

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

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

Official Depository

Chase Bank
460 Elizabeth Avenue
Somerset, NJ 08873

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Jersey College Prep Charter School, in the County of Somerset, State of New Jersey, as of June 30, 2020, and the respective changes in the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis which follow this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial


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

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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the Central Jersey College Prep Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Office of School Finance, Department of Education, State of New Jersey*, in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

January 15, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The discussion and analysis of Central Jersey College Prep Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ❖ General revenues accounted for \$15,568,069 in revenue or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$556,916 or 3% of total revenues of \$16,124,985.
- ❖ The Charter School had \$15,236,152 in expenses; only \$556,916 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,568,069 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$14,704,222 in revenues and \$13,578,425 in expenditures. The General Fund's fund balance increased \$1,125,797 over 2019. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED
(CONTINUED)**

Governmental Funds

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

Proprietary Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 38 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position was \$1,871,903 for 2020 and its combined Net Position was \$983,070 for 2019.

Governmental Activities

The Charter School's total revenues were \$15,804,246 for the year ended June 30, 2020 and \$12,395,800 for 2019. This includes \$880,732 for 2020 and \$640,263 for 2019 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$14,941,071 for 2020 and \$11,609,178 for 2019. Instruction comprises 50% for 2020 of Charter School expenses and 50% for 2019.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED
(CONTINUED)**

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

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

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

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

Business-Type Activity

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

FOOD SERVICE

- ❖ Revenues exceeded expenses by \$16,231 for 2020 and by \$82,007 for 2019.
- ❖ Charges for services represent \$149,453 for 2020 and \$151,773 for 2019 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$124,237 for 2020 and \$109,182 for 2019.

AFTER CARE

- ❖ Revenues exceeded expenses by \$9,427 for 2020, and expenses exceeded revenues by \$4,972 for 2019.
- ❖ Charges for services represent \$46,482 for 2020 of revenue, and \$39,229 for 2019. This represents amounts paid by patrons for services rendered in the After Care program.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED
(CONTINUED)**

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$15,215,779 for 2020 and \$11,821,338 for 2019; and expenditures were \$14,089,982 for 2020 and \$11,031,978 for 2019. The net change in fund balance for the year was most significant in the general fund, an increase of \$1,125,797 in 2020 after an increase of \$789,360 in 2019.

As demonstrated by the various statements and schedules included on the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020, and the amounts and percentages of increases and decreases in relation to prior year amounts.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Local Sources	\$ 11,113,512	73.04%	\$ 2,604,653	30.61%
State Sources	3,590,710	23.60%	548,394	18.03%
Federal Sources	511,557	3.36%	241,394	89.35%
Total	\$ 15,215,779	100.00%	\$ 3,394,441	

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2020, and the amounts and percentages of increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Instruction	\$ 5,757,499	41.46%	\$ 1,433,322	33.15%
Administration	3,706,580	26.69%	743,891	25.11%
Support Services	4,227,854	30.45%	1,124,871	36.25%
Capital Outlay	194,227	1.40%	(447,902)	-69.75%
Total	\$ 13,886,160	100.00%	\$ 2,854,182	

Changes in expenditures were the results of varying factors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$\$829,941 invested in site improvements at the end of the fiscal year 2020.

For the Future

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

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,730,738	\$ 77,925	\$ 3,808,663
Internal Balances	27,144	(27,144)	-
Receivables	918,197	61,332	979,529
Prepaid Expenses	200,000		200,000
Capital Assets, Net	829,941	3,052	832,993
Total Assets	5,706,020	115,165	5,821,185
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	1,545,232		1,545,232
Total Deferred Outflows of Resources	1,545,232	-	1,545,232
LIABILITIES:			
Payable to District	5,891		5,891
Accounts Payable	78,144		78,144
Loans Payable	1,540,057	-	1,540,057
Unearned Revenue	5,240		5,240
Noncurrent Liabilities:			
Pensions	2,787,801		2,787,801
Total Liabilities	4,417,133	-	4,417,133
DEFERRED INFLOWS OF RESOURCES:			
Pensions	1,077,381		1,077,381
Total Deferred Inflows of Resources	1,077,381	-	1,077,381
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	829,941	3,052	832,993
Unrestricted	926,797	112,113	1,038,910
Total Net Position (Deficit)	\$ 1,756,738	\$ 115,165	\$ 1,871,903

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Statement of Activities

For The Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 5,757,499	\$ 1,696,121	\$ -	\$ 236,744	\$ -	\$ (7,216,876)	\$ -	\$ (7,216,876)
Administration	2,263,817	367,456				(2,631,273)		(2,631,273)
Support Services	4,227,854	507,223				(4,735,077)		(4,735,077)
Capital Outlay	44,381					(44,381)		(44,381)
Unallocated Depreciation	76,720					(76,720)		(76,720)
Total Governmental Activities	12,370,271	\$ 2,570,800	-	236,744	-	(14,704,327)	-	(14,704,327)
BUSINESS-TYPE ACTIVITIES:								
Food Service and After Care	295,081		195,935	124,237	-	-	25,091	25,091
Total Business-Type Activities	295,081		195,935	124,237	-	-	25,091	25,091
Total Primary Government	\$ 12,665,352		\$ 195,935	\$ 360,981	\$ -	\$ (14,704,327)	\$ 25,091	\$ (14,679,236)
GENERAL REVENUES								
General Purposes						\$ 11,012,584	\$ -	\$ 11,012,584
Federal and State Aid Not Restricted						4,453,990		4,453,990
Investment Earnings						21,072		21,072
Miscellaneous Income						79,856	567	80,423
Total General Revenues						15,567,502	567	15,568,069
Change in Net Position						863,175	25,658	888,833
Net Position - Beginning						893,563	89,507	983,070
Net Position - Ending						\$ 1,756,738	\$ 115,165	\$ 1,871,903

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2020

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,730,738	\$ -	\$ 3,730,738
Receivables:			
Interfund Receivables	384,288		384,288
Receivables From Other Governments	18,592	282,459	301,051
Other Receivables	126,395		126,395
Receivables, Net	410,826		410,826
Other Assets	200,000	-	200,000
Total Current Assets	4,870,839	282,459	5,153,298
Total Assets	\$ 4,870,839	\$ 282,459	\$ 5,153,298
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 277,219	\$ 277,219
Payable to District	5,891		5,891
Accounts Payable	78,144	-	78,144
Unearned Revenue		5,240	5,240
Loans Payable	1,540,057	-	1,540,057
Total Current Liabilities	1,624,092	282,459	1,906,551
Total Liabilities	1,624,092	282,459	1,906,551
Fund Balances:			
Assigned To:			
Encumbrances	2,800		2,800
Unassigned:			
General Fund	3,243,947		3,243,947
Total Fund Balances	3,246,747	-	3,246,747
Total Liabilities and Fund Balances	\$ 4,870,839	\$ 282,459	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$1,013,593 and the accumulated depreciation is \$183,652.

829,941

Net pension liability of \$2,787,801, deferred inflows of resources of \$1,077,381 less deferred outflows of resources of \$1,545,232 related to pensions are not reported in the governmental funds

(2,319,950)

Net Position of Governmental Activities

\$ 1,756,738

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 11,012,584	\$ -	\$ 11,012,584
Interest on Investments	21,072		21,072
Miscellaneous	79,856		79,856
Total Local Sources	11,113,512		11,113,512
State Sources	3,590,710		3,590,710
Federal Sources		511,557	511,557
Total Revenues	14,704,222	511,557	15,215,779
EXPENDITURES:			
Current:			
Instruction	5,450,702	306,797	5,757,499
Administration	3,910,402		3,910,402
Support Services	4,079,202	148,652	4,227,854
Capital Outlay	138,119	56,108	194,227
Total Expenditures	13,578,425	511,557	14,089,982
NET CHANGE IN FUND BALANCES	1,125,797		1,125,797
FUND BALANCES, JULY 1	2,120,950		2,120,950
FUND BALANCES, JUNE 30	\$ 3,246,747	\$ -	\$ 3,246,747

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental fund (from B-2)		\$ 1,125,797
Amounts reported for governmental activities in the statement of activities (A-2) which are different:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (76,720)	
Capital Outlay	134,425	57,705
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		(320,327)
Change in net position of governmental activities		\$ 863,175

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

PROPRIETARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Proprietary Fund
Statement of Fund Net Position
June 30, 2020

	Business-Type Activities		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 76,742	1,183	\$ 77,925
Intergovernmental Accounts Receivable:			
State	9,026		9,026
Federal	1,317		1,317
Other Receivables	50,989		50,989
Total Current Assets	138,074	1,183	139,257
Noncurrent Assets:			
Machinery and Equipment	13,575		13,575
Less Accumulated Depreciation	(10,523)		(10,523)
Total Noncurrent Assets	3,052	-	3,052
Total Assets	\$ 141,126	\$ 1,183	\$ 142,309
LIABILITIES AND NET POSITION			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	\$ 27,144	-	\$ 27,144
Total Liabilities	27,144	-	27,144
Net Position:			
Net Investment in Capital Assets	\$ 3,052		\$ 3,052
Unrestricted	110,930	1,183	112,113
Total Net Position	113,982	1,183	115,165
Total Liabilities and Net Position	\$ 141,126	\$ 1,183	\$ 142,309

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities			
	Food Service Program			Total Enterprise
	Food Service	Fixed Contract Price	After Care	
OPERATING REVENUES:				
Charges for Services:			\$ 46,482	
Daily Sales - Program (Reimbursable Program) Meals	112,301	-		112,301
Daily Sales - Non-Program (Non-reimbursable Program) Meals	37,152	-		37,152
Total Operating Revenues	149,453	-	46,482	195,935
OPERATING EXPENSES:				
Cost of Sales - Program (Reimbursable Programs) Meals	85,242	-		85,242
Cost of Sales - Non-Program (Non-Reimbursable Programs) Meals	22,007	-		22,007
Salaries	79,735	-	34,440	114,175
Management Fees	25,000	-		25,000
Supplies and Materials	25,506	-	2,615	28,121
Depreciation Expense	2,715	-		2,715
Miscellaneous Expenses	17,821	-		17,821
Total Operating Expenses	258,026	-	37,055	295,081
OPERATING (LOSS)	(108,573)	-	9,427	(99,146)
NONOPERATING REVENUES:				
Miscellaneous Income	567			567
State Source:				
State School Breakfast/Lunch Program	4,130	-		4,130
Federal Source:				
National School Breakfast/Lunch/Snack Program/FFVP	120,107	-		120,107
Total Nonoperating Revenues	124,804	-	-	124,804
CHANGE IN NET POSITION	16,231	-	9,427	25,658
TOTAL NET POSITION, JULY 1	97,751	-	(8,244)	89,507
TOTAL NET POSITION, JUNE 30	\$ 113,982	\$ -	\$ 1,183	\$ 115,165

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 147,633	46,482	\$ 194,115
Cash Payments to Suppliers and Employees	(245,498)	(45,299)	(290,797)
Net Cash Used In Operating Activities	<u>(97,865)</u>	<u>1,183</u>	<u>(96,682)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	<u>124,237</u>		<u>124,237</u>
Net Cash Provided By Noncapital Financing Activities	<u>124,237</u>	-	<u>124,237</u>
Net Increase In Cash And Cash Equivalents	26,372	1,183	27,555
Cash And Cash Equivalents, Beginning Of Year	<u>50,370</u>	-	<u>50,370</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 76,742</u>	<u>\$ 1,183</u>	<u>\$ 77,925</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (108,006)	\$ 9,427	\$ (98,579)
Depreciation	2,715		2,715
Change In Assets And Liabilities:			
(Increase) Decrease In Receivables	(2,387)		(2,387)
Increase (Decrease) In Interfund Payable	9,813	(8,244)	1,569
Increase (Decrease) In Other Current Liabilities			
Net Cash Used In Operating Activities	<u>\$ (97,865)</u>	<u>\$ 1,183</u>	<u>\$ (96,682)</u>

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

FIDUCIARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Health Benefits Trust</u>	<u>Agency Fund</u>
ASSETS:			
Cash and Cash Equivalents	<u>\$ 16,330</u>	<u>\$ 679</u>	<u>\$ 55,924</u>
Total Assets	<u>16,330</u>	<u>679</u>	<u>\$ 55,924</u>
LIABILITIES:			
Interfund Accounts Payable	<u>\$ 27,053</u>	<u>\$ 679</u>	<u>\$ 52,192</u>
Due to Student Groups			<u>3,732</u>
Total Liabilities	<u>27,053</u>	<u>679</u>	<u>\$ 55,924</u>
NET POSITION:			
Held in Trust for Claims (Deficit)	<u>(44,323)</u>		
Total Net Position (Deficit)	<u>\$ (44,323)</u>	<u>\$ -</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

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

The Charter School reports the following governmental funds:

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

Capital Projects Fund: Not Applicable.

The Charter School reports the following proprietary funds:

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

Additionally, the Charter School reports the following fund type:

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

Basis of Accounting

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

C. Budgets/Budgetary Control

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

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

	<u>2020</u>	<u>2019</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 511,557	\$ 270,163
Adjustments:		
Less Encumbrances at June 30, 2020	-	-
Plus Encumbrances at June 30, 2019	-	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 511,557</u>	<u>\$ 270,163</u>

Encumbrances Accounting

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

Unearned Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted. Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

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

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

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

Revenues — Exchange and Non-exchange Transactions:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions (continued):

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

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Management Estimates:

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

Accrued Salaries and Wages:

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2020.

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

E. PENSIONS

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES

During fiscal year 2020, the school did not adopt any new GASB statements.

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2020

GASB No. 84, Fiduciary Activities, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2022. 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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

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

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

Deposits

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

Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

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

Investments

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

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

As of June 30, 2020, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating					
Account	\$ 3,730,738	\$ -	\$ 77,925	\$ 72,933	\$3,881,596

Investments (continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$3,881,596 and the bank balance was \$4,280,358. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

As of June 30, 2020, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

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

New Jersey Cash Management Fund

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

As of June 30, 2020, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2020, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Funds		Total Governmental Activities	Proprietary	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Fund		
State Awards	\$ 429,418	\$ -	\$ 429,418	\$ 1,317	\$ 1,317	\$430,735
Federal Awards	-	282,459	282,459	9,026	9,026	291,485
Other	126,395	-	126,395	50,989	50,989	177,384
Gross Receivables	555,813	282,459	838,272	61,332	61,332	899,604
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 555,813	\$ 282,459	\$ 838,272	\$ 61,332	\$ 61,332	\$899,604

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 384,288	\$ -
Special Revenue Fund		277,220
Proprietary Fund		27,144
Fiduciary Fund		79,924
Total	\$ 384,288	\$ 384,288

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ -	\$ -	\$ -	\$ -
Building and Building Improvements	492,792	-	-	492,792
Machinery and Equipment	386,376	134,425	-	520,801
Totals at Historical Cost	879,168	134,425	-	1,013,593
Less Accumulated Depreciation For:				
Site Improvements	-	-	-	-
Building and Building Improvements	43,716	24,640	-	68,356
Machinery and Equipment	63,216	52,080	-	115,296
Total Accumulated Depreciation	106,932	76,720	-	183,652
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	772,236	57,705	-	829,941
Government Activity Capital Assets, Net	\$ 772,236	\$ 57,705	\$ -	\$ 829,941
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	13,575	\$ -	\$ -	\$ 13,575
Less Accumulated Depreciation	10,523	-	-	10,523
Enterprise Fund Capital Assets, Net	\$ 3,052	\$ -	\$ -	\$ 3,052

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

Depreciation expense of \$ 76,720 was charged to an unallocated function.

NOTE 6: RENTAL LEASES

The school leased space at 17 Schoolhouse Road, Somerset, New Jersey under an initial lease agreement for four (4) years commencing July 15, 2008 and ending July 14, 2012. Thereafter, there were several amendments by way of letters and amendments to the original lease. The last amendment to the leased space at the 17 Schoolhouse Road location was for the 2016-2017 school year, and consisted of a letter dated October 31, 2013, whereby the lease was extended to July 14, 2015, with an automatic five-year extension thru July 14, 2020. Notwithstanding further lease amendments, the Charter School chose to vacate these premises due to ongoing problems and issues of nonperformance with the Landlord.

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

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$1,200,000
2022	1,200,000
Total minimum lease payments	<u>\$ 2,400,000</u>

NOTE 7: PENSION PLANS

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The state's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 152,702 for fiscal year 2020.

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

At June 30, 2020, the Charter School reported a liability of \$ 2,787,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Charter School's proportion was 0.01547190%, which was an increase of 0.00187960% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$ 152,702 . At June 30, 2019, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 278,372	\$ 967,637
Changes in Proportion	\$ 50,037	12,315
Difference between Expected and Actual Experience	\$ 1,216,823	53,422
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ -	44,007
	<u>\$ 1,545,232</u>	<u>\$ 1,077,381</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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

Fiscal Year Ending June 30,	Total
2021	\$ 54,170.56
2022	175,728
2023	156,707
2024	73,680
2025	7,565
	<u>\$ 467,851</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuations as of July 1, 2019. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate		
Price		2.75%
Wage		3.25%
Salary Increases:		
through 2026		2.00-6.00% based on years of service
Thereafter		3.00-7.00% based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

			Long Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
Risk Mitigation Strategies		3.00%	4.67%
Cash Equivalents		5.00%	2.00%
U.S. Treasuries		5.00%	2.68%
Investment Grade Credit		10.00%	4.25%
High Yield		2.00%	5.37%
Private Credit		6.00%	7.92%
Real Assets		2.50%	9.31%
Real Estate		7.50%	8.33%
U.S. Equity		28.00%	8.26%
Non-U.S. Developed Markets Equity		12.50%	9.00%
Emerging Markets Equity		6.50%	11.37%
Private Equity		12.00%	10.85%

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2019, based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through June 30, 2057. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2019				
	1%	Current		1%
	Decrease	Discount Rate		Increase
	(5.28%)	(6.28%)		(7.28%)
Charter School proportionate share of the Net Pension Liability	\$ 3,545,943	\$ 2,787,801		\$ 2,184,695

Measurement Date June 30, 2018				
	1%	Current		1%
	Decrease	Discount Rate		Increase
	(4.66%)	(5.66%)		(6.66%)
Charter School's proportionate share of the Net Pension Liability	\$ 3,365,084	\$ 2,676,267		\$ 2,098,374

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided (continued)

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2019 measurement date.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019 measurement date, the State's pension contribution was less than the actuarial determined amount.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose that the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2020, the State of New Jersey contributed \$ 41,373 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 332,935 .

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the Charter School was \$ 13,515,521 . The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, Charter School's proportion was 0.02202455% , which was an decrease of -0.00000188% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the District		13,515,521
Total	\$	13,515,521

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$ 332,935 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 8,729,264,342	\$ 17,163,131,436
Difference Between Expected and Actual Experience	1,203,503,264	213,344,311
Changes in Proportion and differences between employer contributions and proportionate share of contributions	196,394,631	196,394,631
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	163,369,676
	<u>\$ 10,129,162,237</u>	<u>\$ 17,736,240,054</u>

The \$10,129,162,237 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$17,736,240,054 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wages	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2019 is summarized in the following table:

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2019, based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 15,976,269	\$ 13,515,521	\$ 11,533,581

Measurement Date June 30, 2018			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(3.86%)	(4.86%)	(5.86%)
Charter School's proportionate share of the Net Pension Liability	\$ 16,610,452	\$ 14,053,062	\$ 11,933,047

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2020. There were no employee contributions to DCRP for the fiscal year ended June 30, 2020.

NOTE 8: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a "special funding situation, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan 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 State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey 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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms:

At June 30, 2019, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member	216,892
Inactive plan members or beneficiaries currently receiving benefits	148,051
Inactive plan members entitled to but not yet receiving benefit payments	-
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		1.55% to 3.05%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		1.55% to 3.05%	3.00% to 7.00%	Applied to all
		based on service	based on service	future
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS) and Safety (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2013 - June 30, 2018, and July 1, 2014 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescriptions on drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

Discount rate

The discount rate for June 30, 2019 was 3.50%. 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. . As the long-term rate of return is less than the municipal band rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

				Total OPEB Liability
Balance at June 30, 2019				\$ 2,682,621
Service cost				570,845
Interest on Total OPEB Liability				124,318
Difference between expected and actual experience				(549,276)
Effect of Changes of Assumptions				41,555
Contributions - Employee				2,536
Gross Benefits Paid by the State				(85,554)
	Net Changes			104,424
Balance at June 30, 2020				2,787,045

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2019		
	At 1%	At current	At 1%
	Decrease (2.50%)	discount rate (3.50%)	Increase (4.50%)
Total OPEB Liability	\$ 3,292,595	\$ 2,787,045	\$ 2,385,459

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2019 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2019		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 2,296,401	\$ 2,787,045	\$ 3,436,557

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$ 588,467 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date of June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ -	\$ (700,281)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes		(566,473)
Sub Total	-	(1,266,754)
Contributions Made in Fiscal Year 2020 after June 30, 2019 Measurement Date	N/A	N/A
Total	-	(1,266,754)

Amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ (170,080)
2022	\$ (170,080)
2023	\$ (170,080)
2024	\$ (170,080)
2025	\$ (170,080)
Total Thereafter	\$ (416,353)
	<u>\$ (1,266,754)</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the \$3,246,747 fund balance total in General Fund at June 30, 2020, \$3,243,947 is unassigned, while \$2,800 is assigned for encumbrances.

NOTE 11: LOAN PAYABLE

On June 11, 2020 the charter school (the "Borrower"), was granted a loan (the "Loan") from Unity Bank. in the aggregate amount of \$1,540,057 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated June 11, 2020 issued by the Borrower, matures on June 11, 2025 and bears interest at a rate of 1.00% per annum, with payments of principal, interest, and fees due at the time that the SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period). The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for maintain payroll or make mortgage payments, lease payments, and utility payments incurred before February 15, 2020. The loan and accrued interest may be forgiven after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Charter School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 12: CONTINGENCIES

In 2016, a former landlord commenced a summary dispossess action against the school whereas the school responded by commencing a declaratory judgment action seeking a determination that the school was relieved of all its obligations under the leases with the landlord due to the conduct of the landlord. Trial commenced in October, 2019. The landlord claim is for unpaid rent of approximately \$2.6 million dollars and other damages to the premises of approximately \$1.5 million dollars, for a total of \$4 million dollars. On August 3, 2020 the judge entered a decision that neither party was entitled to damages. On August 31, 2020 the plaintiff filed an appeal with the Appellate Division of the Superior Court. As of the date of the audit report the matter remains in appeals court. An outcome cannot be predicted as of the date of the audit.

NOTE 13: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$545,443, \$565,405 , 234,472 , \$256,467 , and \$770 , respectively.

NOTE 14: 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 15: RELATED PARTY TRANSACTIONS

In 2018, the charter school entered into a shared service agreement with Middlesex County Stem Charter School ("Middlesex"), where the charter school provides certain support and administrative staff to Middlesex. The charter school bills Middlesex for these services based on the terms of their agreement. As of June 30, 2020 the charter school has a receivable balance of \$126,395 representing unpaid balances from fiscal years 2019 and 2020. The June 30, 2019 balance of \$65,434 was paid in October, 2020.

In 2019, the charter school entered into a food service agreement with Middlesex where the charter school would provide food services to Middlesex during the 2020 school year. The agreement is in accordance with Department of Agriculture guidelines. There are no charges for this service per the agreement.

There are members of the charter school's Board of Trustees that also serve on the Middlesex Board of Trustees and the same school business administrator is used for both charter schools.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2020

NOTE 16: SUBSEQUENT EVENTS

The Central Jersey College Prep Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit which was January 15, 2021.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2021.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	2020				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid Local Share-Charter School Aid	\$ 11,364,421	\$ (341,056)	\$ 11,023,365	\$ 11,012,584	\$ (10,781)
Total Local Levy Budget	11,364,421	(341,056)	11,023,365	11,012,584	(10,781)
Categorical Aid:					
Special Education Categorical Aid	347,967	(108,126)	239,841	236,744	(3,097)
Demonstrably Effective Program Aid	2,319,923	(217,983)	2,101,940	2,087,472	(14,468)
Security Aid			-	181,940	181,940
Total Categorical Aid	2,667,890	(326,109)	2,341,781	2,506,156	164,375
Revenues From Other Sources:					
Interest Income				21,072	21,072
Miscellaneous Revenue				79,856	79,856
On-Behalf TPAF(Non-Budget)					
Social Security Payments				335,289	335,289
Reimbursed TPAF Pension					
Post Retirement Medical Contributions				202,350	
Reimbursed TPAF Pension					
Long-Term Disability Insurance Contributions				1,472	
Reimbursed TPAF Pension					
Pension Contributions - Normal Costs				545,443	545,443
Total Revenues From Other Sources	-	-	-	1,185,482	436,217
Total Revenues	14,032,311	(667,165)	13,365,146	14,704,222	589,811
EXPENDITURES:					
Instruction:					
Salaries of Teachers	4,800,643	(579,123)	4,221,520	4,157,825	63,695
Other Salaries for Instruction	552,960	224,390	777,350	763,656	13,694
Purchased Prof/Tech Services	99,536	(8,807)	90,729	86,641	4,088
Other Purchased Services	65,985	53,010	118,995	111,596	7,399
General Supplies	299,403	(74,253)	225,150	188,698	36,452
Textbooks	147,000	(16,519)	130,481	116,321	14,160
Miscellaneous	55,264	(14,710)	40,554	25,965	14,589
Total Instruction	6,020,791	(416,012)	5,604,779	5,450,702	154,077
Administration:					
Salaries - General Administration	537,858	139,434	677,292	677,292	
Salaries of Secretarial/Clerical Assistants	377,063	26,500	403,563	380,423	23,140
Total Benefits Cost	1,868,382	(344,135)	1,524,247	1,512,410	11,837
Purchases Prof/Tech Services	91,000	18,400	109,400	104,529	4,871
Other Purchased Services	14,500	(4,594)	9,906	5,173	4,733
Communications/Telephone	62,667	27,000	89,667	73,341	16,326

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Supplies and Materials	109,864	(48,900)	60,964	30,166	30,798
Miscellaneous Expenses	20,000	23,500	43,500	42,514	986
Total Administration	3,081,334	(162,795)	2,918,539	2,825,848	92,691
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 1,292,609	\$ 217,647	\$ 1,510,256	\$ 1,460,030	\$ 50,226
Purchased Prof/Ed Services	158,260	49,182	207,442	199,865	7,577
Purchased Prof/Tech Services	18,000	(3,686)	14,314	10,618	3,696
Rental of Land and Buildings	1,694,828	45,491	1,740,319	1,726,447	13,872
Other Purchased Services	202,598	29,741	232,339	205,324	27,015
Transportation-Other Than To/From School	-	22,094	22,094	22,094	-
Insurance for Property, Liability and Fidelity	99,997	41,523	141,520	134,602	6,918
Supplies and Materials	127,000	78,000	205,000	160,369	44,631
Energy Costs (Heat and Electricity)	227,200	(84,200)	143,000	124,785	18,215
Miscellaneous Expenses	35,000	5,408	40,408	35,068	5,340
Total Support Services	3,855,492	401,200	4,256,692	4,079,202	177,490
Capital Outlay:					
Instructional Equipment	414,646	(261,750)	152,896	120,649	32,247
Non-Instructional Equipment		17,470	17,470	17,470	-
Miscellaneous Expenses	360,000	(194,030)	165,970		165,970
Total Capital Outlay	774,646	(438,310)	336,336	138,119	198,217
On-Behalf TPAF (Non-Budgeted)					
Reimbursed TPAF Social Security					
Social Security Payments				335,289	(335,289)
Post Retirement Medical Contributions				202,350	
Long-Term Disability Insurance Contribution				1,472	
Pension Contributions - Normal Cost				545,443	(545,443)
Total Expenditures	13,732,263	(615,917)	13,116,346	13,578,425	287,186
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	300,048	(51,248)	248,800	1,125,797	876,997
FUND BALANCE, JULY 1	2,120,947	-	2,120,947	2,120,950	3
FUND BALANCE, JUNE 30	\$ 2,420,995	\$ (51,248)	\$ 2,369,747	\$ 3,246,747	\$ 877,000
Recapitulation of Excess (Deficiency) of Revenues					
Over (Under) Expenditures					
Budgeted Fund Balance	\$ 2,420,995	\$ (51,248)	\$ 2,369,747	\$ 3,246,747	\$ 877,000
Total	\$ 2,420,995	\$ (51,248)	\$ 2,369,747	\$ 3,246,747	\$ 877,000

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Intermediate					
Federal	\$ 565,280	\$ 1	\$ 565,281	\$ 511,557	\$ (53,724)
Total Revenues	565,280	1	565,281	511,557	(53,724)
EXPENDITURES:					
Instruction:					
Salaries	81,995		81,995	81,995	
Purchased Prof/Tech Services	2,000	-	2,000	4,000	(2,000)
Other Purchased Services	19,904	-	19,904	19,504	400
General Supplies	241,059		241,059	188,956	52,103
Other Objects	12,343	-	12,343	12,342	1
Total Instruction	357,301	-	357,301	306,797	50,504
Support Services:					
Salaries	61,800		61,800	61,800	
Personal Services - Employee Benefits	50,330		50,330	65,330	(15,000)
Purchased Technical Services	11,213		11,213	17,782	(6,569)
Travel	500	-	500	500	
Other Purchased Services	5,300		5,300	500	4,800
Supplies and Materials	9,636		9,636	2,740	6,896
Total Support Services	138,779	-	138,779	148,652	(9,873)
Facilities Acquisition and Construction Services:					
Instructional Equipment	71,500	1	71,501	-	71,501
Non-Instructional Equipment	2,500	-	2,500	56,108	(53,608)
Total Facilities Acquisition and Construction Services	74,000	1	74,001	56,108	17,893
Total Expenditures	570,080	1	570,081	511,557	58,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,800)	\$ -	\$ (4,800)	\$ -	\$ 4,800

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 14,704,222	[C-2] \$ 511,557
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	 	
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>14,704,222</u>	[B-2] \$ <u>511,557</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,578,425	[C-2] \$ 506,757
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	 	 4,800
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>13,578,425</u>	[B-2] \$ <u>511,557</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.00808396%	0.00754571%	0.00881139%	0.01359230%	0.01547190%
Charter School's proportionate share of the net pension liability	\$ 1,545,006	\$ 2,234,823	\$ 2,051,726	\$ 2,676,267	\$ 2,787,801
Charter School's covered payroll (plan measurement period)	\$ 498,947	\$ 778,576	\$ 1,397,675	\$ 1,076,868	\$ 2,407,012
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	310%	287%	147%	249%	116%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	45.37%	51.55%	51.55%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 60,911	\$ 67,035	\$ 81,651	\$ 137,436	\$ 152,702
Contributions in relation to the contractually required contribution	(60,911)	(67,035)	(81,651)	(137,436)	(152,702)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 498,947	\$ 778,576	\$ 1,397,675	\$ 1,076,868	\$ 2,407,012
Contributions as a percentage of covered employee payroll	12.21%	8.61%	5.84%	12.76%	6.34%

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable of the Charter School	0.0145759092%	0.0148449333%	0.0174048%	0.02202455%	0.02202267%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,695,268	\$ 11,677,966	\$ 11,734,910	\$ 14,011,546	\$ 13,515,521
Charter School's covered payroll (plan measurement period)	\$ 2,162,651	\$ 2,324,081	\$ 2,152,311	\$ 2,693,272	\$ 4,739,915
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	402.07%	502.48%	545.22%	520.24%	285.14%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	22.33%	25.41%	26.95%

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

**SECTION M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Central Jersey College Prep Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Four Fiscal Years
(Unaudited)

	Fiscal Years Ending			
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School				
OPEB Liability at Beginning of Measurement Period	\$	3,222,274	\$	3,345,436
Service cost		669,819		570,845
Interest on Total OPEB Liability		109,869		124,318
Effect on Changes of Benefit Terms				-
Difference between expected and actual experience		NOT AVAILABLE	(981,064)	(549,276)
Effect of Changes of Assumptions		(581,892)	(307,844)	41,555
Contributions - Employee		2,853	2,479	2,536
Gross Benefits Paid by the State		(77,487)	(71,732)	(85,554)
Net Change in Total OPEB Liability		123,162	(662,815)	104,424
OPEB Liability at Beginning of Measurement Period		3,222,274	3,345,436	2,682,621
Total OPEB Liability at End of Measurement Period		2,682,621	3,345,436	2,787,045

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: None

Differences Between Expected and Actual Experiences:

The decrease in the Total OPEB Liability from June 30, 2017 to June 30, 2018 is due to changes in the census claims and premium experiences. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions:

The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2020

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.68% as of June 30, 2018 to 6.28% as of June 30, 2019 in accordance with Paragraph 44 of GASB Statement No. 67.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2020

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

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

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

Central Jersey College Prep Charter School
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

E-1

	NCLB Title I	NCLB Title III	I.D.E.A. Part B	I.D.E.A. Preschool	NCLB Title II Part A	NCLB Title IV	Rural Education Achievement	Charter Expansion Grant	Grand Total
REVENUE SOURCES:									
Federal	\$ 90,293	15,105	143,373	2,119	21,569	10,000	\$ 32,821	\$ 196,277	\$ 511,557
Total Revenues	90,293	15,105	143,373	2,119	21,569	10,000	32,821	196,277	511,557
EXPENDITURES:									
Instruction:									
Salaries	45,000	-	36,995	-	-	-	-	-	81,995
Purchased Prof/Tech Services	-	-	-	-	-	4,000	-	-	4,000
Other Purchased Services	12,399	3,105	-	-	-	-	-	4,000	19,504
General Supplies	4,800	12,000	313	593	-	6,000	32,821	132,429	188,956
Other Objects	12,342	-	-	-	-	-	-	-	12,342
Total Instruction	74,541	15,105	37,308	593	-	10,000	32,821	136,429	306,797
Support Services:									
Salaries	-	-	61,800	-	-	-	-	-	61,800
Personal Services - Employee Benefits	15,752	-	34,578	-	15,000	-	-	-	65,330
Purchased Technical Services	-	-	-	1,526	-	-	-	-	1,526
Other Purchased Prof/Tech Services	-	-	9,687	-	6,569	-	-	-	16,256
Travel	-	-	-	-	-	-	-	500	500
Other Purchased Services	-	-	-	-	-	-	-	500	500
Supplies and Materials	-	-	-	-	-	-	-	2,740	2,740
Total Support Services	15,752	-	106,065	1,526	21,569	-	-	3,740	148,652
Facilities Acquisition and Construction Services:									
Non-Instructional Equipment	-	-	-	-	-	-	-	56,108	56,108
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	56,108	56,108
Total Expenditures	90,293	15,105	143,373	2,119	21,569	10,000	32,821	196,277	511,557
Total Outflows	90,293	15,105	143,373	2,119	21,569	10,000	32,821	196,277	511,557
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

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

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

**SECTION H – FIDUCIARY FUND
DETAIL STATEMENTS**

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

As of June 30, 2020, there is no non-expendable trust fund utilized by the Charter School.

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 As of June 30, 2020

	Trust		Agency			Total Agency Fund
	Unemployment Compensation Insurance	Health Benefits	Payroll Agency	Net Payroll	Student Activities	
ASSETS:						
Cash and Cash Equivalents	\$ 16,330	\$ 679	\$ 34,782	\$ 7,898	\$ 13,244	\$ 55,924
Total Assets	<u>\$ 16,330</u>	<u>\$ 679</u>	<u>\$ 34,782</u>	<u>\$ 7,898</u>	<u>\$ 13,244</u>	<u>\$ 55,924</u>
LIABILITIES:						
Liabilities:						
Interfund Accounts Payable	\$ 27,053	\$ 679	\$ 34,782	\$ 7,898	\$ 9,512	\$ 52,192
Accounts Payable	33,600					-
Due to Student Activity					3,732	3,732
Total Liabilities	<u>60,653</u>	<u>679</u>	<u>\$ 34,782</u>	<u>\$ 7,898</u>	<u>\$ 13,244</u>	<u>\$ 55,924</u>
NET POSITION:						
Held in Trust for Claims	(44,323)					
Total Net Position	<u>(44,323)</u>	<u>-</u>				
Total Liabilities and Net Position	<u>\$ 16,330</u>	<u>\$ 679</u>				

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Insurance	Health Benefits Trust
ADDITIONS:		
Interest	46	46
Contributions	<u>\$ 16,927</u>	<u>\$ -</u>
Total Additions	<u>16,973</u>	<u>46</u>
DEDUCTIONS:		
Payment of Claims	<u>65,016</u>	<u>-</u>
Total Deductions	<u>65,016</u>	<u>-</u>
CHANGE IN NET POSITION	(48,043)	46
NET POSITION, JULY 1	<u>3,720</u>	<u>-</u>
NET POSITION (DEFICIT), JUNE 30	<u><u>\$ (44,323)</u></u>	<u><u>\$ 46</u></u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 26,083	\$ 49,438	\$ 62,277	\$ 13,244
Total Assets	<u>\$ 26,083</u>	<u>\$ 49,438</u>	<u>\$ 62,277</u>	<u>\$ 13,244</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 7,091	\$ 2,421	\$ -	\$ 9,512
Due to Student Activity	<u>18,992</u>	<u>47,017</u>	<u>62,277</u>	<u>3,732</u>
Total Liabilities	<u>\$ 26,083</u>	<u>\$ 49,438</u>	<u>\$ 62,277</u>	<u>\$ 13,244</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 88,369	\$ 2,975,159	\$ 3,028,746	\$ 34,782
Total Assets	<u>\$ 88,369</u>	<u>\$ 2,975,159</u>	<u>\$ 3,028,746</u>	<u>\$ 34,782</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 33,095	\$ 2,975,159	\$ 2,973,472	\$ 34,782
Payroll Deductions and Withholdings	<u>55,274</u>	<u>-</u>	<u>55,274</u>	<u>-</u>
Total Liabilities	<u>\$ 88,369</u>	<u>\$ 2,975,159</u>	<u>\$ 3,028,746</u>	<u>\$ 34,782</u>

STATISTICAL SECTION (UNAUDITED)

Central Jersey College Prep Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. Statistical data for ten (10) years is available and is presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2007; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Net Position by Component
(Accrual Basis of Accounting)
(Unaudited)

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities									
Net Investment in Capital Assets	\$ 829,941	\$ 772,236	\$ 583,644	\$ 206,745	\$ 225,540	\$ 244,335	\$ 263,130	\$ 281,925	\$ 300,720
Unrestricted (Deficit)	926,797	121,327	(526,391)	(425,869)	(700,334)	(321,158)	1,500,168	1,280,002	1,080,532
Total Governmental Activities Net Position (Deficit)	<u>\$ 1,756,738</u>	<u>\$ 893,563</u>	<u>\$ 106,941</u>	<u>\$ (219,124)</u>	<u>\$ (474,307)</u>	<u>\$ (70,307)</u>	<u>\$ 1,763,298</u>	<u>\$ 1,583,851</u>	<u>\$ 1,397,133</u>
Business-Type Activities									
Unrestricted	\$ 112,113	\$ 89,507	12,472	11,889	5,676	24,128	55,567	52,660	54,364
Total Business-Type Activities Net Position	<u>\$ 112,113</u>	<u>\$ 89,507</u>	<u>\$ 12,472</u>	<u>\$ 11,889</u>	<u>\$ 5,676</u>	<u>\$ 24,128</u>	<u>\$ 55,567</u>	<u>\$ 52,660</u>	<u>\$ 54,364</u>
Charter School-wide									
Net Investment in Capital Assets	\$ 832,993	\$ 772,236	\$ 583,644	\$ 206,745	\$ 225,540	\$ 244,335	\$ 263,130	\$ 281,925	\$ 300,720
Unrestricted	1,038,910	210,834	(513,919)	(413,980)	(694,658)	(297,030)	1,555,735	1,332,662	1,134,896
Total Charter School Net Position	<u>\$ 1,871,903</u>	<u>\$ 983,070</u>	<u>\$ 119,413</u>	<u>\$ (207,235)</u>	<u>\$ (468,631)</u>	<u>\$ (46,179)</u>	<u>\$ 1,818,865</u>	<u>\$ 1,636,511</u>	<u>\$ 1,451,497</u>

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Changes in Net Position
 (Accrual Basis of Accounting)
 (Unaudited)
 Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
Instruction	\$ 7,453,620	\$ 5,761,242	\$ 4,542,236	\$ 3,814,734	\$ 3,544,643	\$ 2,719,263	\$ 2,468,847	\$ 2,424,995	\$ 2,213,633	\$ 2,290,776
Administration	2,631,273	1,984,409	1,864,376	908,900	722,939	579,386	516,587	522,230	408,978	545,015
Support Services	4,735,077	3,482,867	2,691,227	2,091,218	2,022,891	1,678,080	1,355,425	1,328,992	1,349,441	1,179,895
Capital Outlay	44,381	317,383	293,026	10,123	139,804	138,994	-	6,003	-	-
Unallocated Depreciation	76,720	63,277	2,350	18,795	18,795	18,795	18,795	18,795	18,795	18,795
Total Governmental Activities Expenses	14,941,071	11,609,178	9,393,215	6,843,770	6,449,072	5,134,538	4,359,654	4,301,015	3,990,847	4,034,481
Business-Type Activities:										
Food Service	295,081	223,149	201,877	176,409	194,976	201,691	177,057	173,851	177,325	143,701
Total Business-Type Activities Expenses	295,081	223,149	201,877	176,409	194,976	201,691	177,057	173,851	177,325	143,701
Total Charter School Expenses	\$ 15,236,152	\$ 11,832,327	\$ 9,595,092	\$ 7,020,179	\$ 6,644,048	\$ 5,336,229	\$ 4,536,711	\$ 4,474,866	\$ 4,168,172	\$ 4,178,182
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 236,744	\$ 197,126	\$ 124,977	\$ 135,640	\$ 112,680	80,548	85,046	94,358	84,934	103,579
Total Governmental Activities Program Revenues	236,744	197,126	124,977	135,640	112,680	80,548	85,046	94,358	84,934	103,579
Business-Type Activities:										
Charges for Services	195,935	190,722	127,930	144,865	111,720	89,100	97,048	99,384	92,479	63,204
Operating Grants and Contributions	124,237	109,182	74,527	74,387	84,881	85,014	88,410	89,441	100,837	89,001
Total Business-Type Activities Program Revenues	320,172	299,904	202,457	219,252	196,601	174,114	185,458	188,825	193,316	152,205
Total Charter School-wide Net Expense	\$ 556,916	\$ 497,030	\$ 327,434	\$ 354,892	\$ 309,281	\$ 254,662	\$ 270,504	\$ 283,183	\$ 278,250	\$ 255,784
Net (Expense)/Revenue										
Governmental Activities	\$ (14,704,327)	\$ (11,412,052)	\$ (9,268,238)	\$ (6,708,130)	\$ (6,336,392)	\$ (5,053,990)	\$ (4,274,608)	\$ (4,206,657)	\$ (3,905,913)	\$ (3,930,902)
Business-Type Activities	25,091	76,755	580	42,843	1,625	(27,577)	8,401	14,974	15,991	8,504
Total Charter School-wide Net Expense	\$ (14,679,236)	\$ (11,335,297)	\$ (9,267,658)	\$ (6,665,287)	\$ (6,334,767)	\$ (5,081,567)	\$ (4,266,207)	\$ (4,191,683)	\$ (3,889,922)	\$ (3,922,398)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 11,012,584	\$ 8,492,440	\$ 5,713,942	\$ 4,561,287	\$ 3,712,643	\$ 2,657,105	\$ 2,464,865	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016
Federal and State Aid Not Restricted	4,453,990	3,689,815	3,877,370	2,300,574	2,413,535	2,133,691	1,985,360	2,142,522	2,542,537	2,209,014
Investment Earnings	21,072	11,984	499	-	-	-	1	6	-	8
Miscellaneous Income	79,856	4,435	2,492	158	39,625	26,136	3,829	14,586	1,652	6,418
Total Governmental Activities	15,567,502	12,198,674	9,594,303	6,862,019	6,165,803	4,816,932	4,454,055	4,371,451	4,575,534	3,866,456
Business-Type Activities:										
Miscellaneous Income	567	280	-	5,572	-	-	-	1,415	-	10,779
Total Business-Type Activities	567	280	-	5,572	-	-	-	1,415	-	10,779
Total Charter School-wide	\$ 15,568,069	\$ 12,198,954	\$ 9,594,303	\$ 6,867,591	\$ 6,165,803	\$ 4,816,932	\$ 4,454,055	\$ 4,372,866	\$ 4,575,534	\$ 3,877,235
Change in Net Position										
Governmental Activities	\$ 863,175	\$ 786,622	\$ 326,065	\$ 153,889	\$ (170,589)	\$ (237,058)	\$ 179,447	\$ 164,794	\$ 669,621	\$ (64,446)
Business-Type Activities	25,658	77,035	580	48,415	1,625	(27,577)	8,401	16,389	15,991	19,283
Total Charter School	\$ 888,833	\$ 863,657	\$ 326,645	\$ 202,304	\$ (168,964)	\$ (264,635)	\$ 187,848	\$ 181,183	\$ 685,612	\$ (45,163)

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Fund Balances - Governmental Funds
(Modified Accrual Basis of Accounting)
(Unaudited)
Last Ten Fiscal Years

	Fiscal Year Ending June 30,								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund									
Restricted	2,800.00	-	\$ 49,688	\$ -	\$ 487	\$ 6,516	\$ -	\$ 21,924	\$ 15,881
Unassigned	3,243,947	2,120,950	1,281,902	1,302,794	1,129,623	1,275,389	1,500,168	1,280,002	1,080,532
Total General Fund	\$ 3,246,747	\$ 2,120,950	\$ 1,331,590	\$ 1,302,794	\$ 1,130,110	\$ 1,281,905	\$ 1,500,168	\$ 1,301,926	\$ 1,096,413

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 (Modified Accrual Basis of Accounting)
 (Unaudited)
 Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local Sources:										
Local Tax Levy	\$ 11,012,584	\$ 8,492,440	\$ 5,713,942	\$ 4,561,287	\$ 3,712,643	\$ 2,657,105	\$ 2,464,865	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016
Interest in Investments	21,072	11,984	499	-	-	-	-	-	-	-
Miscellaneous	79,856	4,435	2,492	158	39,625	26,136	3,829	14,586	1,652	6,418
State Sources	3,590,710	3,042,316	3,073,831	2,196,908	2,169,098	1,941,079	1,952,417	2,111,538	2,446,623	2,174,554
Federal Sources	511,557	270,163	163,448	239,306	357,117	273,160	117,989	125,342	180,848	138,039
Total Revenues	15,215,779	11,821,338	8,954,212	6,997,659	6,278,483	4,897,480	4,539,100	4,465,803	4,660,468	3,970,027
Expenditures:										
Instruction	5,757,499	4,324,177	3,354,131	2,938,763	2,762,578	2,184,859	1,956,757	1,913,104	1,750,001	1,847,777
Administration	3,910,402	2,962,689	2,483,459	2,033,006	1,729,285	1,310,078	1,169,486	1,194,634	1,026,478	1,133,017
Support Services	4,227,854	3,102,983	2,364,442	1,843,083	1,798,610	1,481,812	1,214,616	1,168,479	1,195,573	1,034,892
Capital Outlay	194,227	642,129	723,385	10,123	139,804	138,994	-	6,003	-	-
Total Expenditures	14,089,982	11,031,978	8,925,417	6,824,975	6,430,277	5,115,743	4,340,859	4,282,220	3,972,052	4,015,686
Net Change in Fund Balance	\$ 1,125,797	\$ 789,360	\$ 28,795	\$ 172,684	\$ (151,794)	\$ (218,263)	\$ 198,241	\$ 183,583	\$ 688,416	\$ (45,659)

Source: Comprehensive Annual Financial Report

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

General Fund - Other Local Revenue by Source

(Modified Accrual Basis of Accounting)

(Unaudited)

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2019	7,012	-	(2,577)	4,435
2018	1,120	-	1,372	2,492
2016	-	-	39,625	39,625
2015	-	-	26,136	26,136
2014	-	1,186	2,643	3,829
2013	-	-	10,836	10,836
2012	-	1,491	161	1,652
2011	5,300	-	1,118	6,418

Source: Charter School records

OPERATING INFORMATION

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

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	101	83	50	41	38	37	36	37	34	29
Administrative	5	5	4	4	3	3	3	3	5	4
Support Services	37	30	18	17	11	11	11	10	10	12
Total	143	118	72	62	52	51	50	50	49	45

Source: Charter School Personnel Records

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Operating Statistics
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2020	1042	\$ 13,895,755	\$ 13,336	35.84%	101	10:1	1013.8	990.25	19.51%	97.68%
2019	828	\$ 10,229,845	12,355	14.61%	83	10:1	816	786	24.79%	96.32%
2018	616	8,925,417	14,489	28.35%	50	18:1	614	597	22.55%	97.28%
2017	483	6,953,846	16,596	2.04%	41	18:1	475	438	11.74%	92.15%
2016	419	6,814,852	22,055	8.34%	38	18:1	420	410	26.34%	97.74%
2015	309	6,290,473	20,829	26.40%	37	N/A	309	304	2.27%	98.38%
2014	302	4,976,749	16,106	14.65%	36	N/A	302	298	-2.32%	98.68%
2013	309	4,340,859	14,048	1.51%	37	N/A	309	303	0.00%	98.06%
2012	309	4,276,217	15,494	7.66%	29	N/A	309	303	10.68%	98.06%
2011	276	3,972,052	-	0.00%	29	N/A	276	270	0.00%	97.83%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 School Building Information
 (Unaudited)
 Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Charter School Building</u>										
<u>Elementary</u>										
Name of School (Year)										
Square Feet	82,750	60,000	60,000	55,000	45,000	45,000	45,000	45,000	45,000	45,000
Capacity (students)	1320	816	650	480	432	336	336	336	336	336
Enrollment	1042	828	616	478	419	309	302	309	309	276
Number of Schools at June 30, 2020										
Elementary = 1	516	411	263	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Middle School = 1	340	224	167	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High School = 1	186	193	186	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Insurance Schedule
June 30, 2020

<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
NJSIG		
<u>Commercial Package</u>		
Property Blanket Building & Contents	\$500,000,000	1,000
Occurrence Limit	\$11,000,000	None
Automobile Limit	\$11,000,000	None
Employee Benefit Liability	\$11,000,000	1,000
Environmental Impairment/Pollution Liability - Zurich	\$1,000,000 occ.	25,000
Pool Aggregate	\$11,000,000	
<u>Workers' Compensation</u>		
Statutory Benefits	Included	
Employer's Liability	\$2,000,000	
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
<u>School Leaders Errors & Omissions</u>		
Coverage A Limit Each Loss	\$11,000,000	10,000
Coverage B Limit Each Loss	\$100,000	10,000
Coverage C Limit Each Loss	\$300,000	10,000
<u>Crime Coverage</u>		
Blanket Public Employee Dishonesty	\$250,000	1,000
Computer Fraud	\$250,000	1,000
Forgery	\$250,000	1,000
Theft/Disappearance/Destruction		
Inside	\$25,000	500
Outside	\$25,000	500
<u>Public Official Bonds</u>		
Treasurer	\$200,000	1,000
Board Secretary	\$180,000	1,000

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	834,191	1,480,059	3,808,663	Audit: Exhibit A-1
Current Assets (include cash)	1,468,855	2,683,651	4,988,192	Audit: Exhibit A-1
Current Liabilities	130,560	478,961	1,629,332	Audit: Exhibit A-1
Total Expenses	9,595,092	11,832,327	15,236,152	Audit: Exhibit A-2
Change in Net Position	326,648	863,657	888,833	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	614	816	1,014.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	610	828	1,042	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/lease/bond payable:</i>				
Depreciation Expense	46,004	63,277	76,720	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators	2018			2019			2020			3 YR CUM			Calculation***	Target***
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020		
Near Term Indicators														
1a. Current Ratio (working capital ratio)	11.25	5.60	3.06										Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	32	46	91										Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	101%	99%	97%										Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquent in debt payments	NO	NO	NO										Auditor	not in default
Sustainability Indicators														
2a*** 3 Year Cumulative Cash Flow	(188,187)	645,868	2,328,604										Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	N/A	N/A	N/A										N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2020 =2020 Cash -2019 Cash; 2019 =2019 Cash -2018 Cash; 2018 =2018 Cash -2017 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Jersey College Prep Charter School (Charter School), in the County of Somerset, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

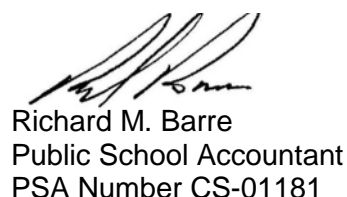
Compliance and Other Matters

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

Purpose of This Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

January 15, 2021

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

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

Report on Compliance for Each Major State Program

We have audited the Central Jersey College Prep Charter School’s (Charter School) compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020. The Charter School’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

The Charter School’s 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 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; AND the audit requirements of State of New Jersey’s 15-08 OMB, *Single Audit Policy for Recipients of State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey’s OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Central Jersey College Prep Charter School, in the County of Somerset, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

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


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

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

Purpose of This Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

January 15, 2021

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2019	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Pass Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2020		
														Unearned Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010A	S0010A200030	NCLB - 6018 - 20	\$ 90,293	7/1/19	\$ -	\$ -	\$ -	\$ (90,293)	\$ -	\$ -	\$ -	\$ (90,293)	\$ -	\$ -	
Title I, Part A Carryover	84.365A	S385A200030	NCLB - 6018 - 19	133,091	9/1/18	(133,091)	-	133,091	-	-	-	-	-	-	-	
Title III	84.367A	S387A200029	NCLB - 6018 - 20	21,569	7/1/19	-	-	-	(15,105)	-	-	-	(15,105)	-	-	
Title II Part A	84.367A	S387A190029	NCLB - 6018 - 19	36,087	7/1/18	(36,087)	-	36,087	(21,569)	-	-	-	(21,569)	-	-	
Title IV State & Drug Free	84.186A	S324A200031	NCLB - 6018 - 20	10,000	9/1/19	-	-	10,000	(10,000)	-	-	-	-	-	-	
Charter Expansion Competitive Grant	84.282A	U282A200015	16E00075	196,277	7/1/19	-	-	196,277	(196,277)	-	-	-	-	-	-	
Individuals with Disabilities Cluster:																
Social Education Cluster (IDEA):																
I.D.E.A. Part B Basic	84.027	H027A200031	IDEA - 6018 - 20	143,373	7/1/19	-	-	-	(143,373)	-	-	-	(143,373)	-	-	
I.D.E.A. Part B Basic Carryover	84.027	H027A190031	IDEA - 6018 - 19	99,508	9/1/18	(99,508)	-	99,508	-	-	-	-	-	-	-	
I.D.E.A. Preschool	84.173	H027A200031	IDEA - 6018 - 20	2,119	9/1/19	(99,509)	-	99,509	(145,492)	-	-	-	(145,492)	-	-	
Total Special Education (IDEA) Cluster																
Other Special Revenue Funds:																
Rural Education Achievement Program	84.359A		ESEA	32,821	7/1/19	-	-	32,821	(32,821)	-	-	-	-	-	-	
Total Other Special Revenue Funds				32,821		-	-	32,821	(32,821)	-	-	-	-	-	-	
Total Special Revenue Fund				507,784		(269,656)	-	507,784	(511,557)	-	-	-	(272,459)	-	-	
U.S. Department of Agriculture																
Passed-through State Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program	10.553	201NJ304N1099	N/A	17,053	7/1/19	-	-	6,374	(17,053)	-	-	-	(7,689)	-	-	
National School Breakfast Program	10.553	191NJ304N1099	N/A	18,054	7/1/18	(1,148)	-	1,148	-	-	-	-	-	-	-	
National School Lunch Program	10.555	201NJ304N1099	N/A	88,237	7/1/19	(6,596)	-	101,707	(103,044)	-	-	-	(1,337)	-	-	
National School Lunch Program	10.555	191NJ304N1099	N/A	88,237	7/1/18	(7,754)	-	118,515	(120,107)	-	-	-	(9,226)	-	-	
Total Child Nutrition Cluster:				193,581		(15,502)	-	227,544	(220,107)	-	-	-	(18,252)	-	-	
Total Enterprise Fund				118,915		(7,754)	-	118,915	(120,107)	-	-	-	(9,026)	-	-	
Sub-Total Federal Financial Awards				626,599		(276,420)	-	626,599	(631,664)	-	-	-	(281,465)	-	-	

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2020		MEMO
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor					Unearned Revenue/ Interfund Payable	Due to Grantor	
State Department of Education													
General Fund:													
State Public Cluster													
Education Aid	20-495-034-5120-078	\$ 2,087,472	7/1/19	6/30/20	\$ -	\$ -	\$ 1,676,646	\$ (2,087,472)	\$ -	\$ -	\$ (410,826)	\$ -	\$ 2,087,472
Education Aid	19-495-034-5120-078	1,705,630	7/1/18	6/30/19	(261,231)	-	261,231	(236,744)	-	-	-	-	236,744
Special Education Categorical Aid	20-495-034-5120-089	236,744	7/1/19	6/30/20	-	-	181,940	(181,940)	-	-	-	-	181,940
Security Aid	20-495-034-5120-084	181,940	7/1/19	6/30/20	(261,231)	-	2,366,561	(2,506,156)	-	-	(410,826)	-	2,506,156
Total State Aid-Public Cluster													
On-Behalf TPAF Post-Retirement Medical Contributions (N	20-495-034-5094-001	202,350	7/1/19	6/30/20	-	-	202,350	(202,350)	-	-	-	-	202,350
On-Behalf TPAF Pension Contributions (Non-Budgeted)	20-495-034-5094-002	545,443	7/1/19	6/30/20	-	-	545,443	(545,443)	-	-	-	-	545,443
On-Behalf TPAF Long-Term Disability Contributions (Non-E	20-495-034-5094-004	1,472	7/1/19	6/30/20	-	-	1,472	(1,472)	-	-	-	-	1,472
Reimbursed TPAF - Social Security	20-495-034-5094-003	335,289	7/1/19	6/30/20	-	-	316,697	(335,289)	-	-	(18,592)	-	335,289
Reimbursed TPAF - Social Security	19-495-034-5094-003	188,064	7/1/18	6/30/19	(22,897)	-	22,897	-	-	-	-	-	-
Total General Fund													
Total State Financial Assistance							3,445,420	(3,590,710)	-	-	(429,418)	-	3,590,710
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	20-100-010-3350-023	4,130	7/1/19	6/30/20	(222)	-	2,813	(4,130)	-	-	(1,317)	-	4,130
National School Lunch Program (State Share)	19-100-010-3350-023	2,891	7/1/18	6/30/19	-	-	222	-	-	-	-	-	-
Total Enterprise Fund													
Total State Financial Assistance							3,035	(4,130)	-	-	(1,317)	-	4,130
Total State Financial Assistance							3,448,455	(3,594,840)	-	-	(430,735)	-	3,594,840
State Financial Assistance Not Subject to Major Program Determination:													
General Fund:													
On-Behalf TPAF Post-Retirement Medical Contributions (N	20-495-034-5094-001	202,350	7/1/19	6/30/20	-	-	(202,350)	202,350	-	-	-	-	(202,350)
On-Behalf TPAF Pension Contributions (Non-Budgeted)	20-495-034-5094-002	545,443	7/1/19	6/30/20	-	-	(545,443)	545,443	-	-	-	-	(545,443)
On-Behalf TPAF Long-Term Disability Contributions (Non-E	20-495-034-5094-004	1,472	7/1/19	6/30/20	-	-	(1,472)	1,472	-	-	-	-	(1,472)
Total State Financial Assistance Subject to Single Audit							2,699,190	(2,845,575)	-	-	(430,735)	-	2,845,575

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, *“Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2020

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,590,710	\$ 3,590,710
Special Revenue Fund	511,557	-	511,557
Food Service Fund	120,107	4,130	124,237
Total Awards & Financial Assistance	<u>\$ 631,664</u>	<u>\$ 3,594,840</u>	<u>\$ 4,226,504</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Central Jersey College Prep Charter School has no loan balances outstanding at June 30, 2020.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2020

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 90,293
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>21,569</u>
Total	<u>\$ 126,967</u>

NOTE 9. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Report

Financial Statements

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

Federal Awards

N/A

State Awards

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

Identification of major state programs:

GMIS Number(s)	Name of State Program or Cluster
_____	_____ Total State Aid – Public Cluster _____
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020

Section II –Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings

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

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

CURRENT YEAR FEDERAL AWARDS

N/A

CURRENT YEAR STATE AWARDS

No Current Year Findings

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2020

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (511 (a)(b)) and NJOMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings