

***THE BENJAMIN BANNEKER PREPARATORY
CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2017

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

***The Benjamin Banneker Preparatory Charter School
Board of Trustees
Willingboro, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by

***The Benjamin Banneker Preparatory Charter School
Finance Department***

And

Barre & Company LLC, CPAs

STATE BOARD OF EDUCATION

ARCELIO APONTEMiddlesex
President

ANDREW J. MULVIHILL.....Sussex
Vice President

RONALD K. BUTCHERGloucester

JACK FORNAROWarren

EDITHE FULTONOcean

ERNEST P. LEPOREHudson

**Kimberley Harrington, Commissioner of Education
Secretary, State Board of Education**

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
 FINANCIAL SECTION.....	 9
Independent Auditor's Report	10
 REQUIRED SUPPLEMENTARY INFORMATION – PART I	 13
Management’s Discussion and Analysis.....	14
 BASIC FINANCIAL STATEMENTS.....	 20
SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS.....	21
A-1 Statement of Net Position	22
A-2 Statement of Activities.....	23
 SECTION B – FUND FINANCIAL STATEMENTS	 24
GOVERNMENTAL FUNDS	25
B-1 Balance Sheet.....	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
 PROPRIETARY FUNDS.....	 29
B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses, and Changes in Net Position	31
B-6 Statement of Cash Flows	32
 FIDUCIARY FUNDS	 33
B-7 Statement of Fiduciary Net Position.....	34
 NOTES TO THE FINANCIAL STATEMENTS	 35
 REQUIRED SUPPLEMENTARY INFORMATION – PART II	 67

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
FINANCIAL SECTION (CONTINUED)	
SECTION C – BUDGETARY COMPARISON SCHEDULES	68
C-1 Budgetary Comparison Schedule – General Fund.....	69
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	72
C-3 Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation.....	73
OTHER SUPPLEMENTARY INFORMATION	74
SECTION E – SPECIAL REVENUE FUND	75
E-1 Special Revenue Fund.....	76
SECTION G – PROPRIETARY FUNDS	77
SECTION H – FIDUCIARY FUNDS	78
H-1 Combining Statement of Fiduciary Net Position.....	79
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements	80
SECTION I – LONG-TERM DEBT	81
I-1 Schedule of Serial Bonds.....	82
I-2 Schedule of Obligation Under Capital Leases.....	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule.....	N/A
STATISTICAL SECTION (UNAUDITED).....	83
INTRODUCTION TO THE STATISTICAL SECTION.....	84
FINANCIAL TRENDS	85
J-1 Net Assets/Position by Component.....	86
J-2 Changes in Net Assets/Position	87
J-3 Fund Balances-Governmental Funds.....	88
J-4 Changes in Fund Balances, Governmental Funds.....	89
J-5 General Fund Other Local Revenue by Source (NJ)	90

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
TABLE OF CONTENTS**

Page

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

OPERATING INFORMATION.....		91
J-16	Full-time Equivalent Charter School Employees by Function/Program	92
J-17	Operating Statistics	93
J-18	School Building Information	94
J-20	Insurance Schedule (NJ).....	95
J -21	Charter School Performance Framework, Financial Performance, Fiscal Ratios	96

SINGLE AUDIT SECTION..... 97

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	98
K-2	Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control over Compliance In Accordance With New Jersey OMB Circular 04-04.....	100
K-3	Schedule of Expenditures of Federal Awards – Schedule A.....	103
K-4	Schedule of Awards of State Financial Assistance – Schedule B.....	104
K-5	Notes to Schedules of Expenditures of Awards and Financial Assistance	105
K-6	Schedule of Findings and Questioned Costs	108
K-7	Summary Schedule of Prior Year Audit Findings Questioned Costs As Prepared by Management.....	109
K-8	Summary Schedule of Prior Year Audit Findings	110

***THE BENJAMIN BANNEKER PREPARATORY CHARTER
SCHOOL
1000 SALEM ROAD, SUITE D
WILLINGBORO, NEW JERSEY 08046***

November 30, 2017

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
Willingboro, New Jersey 08046

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of The Benjamin Banneker Preparatory Charter School (Charter School) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position 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 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.


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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of The Benjamin Banneker Preparatory Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and the *Division of Finance, Department of Education, State of New Jersey*, in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLO
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
November 30, 2017

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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.

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.

There being no special revenue funds during the first year of operation for the Charter School, there is no presentation of a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting.

D. Encumbrances Accounting

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

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The 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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions:

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

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

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

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

F. 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. Due to the age of the Charter School, this will have application in the upcoming school year, i.e., 2016-2017.

G. IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES

Adopted Accounting Pronouncements

For the year ended June 30, 2017, the Charter School implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncements (Continued)

Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School's financial statements.

The Charter School implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Charter School's financial statements.

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

Recently Issued and Adopted Accounting Pronouncements

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

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

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (Continued)

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

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

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

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement will be effective for the year ended December 15, 2019. Management has not yet evaluated the impact of this Statement on the Charter School's financial statements

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

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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.

Investments

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

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

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 108,976</u>	<u>\$ 17,043</u>	<u>\$ 32,198</u>	<u>\$ 2,236</u>	<u>\$ 160,453</u>

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

Investments (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$160,453 and the bank balance was \$175,463. 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, 2017, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3: RECEIVABLES

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 29,436	\$ 29,457
Federal Aid	18,580	19,775
Other	-	9,624
Gross Receivables	<u>48,016</u>	<u>58,856</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 48,016</u></u>	<u><u>\$ 58,856</u></u>

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 37,830	\$ 5,882
Special Revenue Fund		35,623
Proprietary Fund	5,882	
Fiduciary Fund		<u>2,207</u>
Total	<u><u>\$ 43,712</u></u>	<u><u>\$ 43,712</u></u>

NOTE 5: CAPITAL ASSETS

On June 29, 2017, the Charter School closed on the purchase of a building located at 315 Bridge Street, Westhampton, NJ. The future plan is for the Charter School to move into this building as its principal school location for the 2017-2018 school year, and thus be able to add more grades each year due to the increased space of this particular facility. On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2)

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: CAPITAL ASSETS (CONTINUED)

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.

NOTE 6: RENTAL LEASES

The Charter School entered into a lease agreement, dated May 12, 2014, as a sub-tenant with Strayer University, for premises located at 300 Willingboro Parkway, Suite 125, Willingboro, New Jersey, to be used for additional classroom space. The term of this lease runs until August 31, 2021, with a schedule of rents which is set forth in the lease agreement.

In addition, the school entered into a separate lease agreement for space at 1000 Salem Road, Suite D, Willingboro, New Jersey, to be used for Administrative Offices. The term of this lease was for a period of three (3) years, commencing August 15, 2013, and with a monthly rental of \$2,500. This Lease was extended for an additional three (3) years by way of Agreement dated July 1, 2016, for a monthly rental of \$2,600. Lastly, an additional lease with D&D College Properties was entered into on May 28, 2014, for additional classroom space, at the same location that is shared with Strayer University. The term of this lease is for seven (7) years.

Total rental payments amounted to \$218,212 for the year ended June 30, 2017. Future minimum lease payments are as follows:

2018	278,854
2019	281,206
2020	283,546
2021	285,898
Total minimum lease payments	\$ 1,129,504

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).

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2015 through June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$31,252 for fiscal year ended June 30, 2017.

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

At June 30, 2017, the Charter School reported a liability of \$ 1,041,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.0035178413% which was a decrease of 0.00195945% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of \$213,927. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 215,823	\$ -
Changes in Proportion	685,705	319,326
Difference between Expected and Actual Experience	19,376	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	39,728	
	\$ 960,632	\$ 319,326

Changes in Proportion

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 61,897
2018	61,897
2019	71,710
2020	60,247
2021	19,175
	\$ 274,926

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuations as of July 1, 2015. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are setback 4 years for males and in addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.66% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percent-point higher than the current rate:

Fiscal Year Ended June 30, 2016			
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
CS / District's proportionate share of the Net Pension Liability	\$ 1,276,707	\$ 1,041,884	\$ 848,017

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
CS / District's proportionate share of the Net Pension Liability	\$ 828,587	\$ 658,636	\$ 515,921

Pension Plan Fiduciary Net Position

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

A. Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members 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, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

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

Special Funding Situation

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2017, the State of New Jersey contributed \$195,769 to the TPAF for normal pension benefits on behalf of the Charter School, which is more than the contractually required contribution of \$52,482

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the Charter School was \$5,184,031. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.0065898949% which was the first such proportionate share, this being the Charter School's first year of participation.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>5,184,031</u>
Total	<u><u>\$ 5,184,031</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$52,482 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

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

The \$17,581,004,496 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$300,836,088 reported as a deferred inflow of resources resulting from the difference between projected and actual.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2016 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
U.S. Equity Markets	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds- Multi Strategy	5.00%	3.70%
Hedge Funds- Equity Hedge	3.75%	4.72%
Hedge Funds- Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85 of June 30, 2016 based on the Bond Buyer Go 20 Bond

Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate – TPAF (Continued)

position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on 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 represents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
CS / District's proportionate share of the Net Pension Liability	\$ 6,219,423	\$ 5,207,922	\$ 4,381,901
Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
CS / District's proportionate share of the Net Pension Liability	\$ 4,265,177	\$ 3,546,225	\$ 2,948,245

Pension Plan Fiduciary Net Position – TPAF

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

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.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

For DCRP, the Charter School recognized pension expense of \$-0-for the fiscal year ended June 30, 2017. Employee contributions amount to \$-0-for the fiscal year ended June 30, 2017.

NOTE 8: POST-RETIREMENT BENEFITS

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

General Fund

Of the \$179,328 fund balance total in General Fund at June 30, 2017, \$179,328 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
District Equalization - Charter School Aid	\$ 2,435,289	\$ -	\$ 2,435,289	\$ 977,203	\$ (1,458,086)
Total Local Levy	2,435,289	-	2,435,289	977,203	(1,458,086)
Categorical Aid:					
Equalization - Local Levy Aid				1,306,141	1,306,141
Special Education Aid				47,611	47,611
Categorical Security Aid				51,069	51,069
State Adjustment Aid				75,252	75,252
Total Categorical Aid	-	-	-	1,480,073	1,480,073
Revenues From Other Sources:					
Miscellaneous Revenue				8,571	8,571
On-Behalf TPAF Pension Aid (Non - Budgeted)				101,754	101,754
On-Behalf TPAF Post Retirement Medical Aid (Non-Budgeted)				84,783	84,783
On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted)				861	861
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				47,940	47,940
Total Revenues From Other Sources	-	-	-	243,914	243,914
Total Revenues	2,435,289	-	2,435,289	2,701,190	265,901
EXPENDITURES:					
Instruction:					
Salaries of Teachers	917,689	(20,000)	897,689	844,829	52,860
Other Salaries for Instruction	141,934	20,000	161,934	147,001	14,933
General Supplies	75,000	15,530	90,530	86,619	3,911
Textbooks	50,000	(20,000)	30,000	10,677	19,323
Miscellaneous	10,000	50	10,050	3,508	6,542
Total Instruction	1,194,623	(4,420)	1,190,203	1,092,634	97,569
Administration:					
Salaries - General Administration	324,660	(71,498)	253,162	253,162	-
Salaries of Secretarial/Clerical Assistants	190,197		190,197	185,730	4,467
Total Benefits Cost	241,644	49,412	291,056	279,281	11,775
Purchases Prof/Tech Services	80,750	14,241	94,991	94,991	-
Other Purchased Services	62,675	17,326	80,001	79,989	12
Communications/Telephone	20,000		20,000	11,734	8,266
Supplies and Materials	15,000	(3,569)	11,431	10,616	815
Miscellaneous Expenses	24,126	(5,250)	18,876	18,876	-
Total Administration	959,052	662	959,714	934,379	25,335

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	240,000	(21,551)	218,449	218,212	237
Other Purchased Services	4,500	3,323	7,823		7,823
Insurance for Property, Liability and Fidelity	19,140		19,140	15,162	3,978
Supplies and Materials	5,000	15,596	20,596	15,632	4,964
Energy Costs (Heat and Electricity)	10,000	5,000	15,000	12,411	2,589
Miscellaneous Expenses					
Total Support Services	278,640	2,368	281,008	261,417	19,591
Capital Outlay:					
Instructional Equipment	10,000	4,702	14,702	13,410	1,292
Non-Instructional Equipment		1,242	1,242	1,242	-
Miscellaneous Expenses				82,633	(82,633)
Total Capital Outlay	10,000	5,944	15,944	97,285	(81,341)
On-Behalf TPAF Pension Contributions (Non Budgeted)				101,754	(101,754)
On-Behalf TPAF Post Retirement Medical Contributions (Non-Budgeted)				84,783	(84,783)
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				861	(861)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	47,940	(47,940)
Total Expenditures	2,442,315	4,554	2,446,869	2,621,053	12,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,026)	(4,554)	(11,580)	80,137	91,717
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,026)	(4,554)	(11,580)	80,137	91,717
FUND BALANCE, JULY 1	99,191	-	99,191	99,191	-
FUND BALANCE, JUNE 30	\$ 92,165	\$ (4,554)	\$ 87,611	\$ 179,328	\$ 91,717
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ 92,165	\$ (4,554)	\$ 87,611	\$ 179,328	\$ 91,717
Total	\$ 92,165	\$ (4,554)	\$ 87,611	\$ 179,328	\$ 91,717

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ -	\$ 82,893	\$ 82,893	\$ 82,893	\$ -
Total Revenues	-	82,893	82,893	82,893	-
EXPENDITURES:					
Instruction:					
Salaries		61,752	61,752	61,752	-
General Supplies		12,195	12,195	12,195	-
Total Instruction	-	82,893	82,893	82,893	-
Support Services:					
Salaries					
Salaries of Secretarial and Clerical Assistants					
Personal Services - Employee Benefits					
Purchased Technical Services					
Other Purchased Services					
Total Support Services	-	-	-	-	-
Total Expenditures	-	82,893	82,893	82,893	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 2,701,190	[C-2] \$ 82,893
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<u> </u>	<u>(3,195)</u>
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>2,701,190</u>	[B-2] \$ <u>79,698</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,621,053	[C-2] \$ 82,893
 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.		(3,195)
 Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes.		
Net Transfers (Outflows) to/from general fund.	<u> -</u>	<u> </u>
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>2,621,053</u>	[B-2] \$ <u>79,698</u>

OTHER SUPPLEMENTARY INFORMATION

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

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. There being no Special revenue funds this year, no Schedule E is provided.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

E-1

	NCLB Title I	I.D.E.A. Part B	Grand Total
REVENUE SOURCES:			
Federal	\$ 52,908	\$ 29,985	\$ 82,893
 Total Revenues	52,908	29,985	82,893
 EXPENDITURES:			
Instruction:			
Salaries	31,767	29,985	61,752
General Supplies	12,195		12,195
 Total Instruction	52,908	29,985	82,893
 Total Expenditures	52,908	29,985	82,893
 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 FUNDS
DETAIL STATEMENTS**

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

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.

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 student funds held at the schools.

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Agency	
	Net Payroll	Total Agency Fund
ASSETS:		
Cash and Cash Equivalents	\$ 29	\$ 29
Total Assets	\$ 29	\$ 29
LIABILITIES:		
Accrued Salaries and Benefits	29	29
Total Liabilities	\$ 29	\$ 29

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Cash Additions	Cash Deletions	Balance June 30, 2017
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	-	639,170	639,170	-
Total Liabilities	<u>\$ -</u>	<u>\$ 639,170</u>	<u>\$ 639,170</u>	<u>\$ -</u>

SECTION I – LONG-TERM DEBT

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Schedule of Notes Payable

June 30, 2017

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
Mortgage	6/29/17	\$ 2,440,000	6.39%	\$ -	\$ 2,440,000	\$ -	\$ 2,440,000
Second Mortgage	6/29/17	\$ 210,000	8.00%	-	210,000	-	210,000
				\$ -	\$ 2,650,000	\$ -	\$ 2,650,000

STATISTICAL SECTION (UNAUDITED)

The Benjamin Banneker Preparatory Charter School has been in operation for five (5) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for five (5) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

These schedules contain information to help the reader assess the 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, 2013; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Net Assets/Position by Component

Last Five Fiscal Years

(accrual basis of accounting)

Fiscal Year Ending June 30,

	2017	2016	2015	2014	2013
Governmental Activities					
Unrestricted	\$ (221,250)	99,192	63,940	274,563	191,457
Total Governmental Activities Net Assets/Position	<u>\$ (151,862)</u>	<u>\$ 99,192</u>	<u>\$ 63,940</u>	<u>\$ 274,563</u>	<u>\$ 191,457</u>
Business-Type Activities					
Unrestricted	\$ 16,753	\$ 16,316	\$ 10,479	\$ 2,565	\$ 7,100
Total Business-Type Activities Net Assets/Position	<u>\$ 16,753</u>	<u>\$ 16,316</u>	<u>\$ 10,479</u>	<u>\$ 2,565</u>	<u>\$ 7,100</u>
Charter School-wide					
Unrestricted	\$ (204,497)	115,508	74,419	277,128	198,557
Total Charter School-wide Net Assets/Position	<u>\$ (135,109)</u>	<u>\$ 115,508</u>	<u>\$ 74,419</u>	<u>\$ 277,128</u>	<u>\$ 198,557</u>

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Changes in Net Assets/Position
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2017	2016	2015	2014	2013
Expenses					
Governmental Activities:					
Instruction	\$ 1,625,354	\$ 1,138,817	\$ 134,409	\$ 111,113	\$ 79,986
Administration	1,117,273	680,920	818,787	872,808	504,635
Support Services	261,417	355,319	388,518	196,435	92,813
Capital Outlay	27,897	818	42,933	11,115	16,574
Total Governmental Activities Expenses	<u>3,031,941</u>	<u>2,175,874</u>	<u>1,384,647</u>	<u>1,191,471</u>	<u>694,008</u>
Business-Type Activities:					
Food Service and School Store	53,732	54,945	43,479	46,302	41,037
Total Business-Type Activities Expenses	<u>53,732</u>	<u>54,945</u>	<u>43,479</u>	<u>46,302</u>	<u>41,037</u>
Total Charter School Expenses	<u>\$ 3,085,673</u>	<u>\$ 2,230,819</u>	<u>\$ 1,428,126</u>	<u>\$ 1,237,773</u>	<u>\$ 735,045</u>
Program Revenues					
Governmental Activities:					
Operating Grants and Contributions	\$ 47,611	\$ 29,461	\$ 29,892	\$ -	\$ -
Total Governmental Activities Expenses	<u>47,611</u>	<u>29,461</u>	<u>29,892</u>	<u>-</u>	<u>-</u>
Business-Type Activities:					
Charges for Services	15,878	16,077	12,819	11,201	11,268
Operating Grants and Contributions	38,292	39,704	33,573	29,067	24,711
Total Business-Type Activities Expenses	<u>54,170</u>	<u>55,781</u>	<u>46,392</u>	<u>40,268</u>	<u>35,979</u>
Total Charter School Program Revenues	<u>\$ 101,781</u>	<u>\$ 85,242</u>	<u>\$ 76,284</u>	<u>\$ 40,268</u>	<u>\$ 35,979</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (2,984,330)	\$ (2,146,413)	\$ (1,354,755)	\$ (1,191,471)	\$ (694,008)
Business-Type Activities	438	836	2,913	(6,034)	(5,058)
Total Charter School-wide Net Expense	<u>\$ (2,983,892)</u>	<u>\$ (2,145,577)</u>	<u>\$ (1,351,842)</u>	<u>\$ (1,197,505)</u>	<u>\$ (699,066)</u>
General Revenues and Other Changes in Net Assets/Position					
Governmental Activities:					
General Purposes	\$ 977,203	\$ 830,104	\$ 777,173	\$ 768,677	\$ 604,446
Federal and State Aid Not Restricted	1,747,498	1,576,798	1,343,532	1,350,516	1,012,474
Miscellaneous Income	8,571	39,558	12,617	4,810	13,184
Transfers	-	-	-	-	(12,058)
Total Governmental Activities	<u>2,733,277</u>	<u>2,446,460</u>	<u>2,133,322</u>	<u>2,124,003</u>	<u>1,618,046</u>
Business-Type Activities:					
Transfers	\$ -	5,000	5,000	1,500	12,058
Total Business-Type Activities	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>1,500</u>	<u>12,058</u>
Total Charter School-wide	<u>\$ 2,733,277</u>	<u>\$ 2,451,460</u>	<u>\$ 2,138,322</u>	<u>\$ 2,125,503</u>	<u>\$ 1,630,104</u>
Change in Net Assets/Position					
Governmental Activities	\$ (251,053)	\$ 300,047	\$ 778,567	\$ 932,532	\$ 924,038
Business-Type Activities	438	5,836	7,913	(4,534)	7,000
Total Charter School	<u>\$ (250,615)</u>	<u>\$ 305,883</u>	<u>\$ 786,480</u>	<u>\$ 927,998</u>	<u>\$ 931,038</u>

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Fund Balances - Governmental Funds

Last Five Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2017	2016	2015	2014	2013
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	179,328	99,192	63,940	274,563	191,457
Total General Fund	\$ 179,328	\$ 99,192	\$ 63,940	\$ 274,563	\$ 191,457
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Special Revenue Fund	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Changes in Fund Balances - Governmental Funds

Last Five Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2017	2016	2015	2014	2013
Revenues:					
Local Sources:					
Local Tax Levy	\$ 977,203	\$ 830,104	\$ 777,173	\$ 768,677	\$ 604,446
Miscellaneous	8,571	39,558	12,617	4,810	13,184
State Sources	1,715,411	1,439,580	1,260,243	1,268,164	1,012,474
Federal Sources	79,698	166,679	113,181	82,352	-
Total Revenues	<u>2,780,888</u>	<u>2,475,921</u>	<u>2,163,219</u>	<u>2,124,003</u>	<u>1,630,109</u>
Expenditures:					
Instruction	1,172,332	1,085,577	993,706	870,749	698,183
Administration	934,379	815,396	900,740	916,793	584,621
Support Services	496,755	538,878	436,458	242,240	139,269
Capital Outlay	97,285	818	42,933	11,115	16,574
Total Expenditures	<u>2,700,751</u>	<u>2,440,669</u>	<u>2,373,837</u>	<u>2,040,897</u>	<u>1,438,647</u>
Net Change in Fund Balance	<u>\$ 80,137</u>	<u>\$ 35,252</u>	<u>\$ (210,618)</u>	<u>\$ 83,106</u>	<u>\$ 191,462</u>

Source: Charter School records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

General Fund - Other Local Revenue by Source

Last Five Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2017	\$ -	\$ 4,061	\$ 4,510	\$ 8,571
2016	-	-	39,558	39,558
2015	-	-	12,617	12,617
2014	-	-	4,810	4,810
2013	200	-	12,984	13,184

Source: Charter School records

OPERATING INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Five Fiscal Years

\

Function	2017	2016	2015	2014	2013
Instruction	16	16	12	13	11
Administrative	3	3	3	3	3
Support Services	4	4	7	4	2
Food Service	1	1	1	1	1
Total	24	24	23	21	17

Source: Charter School Personal Records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Operating Statistics
 Last Four Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	School				
2017	181	\$ 2,700,751	\$ 14,921	-5.24%	12	N/A	11:1	177.9	175	17.04%	96.69%	
2016	155	2,440,669	15,746	2.15%	12	N/A	11:1	152	152	1.00%	100.00%	
2015	154	2,373,837	15,415	N/A	12	N/A	11:1	150.5	142	0.80%	94.35%	
2014	150	2,040,897	13,606	N/A	11	N/A	11:1	149.3	141	26.10%	94.44%	
2013	120	1,438,647	11,989	#DIV/0!	11	N/A	11:1	118.4	112	0.00%	94.59%	

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).

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 School Building Information
 Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Charter School Building</u>				
<u>Middle School</u>				
Square Feet	10,000	10,000	10,000	10,000
Capacity (students)	155	155	150	150
Enrollment	155	155	150	120
<u>Other</u>				
<u>Administration Offices</u>				
Square Feet	1,475	1,475	1,475	1,475

Number of Schools at June 30, 2017
 Middle School = 1

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Insurance Schedule

June 30, 2017

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
Markel Insurance Company		Annual Premium - \$7,842 (Package) CHP70003053 10/18/16 - 10/18/17 Covered Locations: 300 Willingboro Way, Willingboro, NJ 1000 Salem Road, Suite D, Willingboro, NJ
<u>Property</u>		
Business Personal Property	\$500,000	\$1,000 Deductible - Willingboro Way
Business Personal Property	\$50,000	\$1,000 Deductible - Salem Road
Business Income	\$300,000	\$1,000 Deductible
<u>General Liability Coverage</u>		
General Aggregate Limit	\$3,000,000	
Each Occurrence Limit	\$1,000,000	
Products/Completed Operations Aggregate Limit	\$3,000,000	
Sexual Abuse per occurrence	\$1,000,000	
Sexual Abuse Aggregate	\$2,000,000	
Personal Injury/Advertising Injury	\$1,000,000	
Medical Expense Limit	\$10,000	
Damage to Premises Rented to You	\$1,000,000	
<u>Educators' Liability</u>		
Each Wrongful Act w/\$2,500 Deductible	\$1,000,000	
Aggregate w/\$2,500 Deductible	\$2,000,000	
<u>Crime</u>		
Employee Theft	\$130,000	\$2,500 Deductible
Inside the Premise/Robbery or Safe Burglary	\$130,000	\$1,000 Deductible
<u>Automobile Liability - Hired & Non-Owned Occurrence</u>	\$1,000,000	
<u>Umbrella</u>		
Markel Insurance Company		Annual Premium - \$1,275.00 CHU70003053 10/18/16 - 10/18/17
Each Occurrence	\$1,000,000	\$10,000 Deductible
<u>Darwin National Assurance Company</u>		Annual Premium - \$5,658.00 0202-5168 6/25/16-6/25/17
<u>Educators E&O/EPLI</u>		
Employers E&O Limit	\$1,000,000	\$2,500 Deductible
Employment Practices Liability Limit	\$1,000,000	\$25,000 Deductible
Supplementary Payments for Defense Expenses-Each Claim	\$50,000	\$2,500 Deductible
Supplementary Payments for Defense Expenses-All Claims	\$100,000	\$2,500 Deductible
Markel Insurance Company		Annual Premium - \$702.00 CHA70003053
<u>Student Accident</u>		
Accident Medical Excess Benefit (Gold Plan)	\$1,000,000	
AD&D	\$10,000	
Markel Insurance Company		Annual Premium - \$24,495.00 MWC0099067
<u>Workers Compensation</u>		
Each Accident	\$1,000,000	8/31/16-8/31/17
Each Employee	\$1,000,000	Based on School Professional \$1,498,727 and School Non-Professional \$75,752
Policy Limit	\$1,000,000	

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	\$ 33,487	\$ 42,493	\$ 143,817	Audit: Exhibit A-1
Current Assets (includes CASH)	159,789	151,713	267,721	Audit: Exhibit A-1
Total Assets	159,789	151,713	3,947,741	Audit: Exhibit A-1
Current Liabilities	85,370	36,205	71,640	Audit: Exhibit A-1
Total Liabilities	85,370	36,205	4,082,850	Audit: Exhibit A-1
Net Assets	74,419	115,508	(135,109)	Audit: Exhibit A-1
Total Revenue	2,214,606	2,536,702	2,835,058	Audit: Exhibit A-2
Total Expenses	2,417,316	2,495,614	3,085,673	Audit: Exhibit A-2
Change in Net Assets	(202,710)	41,088	(250,615)	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	150.50	152.00	177.90	DOE Enrollment Reports
March, 30th Budgeted Enrollment	155	155	175	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			3 YR CUM	Source:	Target
	2013	2014	2015			
1a. Current Ratio	1.87	4.19	3.74	3.00	Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	5.06	6.21	17.01	10.03	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	97%	98%	102%	99%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.* Default	N/A	N/A	N/A		Audit	not in default
Sustainability Indicators						
2a. Total Margin	-9%	2%	-9%	-5%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.53	0.24	1.03	0.99	Total Liabilities/Total Assets	<.9
2c.** Cash Flow	33,487	9,006	101,324	143,817	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

SINGLE AUDIT SECTION

BARRE & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

K-1
Page 1

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
County of Burlington
Willingboro, 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 The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters


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

We also noted other matters that we reported to the Board of Trustees of The Benjamin Banneker Preparatory Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 30, 2017

Purpose of This Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
November 30, 2017

BARRE & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

K-2
Page 1

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

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
County of Burlington
Willingboro, New Jersey

Report on Compliance for Each Major State Program

We have audited The Benjamin Banneker Preparatory Charter School's compliance, with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017. 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

Management of The Benjamin Banneker Preparatory 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 the Uniform Guidance and NJ OMB Circular 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.


Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Benjamin Banneker Preparatory Charter School, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material aspects in relation to the basic financial statements as a whole.

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 NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY, LLC
Certified Public Accountants
Public School Accountants


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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2017	
												Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
No Child Left Behind Cluster:													
Title I Part A	84.010A	S010A150030	NCLB - 6076 - 17	\$ 82,242	9/1/16	8/31/17	\$ -	\$ 37,523	\$ (52,908)	\$ -	\$ -	\$ -	\$ -
Total No Child Left Behind Cluster	84.010A	S010A150030	NCLB - 6076 - 16	84,331	9/1/15	8/31/16	(29,635)	67,158	(62,908)	-	-	(15,385)	\$ -
Individuals with Disabilities Cluster:													
I.D.E.A. Part B Basic	84.027	H027A150030	IDEA - 6076 - 17	29,985	9/1/16	8/31/17	(688)	29,985	(29,985)	-	-	-	-
I.D.E.A. Part B Basic Carryover	84.027	H027A150030	IDEA - 6076 - 16	30,944	9/1/15	8/31/16	(688)	688	(29,985)	-	-	-	-
Total Individuals with Disabilities Cluster				60,929			(1,376)	30,673	(29,985)	-	-	-	-
Total Special Revenue Fund				145,271			(30,323)	97,831	(82,893)	-	-	(15,385)	-
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
School Breakfast Program	10.553	16161NJ304N1099	N/A	4,821	7/1/16	6/30/17		4,583	(4,821)			(238)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	3,339	7/1/15	6/30/16	(372)	372					
National School Lunch Program	10.555	16161NJ304N1099	N/A	32,758	7/1/16	6/30/17		31,601	(32,758)			(957)	
National School Lunch Program	10.555	16161NJ304N1099	N/A	35,361	7/1/15	6/30/16	(5,023)	5,023					
Total Enterprise Fund				74,279			(5,395)	41,779	(37,579)			(1,195)	
Sub-Total Federal Financial Awards				\$ 199,540			\$ (65,718)	\$ 139,610	\$ (120,472)	\$ -	\$ -	\$ (16,580)	\$ -

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grantor State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016			Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balance	Balance at June 30, 2017		Cumulative Total Expenditures
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	(Accounts Receivable)					Deferred Revenue/ Interfund Payable	Budgetary Receivable	
State Department of Education														
General Fund:														
State Aid - Public Cluster														
Equalization Aid	17-495-034-5120-078	\$ 1,306,141	7/1/16	6/30/17	\$ -	\$ -	\$ -	\$ 1,276,705	\$ (1,306,141)	\$ -	\$ -	\$ -	\$ 29,436	\$ 1,306,141
Special Education, Categorical Aid	17-495-034-5120-069	47,611	7/1/16	6/30/17	-	-	-	47,611	(47,611)	-	-	-	-	47,611
Security Aid	17-495-034-5120-064	51,069	7/1/16	6/30/17	-	-	-	51,069	(51,069)	-	-	-	-	51,069
Adjustment Aid	17-495-034-5120-065	73,252	7/1/16	6/30/17	-	-	-	73,252	(73,252)	-	-	-	-	73,252
Total State Aid - Public Cluster								1,468,637	(1,468,637)					1,483,073
On-Behalf TPAF Post-Retirement Medical Aid (Non-Bud	17-495-034-5094-001	84,783	7/1/16	6/30/17	-	-	-	84,783	(84,783)	-	-	-	-	84,783
On-Behalf TPAF Pension Aid (Non-Budgeted)	17-495-034-5094-002	101,754	7/1/15	6/30/16	-	-	-	101,754	(101,754)	-	-	-	-	101,754
On-Behalf TPAF Long Term Disability Aid (Non-Budgete	17-495-034-5094-004	861	7/1/16	6/30/17	-	-	-	861	(861)	-	-	-	-	861
Reimbursed TPAF - Social Security	17-495-034-5094-003	47,940	7/1/16	6/30/17	-	-	-	47,940	(47,940)	-	-	-	-	47,940
Reimbursed TPAF - Social Security	16-495-034-5094-003	67,971	7/1/15	6/30/16	(6,603)	-	-	6,603	-	-	-	-	-	-
Total General Fund					(6,603)	-	-	1,692,578	(1,715,411)	-	-	(29,436)	29,436	1,715,411
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	17-100-010-3350-023	713	7/1/16	6/30/17	(109)	-	-	692	(713)	-	-	(21)	21	713
National School Lunch Program (State Share)	16-100-010-3350-023	784	7/1/15	6/30/16	-	-	-	109	-	-	-	-	-	-
Total Enterprise Fund					(109)	-	-	801	(713)	-	-	(21)	21	713
Total State Financial Assistance					\$ (6,712)	\$ -	\$ -	\$ 1,693,379	\$ (1,716,124)	\$ -	\$ -	\$ (29,457)	\$ 29,457	\$ 1,716,124
State Financial Assistance Not Subject to Major Program Determination														
General Fund:														
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budget	17-495-034-5094-001	84,783	7/1/16	6/30/17	-	-	-	84,783	(84,783)	-	-	-	-	84,783
On-Behalf TPAF Pension Aid (Non-Budgeted)	17-495-034-5094-002	101,754	7/1/15	6/30/16	-	-	-	101,754	(101,754)	-	-	-	-	101,754
On-Behalf TPAF Long Term Disability Aid (Non-Budgeted)	17-495-034-5094-004	861	7/1/16	6/30/17	-	-	-	861	(861)	-	-	-	-	861
Sub-total					-	-	-	187,398	(187,398)	-	-	-	-	115,588
Total State Financial Assistance Subject to Single Audit					\$ (6,712)	\$ -	\$ -	\$ 1,505,981	\$ (1,528,726)	\$ -	\$ -	\$ (29,457)	\$ 29,457	\$ 1,600,536

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and \$3,195 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	\$ -	\$ 1,715,411	\$ 1,715,411
Special Revenue Fund	79,698	-	79,698
Food Service Fund	37,579	713	38,292
Total Awards & Financial Assistance	<u>\$ 117,277</u>	<u>\$ 1,716,124</u>	<u>\$ 1,833,401</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Benjamin Banneker Preparatory Charter School has no loan balances outstanding at June 30, 2017.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in 2 CFR *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Recipients of 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 programs are included in schoolwide programs for the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	<u>\$ 52,908</u>
Total	<u><u>\$ 52,908</u></u>

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

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

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	<u> X </u> None Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?	_____ Yes	<u> X </u> No
Identification of major state programs:		

GMIS Number(s)	Name of State Program
_____	<u>TOTAL STATE AID – PUBLIC CLUSTER</u>
<u>17-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>17-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>17-495-034-5120-084</u>	<u>SECURITY AID</u>
<u>17-495-034-5120-085</u>	<u>STATE ADJUSTMENT AID</u>

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

Section II –Financial Statement Findings

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

No Current Year Findings

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

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

No Current Year Findings

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings