

# **Millville Public Charter School**

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	<b>10</b>
<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>	<b>16</b>
<b>Basic Financial Statements</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
B-4 Combining Statement of Net Position	31
B-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	32
B-6 Combining Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35
<b>Notes to the Financial Statements</b>	<b>36</b>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	65
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	72
C-3 Budgetary Comparison Schedule - Note to RSI	73

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Table of Contents (Cont'd)

---

	<b>Page</b>
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the Charter School's Proportionate Share of the Net Pension Liability – PERS	76
L-2 Schedule of the Charter School's Contributions – PERS	77
L-3 Schedule of the Charter School's Proportionate Share of the Net Pension Liability – TPAF	78
L-4 Schedule of the Charter School's Contributions – TPAF	79
L-5 Notes to the Required Supplementary Information - Part III GASB 68 Pension Changes	80
<b>Required Supplementary Information - Part IV</b>	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	83
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	N/A
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	N/A

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Table of Contents (Cont'd)

	<b>Page</b>
<b>Other Supplementary Information (Cont'd)</b>	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	85
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	86
G-3 Combining Statement of Cash Flows	87
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	89
H-2 Combining Statement of Changes in Fiduciary Net Position	90
H-3 Student Activity Fund Schedule of Receipts and Disbursements	91
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	92
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	94
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component	97
J-2 Changes in Net Position	98
J-3 Fund Balances - Governmental Funds	99
J-4 Changes in Fund Balances - Governmental Funds	100
J-5 General Fund Other Local Revenue by Source	101

**Revenue Capacity**

J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

**Debt Capacity**

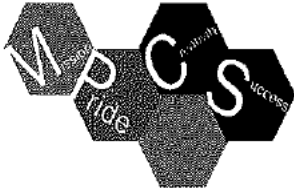
J-10 Ratios of Outstanding Debt by Type	103
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Table of Contents (Cont'd)

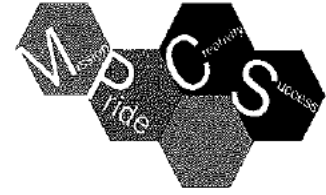
---

	<b>Page</b>
<b>STATISTICAL SECTION (Unaudited) (Cont'd)</b>	
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	105
J-15 Principal Employers	106
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	111
J-21 Charter School Performance Framework	113
<b>SINGLE AUDIT SECTION</b>	
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 Government Auditing Standards	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by State of New Jersey Circular 15-08-OMB	115
K-3 Schedule of Expenditures of Federal Awards, Schedule A	117
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	119
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	121
K-6 Schedule of Findings and Questioned Costs	123
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	128

## **INTRODUCTORY SECTION**



**MILLVILLE PUBLIC CHARTER SCHOOL  
1101 WHEATON AVENUE, SUITE 220  
MILLVILLE, NJ 08332  
856-506-8143**



**Ann F. Garcia, Ed.D**  
Executive Director

**Douglas C. McGarry**  
Board Secretary/Business Administrator

**November 28, 2016  
December 1, 2016**

**The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332**

**Dear Board Members:**

**The comprehensive annual financial report of the Millville Public Charter School (District) for the fiscal year ended June 30, 2016, 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 aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.**

**The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The School is required to undergo an annual single audit in conformity with the provisions of OMB Uniform Guidance, Audits of States, Local Government, and Non-Profit Organizations, and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.**

**1) REPORTING ENTITY AND ITS SERVICES:** The Millville Public Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the School are included in this report. The Millville Public Charter School Board of Trustees and all its schools constitute the School's reporting entity.

The School provides a full range of educational services appropriate for students in Kindergarten through Grade 7. These services include general education, special education for students with disabilities, as well as basic skills instruction for students in need of intervention. The School completed the 2015-2016 fiscal year with an enrollment of 249 students in grades K-6. The following details the changes in the student enrollment of the District.

<b>Student Fiscal Year</b>	<b>Enrollment as of June 30<sup>th</sup></b>	<b>Percent Change</b>
15-16	249	13.25%
14-15	216	19%
13-14	176	24%
12-13	134	27%
11-12	98	-----

**2) ECONOMIC CONDITION AND OUTLOOK:** Millville Public Charter School enrollment will reach the limit of 313 students as set forth in the charter in the 2016-17 school year with the addition of Seventh Grade.

The School is situated at 1101 Wheaton Ave. Suite 220, Millville NJ 08332.

**3) MAJOR INITIATIVES:** The district sponsored a number of initiatives aimed at increasing student academic achievement including but not limited to enhancing the leadership capacity of employees, providing consistent and meaningful professional development, improving the instructional program by augmenting instructional strategies, and using data more effectively and efficiently. The initiatives were meant to serve all students.

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



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

As recipient of Federal and State financial aid, the School also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the School management.

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

**6) ACCOUNTING SYSTEM AND REPORTS:** The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. The funds and account groups are explained in "Notes to Financial Statement", Note 1.

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

**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers liability, child molestation, accident insurance, workers compensation, hazard and theft on property and contents, benefits and surety bonds.

**9) OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements, combining and individual fund statements, and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

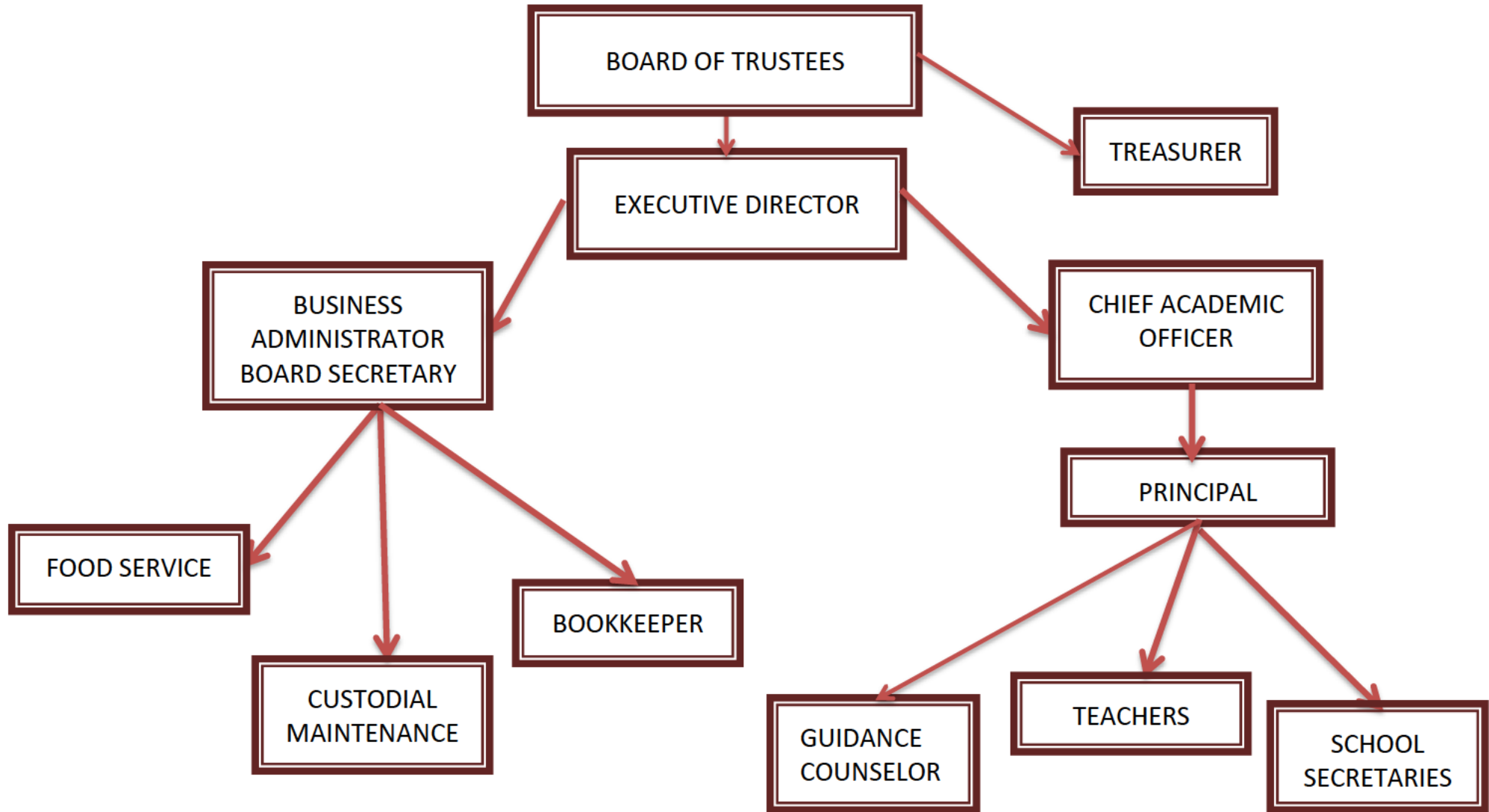


**Ann F. Garcia, Ed.D**  
**Executive Director**



**Douglas C. McGarry**  
**Board Secretary/Business Administrator**

# MPCS ORGANIZATIONAL CHART 2015-16



**MILLVILLE PUBLIC CHARTER SCHOOL  
MILLVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2016**

**Members of the Board of Trustees**

**Officers:**

David Parkhill  
Yvonne Cribbs  
Christina Murphy

President  
Vice President  
Treasurer of School Funds

**Board Members:**

Kurt Hess  
Marguerite Parker  
Lorene Moore

**Staff:**

Douglas McGarry  
Esteban Garcia

Board Secretary / Business Administrator  
Executive Director / Dean of Students

**MILLVILLE PUBLIC CHARTER SCHOOL  
MILLVILLE, NEW JERSEY**

**Consultants & Advisors**

**Audit Firm:**

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

**Attorney:**

Capehart & Scatchard  
Joseph F. Betley  
8000 Midlantic Dr., Suite 300S  
P.O. Box 5016  
Mt. Laurel, NJ 08054-5016

**Official Depositories:**

Capital Bank of New Jersey  
175 South Main Road  
Vineland, New Jersey 08360-7901

&

Cape Bank  
1107 N. High Street  
Millville, NJ 08332

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, 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 as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the Millville Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the Millville Public Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Public School Accountant No. CS 01191

Voorhees, New Jersey  
December 1, 2016

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, 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, and have issued our report thereon dated December 1, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Millville Public 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 Millville Public Charter School's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Public School Accountant No. CS 01191

Voorhees, New Jersey  
December 1, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

The Millville Public Charter School Management Discussion and Analysis (MD&A) is designed to provide an overview of the Charter School's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. The focus of the MD&A is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the Charter School's Financial Statements.

The MD&A is an element of Required Supplementary Information specified in the Government Accounting Standards Board Statement (GASB) No. 34 titled Basic Financial Statements and Management's Discussion and Analysis- for State and Local Governments issued in June 1999.

***Financial Highlights***

Financial Highlights for fiscal year 2016:

- The total assets and deferred outflows of resources of the Charter School were under its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$47,992.84 (net position).
- The Charter School's total net position decreased by \$96,388.11, from the prior fiscal year.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$33,447.84, a decrease of \$13,137.86 in comparison with the prior year.

***Overview of the Financial Statements***

The financial section of the annual report consists of three parts:

1. The Management Discussion & Analysis (this section)
2. Basic Financial Statements
3. Required Supplementary Information

The government-wide financial statements are designed to be corporate-like in that all government and business-type activities are consolidated into columns, which add to a total for the Charter School. The focus of the Statement of Net Position is designed to be similar to a bottom line for the Charter School and its government and business type activities. This statement, for the first-time, combines and consolidates governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations.

The statement of activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the Charter School's general and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business type activities.

The basic financial statements include two kinds of statements that present different views for the Charter School. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter School's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter School's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the Charter School acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

***Statement of Net Position and Statement of Activities***

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the Charter School using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and Statement of Activities, the Charter School reports governmental and business-type activities. Governmental activities are the activities where most of the Charter School's programs and services are reported including, but not limited to, Instruction, Administration and Support Services.

***Fund Financial Statements***

The Fund financial reports provide detailed information about the Charter School's major funds. The Charter School uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the Charter School's most significant funds. The Charter School's major governmental funds are the General Fund and the Special Revenue Fund.

***Governmental Funds***

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

***Proprietary Funds***

Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to an external user for goods or services, are used to report the same functions presented as business-type activities in the government-wide financial statements. The Charter School uses enterprise funds to account for its food service program and after school program.

***Fiduciary Funds***

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

***Notes to the Financial Statements***

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

***The Charter School as a Whole***

The Statement of Net Position provides a snapshot of the Charter School as a whole.

The table on the following page provides a summary of the Charter School's net position for the year ending June 30, 2016.

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

**Table 1**

**Net Position**

	June 30, 2016	June 30, 2015
<b>Assets</b>		
Cash and Cash Equivalents	\$ 22,088.76	\$ 78,305.27
Receivables, net	132,513.08	71,324.43
Capital Assets, net (Note 5)	98,749.81	44,596.24
Total Assets	253,351.65	194,225.94
<b>Deferred Outflows of Resources:</b>		
Related to Pensions (Note 8)	397,932.00	165,350.00
<b>Liabilities</b>		
Accounts Payable	28,194.10	18,355.00
Payable to Local Government	108,957.41	103,044.00
Noncurrent Liabilities (Note 6):		
Due within One Year	21,155.26	12,441.76
Due beyond One Year	533,263.72	167,537.91
Total Liabilities	691,570.49	301,378.67
<b>Deferred Inflows of Resources:</b>		
Related to Pensions (Note 8)	7,706.00	9,802.00
<b>Net Position</b>		
Net Investment in Capital Assets	23,588.83	29,090.57
Restricted for:		
Other Purposes		941.00
Unrestricted (Deficit)	(71,581.67)	18,363.70
Total Net Position	\$ (47,992.84)	\$ 48,395.27

In total, liabilities of governmental activities increased \$390,191.82, primarily due to the implementation of GASB 68 and the expensing of pension liabilities. Cash and cash equivalents decreased by \$56,216.51. This was mainly due the results of operations, but the decrease over the prior year is attributed to an increase in the accounts receivable balance and an increase in overall spending on instruction, administration and support services.

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

**Table 2**

**Changes in Net Position**

	June 30, 2016	June 30, 2015
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 41,750.80	\$ 13,978.99
Operating Grants and Contributions	660,395.20	395,741.08
General Revenues:		
Local Levy	2,389,529.00	2,038,154.00
State Aid - Not Restricted		203,073.37
Other	663.30	12,936.94
	3,092,338.30	2,663,884.38
<b>Program Expenses:</b>		
Governmental Activities:		
Instruction:		
Regular	1,198,604.91	
Special Education	4,251.50	
Support Services:		
Student and Instruction Related Services	126,403.84	
School Administrative Services	293,641.96	
General and Business Administrative Services	104,861.93	
Plant Operations and Maintenance	467,441.31	
Unallocated Benefits	626,241.23	
Reimbursed TPAF and Social Security	223,141.92	
Instruction		1,219,713.57
Administration		605,215.11
Support Services		718,706.81
Other		27,281.00
	3,044,588.60	2,570,916.49
Total Expenses, Governmental Activities		
Business-Type Activities:		
Food Service	123,855.60	117,318.56
After School Program	20,282.21	
	144,137.81	117,318.56
Total Expenses, Business-Type Activities		
	3,188,726.41	2,688,235.05
Total Expenses		
Change in Net Position	\$ (96,388.11)	\$ (24,350.67)



**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

**Governmental Activities**

The local levy and federal and state aid made up 98.63% of revenues for governmental activities for the Charter School in fiscal year 2016.

The Statement of Activities shows the cost of the governmental activities' program services and the changes for services and grants offsetting those services. Table 3 below shows the total cost of services and the net cost of services for fiscal year 2016. The table shows the cost of these services supported by general revenues.

**Table 3**

	Total Cost of services	Net Cost of services
Governmental Activities:		
Instruction:		
Regular	\$ 1,198,604.91	\$ 1,053,391.56
Special Education	4,251.50	4,251.50
Support Services:		
Student and Instruction Related Services	126,403.84	53,479.84
School Administrative Services	293,641.96	293,641.96
General and Business Administrative Services	104,861.93	104,861.93
Plant Operations and Maintenance	467,441.31	467,441.31
Unallocated Benefits	626,241.23	267,437.31
Reimbursed TPAF and Social Security	223,141.92	223,141.92
Total Government Activities	\$ 3,044,588.60	\$ 2,467,647.33

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Administrative expenses include expenses associated with establishing and administering policy for the Charter School.

Support Services are expenditures for the maintenance of the plant.

Unallocated benefits represents expenses related to the adoption of GASB 68 and the pension liability allocated to the Charter School by the State of New Jersey.

The dependence upon the revenues received from sending districts and federal and state aid is apparent. The revenues from sending districts and federal and state governments are the primary financial support for the Charter School.

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

***The Charter School's Funds***

The Charter School's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$2,831,471.57 and expenditures of \$2,906,275.86. The fund balance in the General Fund was \$33,447.84 for 2016, a net decrease of \$13,137.86 over the prior fiscal period. The Enterprise Fund has an unrestricted net position of \$3,695.49 at June 30, 2016 and required a transfer from the General Fund to cover operating expenses.

***General Fund Budgeting Highlights***

The Charter School's budget is prepared in accordance with New Jersey Law. The most significant budgeted fund is the General Fund. During the course of the 2016 fiscal year, the Charter School modified its General Fund budget to accommodate revised revenue calculations provided from the State of New Jersey. Revenue calculations are based on enrollment counts performed during the fiscal year and are dependent on the sending district the student's residency is reported in.

For the General Fund, the final budget basis revenue was \$2,389,529.00. The original budgeted estimate was \$2,712,865.00.

<b>Source</b>	<b>Final Budget</b>
Local Levy - Local Share	413,902.00
Local Levy - State Share	1,877,304.00
Categorical Aid:	
Special Education Aid	34,170.00
Security Aid	<u>64,153.00</u>
	<u><u>\$ 2,389,529.00</u></u>

**Enterprise Funds**

The Charter School's food service consists of purchasing prepackaged meals from an approved vendor, Preferred Meals. In the Enterprise Fund, expenditures were \$18,933.08 more than revenues for fiscal year 2016.

**Capital Assets**

The Charter School has capital assets of equipment with a balance net of depreciation in the amount of \$98,749.81.

**MILLVILLE PUBLIC CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED**

***Debt Administration***

At June 30, 2016, the Charter School has no debt outside of capital leases.

***Economic Factors and Next Year's Budget***

The Charter School maintained its budget through the revenue received from sending districts for their local levy and state levy and categorical aid specific for their students and from federal aid and miscellaneous revenue sources.

As a charter school, revenues are driven by the residency of its student population and the level of enrollment of students in those sending districts.

The Charter School expects to maximize its enrollment for the 2016-17 fiscal year.

***Contacting the Charter School's Financial Management***

This financial report is designed to provide our parents, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have any questions about this report or need additional information, contact Douglas McGarry, School Business Administrator, at Millville Public Charter School, 1101 Wheaton Ave., Millville, New Jersey 08332.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 22,088.76		\$ 22,088.76
Receivables, net	113,514.24	\$ 18,998.84	132,513.08
Internal Balances	6,802.25	(6,802.25)	
Capital Assets, net (Note 5)	<u>98,749.81</u>		<u>98,749.81</u>
Total Assets	<u>241,155.06</u>	<u>12,196.59</u>	<u>253,351.65</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	<u>397,932.00</u>		<u>397,932.00</u>
<b>LIABILITIES:</b>			
Accounts Payable	19,693.00	8,501.10	28,194.10
Payable to Local Government	108,957.41		108,957.41
Noncurrent Liabilities (Note 6):			
Due within One Year	21,155.26		21,155.26
Due beyond One Year	<u>533,263.72</u>		<u>533,263.72</u>
Total Liabilities	<u>683,069.39</u>	<u>8,501.10</u>	<u>691,570.49</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	<u>7,706.00</u>		<u>7,706.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	23,588.83		23,588.83
Restricted			
Unrestricted	<u>(75,277.16)</u>	<u>3,695.49</u>	<u>(71,581.67)</u>
Total Net Position	<u>\$ (51,688.33)</u>	<u>3,695.49</u>	<u>\$ (47,992.84)</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 1,200,109.91		\$ 146,718.35		\$ (1,053,391.56)		\$ (1,053,391.56)
Special Education Instruction	4,251.50				(4,251.50)		(4,251.50)
Support Services and Undistributed Costs:							
Student and Instruction Related Services	124,898.84		71,419.00		(53,479.84)		(53,479.84)
School Administrative Services	293,641.96				(293,641.96)		(293,641.96)
Other Administrative Services	104,861.93				(104,861.93)		(104,861.93)
Plant Operations and Maintenance	467,441.31				(467,441.31)		(467,441.31)
Unallocated Benefits	626,241.23		358,803.92		(267,437.31)		(267,437.31)
Reimbursed TPAF Pension and Social Security	223,141.92				(223,141.92)		(223,141.92)
Total Governmental Activities	3,044,588.60	-	576,941.27	-	(2,467,647.33)	-	(2,467,647.33)
Business-Type Activities:							
Food Service	123,855.60	\$ 17,773.10	83,453.93			\$ (22,628.57)	(22,628.57)
Before & After School Program	20,282.21	23,977.70				3,695.49	3,695.49
Total Business-Type Activities	144,137.81	41,750.80	83,453.93	-	-	(18,933.08)	(18,933.08)
Total Primary Government	\$ 3,188,726.41	\$ 41,750.80	\$ 660,395.20	-	(2,467,647.33)	(18,933.08)	(2,486,580.41)
General Revenues:							
Local Levy					2,389,529.00		2,389,529.00
Miscellaneous Income					663.30		663.30
Transfers					(22,628.57)	22,628.57	
Total General Revenues, Special Items, Extraordinary Items and Transfers					2,367,563.73	22,628.57	2,390,192.30
Change in Net Position					(100,083.60)	3,695.49	(96,388.11)
Net Position -- July 1					48,395.27	-	48,395.27
Net Position -- June 30					\$ (51,688.33)	3,695.49	\$ (47,992.84)

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

**FUND FINANCIAL STATEMENTS**



**MILLVILLE PUBLIC CHARTER SCHOOL**  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Debt Service <u>Fund</u>	Permanent <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 22,088.76					\$ 22,088.76
Interfund Accounts Receivable:						
Special Revenue Fund	72,741.00					72,741.00
Enterprise Fund	6,802.25					6,802.25
Fiduciary Fund	2,225.65					2,225.65
Intergovernmental Accounts Receivable:						
State	3,493.85					3,493.85
Federal	18,000.21	\$ 72,741.00				90,741.21
Accounts Receivable:						
Other	17,053.53					17,053.53
<b>Total Assets</b>	<u>\$ 142,405.25</u>	<u>\$ 72,741.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 215,146.25</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Interfund Accounts Payable						
General Fund		\$ 72,741.00				\$ 72,741.00
Intergovernmental Accounts Payable:						
Payable to Local Government	\$ 108,957.41					108,957.41
<b>Total Liabilities</b>	<u>108,957.41</u>	<u>72,741.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,698.41</u>
<b>Fund Balances:</b>						
Assigned:						
Year-End Encumbrances	460.00					460.00
Unassigned:						
General Fund	32,987.84					32,987.84
<b>Total Fund Balances</b>	<u>33,447.84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,447.84</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 142,405.25</u>	<u>\$ 72,741.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$183,511.19, and the accumulated depreciation is \$84,761.38.

\$ 98,749.81

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(75,160.98)

Net Pension Liability

(479,258.00)

Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.

(19,693.00)

Deferred Outflows of Resources - Related to Pensions

397,932.00

Deferred Inflows of Resources - Related to Pensions

(7,706.00)

Net position of governmental activities

\$ (51,688.33)

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES:						
Local Levy:						
Local Share	\$ 413,902.00					\$ 413,902.00
State Share	1,877,304.00					1,877,304.00
State Sources	321,464.92					321,464.92
Revenue from Other Sources	663.30					663.30
Federal Sources		\$ 218,137.35				218,137.35
Total Revenues	<u>2,613,334.22</u>	<u>218,137.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,831,471.57</u>
EXPENDITURES:						
Current:						
Regular Instruction	1,023,250.13	146,718.35				1,169,968.48
Special Education Instruction	4,251.50					4,251.50
Support Services and Undistributed Costs:						
Student and Instruction Related Services	53,479.84	71,419.00				124,898.84
School Administrative Services	318,281.65					318,281.65
Other Administrative Services	104,861.93					104,861.93
Plant Operations and Maintenance	467,441.31					467,441.31
Unallocated Benefits	409,135.23					409,135.23
Reimbursed TPAF Pension and Social Security	223,141.92					223,141.92
Capital Outlay	84,295.00					84,295.00
Total Expenditures	<u>2,688,138.51</u>	<u>218,137.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,906,275.86</u>
Excess (Deficiency) of Revenues over Expenditures	(74,804.29)	-	-	-	-	(74,804.29)
OTHER FINANCING SOURCES (USES):						
Capital Leases (Non-Budgeted)	84,295.00					84,295.00
Operating Transfers Out	(22,628.57)					(22,628.57)
Total Other Financing Sources and Uses	<u>61,666.43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,666.43</u>
Net Change in Fund Balances	(13,137.86)	-	-	-	-	(13,137.86)
Fund Balance -- July 1	46,585.70	-	-	-	-	46,585.70
Fund Balance -- June 30	<u>\$ 33,447.84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 33,447.84</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	(13,137.86)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is normally allocated over their estimated useful lives as depreciation expense.		
Depreciation Expense	\$	(30,141.43)
Capital Outlays		<u>84,295.00</u>
		54,153.57
Proceeds from the issuance of debt is an increase to fund balance in the government funds, but the receipt increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		(84,295.00)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		24,639.69
Governmental funds report Charter School pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Charter School's pension contributions in the current period.		
		<u>(81,444.00)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(100,083.60)</u></u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Proprietary Funds  
 Combining Statement of Net Position  
 June 30, 2016

	Business-Type Activities - Enterprise Fund		<u>Total</u>
	<u>Food Service</u>	<u>Before/After Program</u>	
<b>ASSETS:</b>			
Current Assets:			
Interfund Accounts Receivable:			
General Fund		\$ 3,695.49	\$ 3,695.49
Intergovernmental Accounts Receivable:			
State	\$ 288.56		288.56
Federal	18,710.28		18,710.28
Total Current Assets	<u>18,998.84</u>	<u>3,695.49</u>	<u>22,694.33</u>
Current Liabilities:			
Accounts Payable	8,501.10		8,501.10
Interfund Accounts Payable:			
Due General Fund	10,497.74		10,497.74
Total Current Liabilities	<u>18,998.84</u>	<u>-</u>	<u>18,998.84</u>
<b>NET POSITION:</b>			
Unrestricted	<u>-</u>	<u>3,695.49</u>	<u>3,695.49</u>
Total Net Position	<u>-</u>	<u>\$ 3,695.49</u>	<u>\$ 3,695.49</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Proprietary Funds  
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Before / After Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 17,773.10	\$ 23,977.70	\$ 41,750.80
<b>OPERATING EXPENSES:</b>			
Salaries	31,426.92	20,166.25	51,593.17
Cost of Sales - Reimbursable Programs	91,834.68		91,834.68
Other Purchased Services	594.00		594.00
Supplies and Materials		115.96	115.96
Total Operating Expenses	<u>123,855.60</u>	<u>20,282.21</u>	<u>144,137.81</u>
Operating Income / (Loss)	<u>(106,082.50)</u>	<u>3,695.49</u>	<u>(102,387.01)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	1,271.48		1,271.48
Federal Sources:			
National School Lunch Program	61,414.69		61,414.69
National School Breakfast Program	20,767.76		20,767.76
Total Nonoperating Revenues (Expenses)	<u>83,453.93</u>		<u>83,453.93</u>
Income (Loss) before Contributions and Transfers	(22,628.57)	3,695.49	(18,933.08)
Operating Transfer In - General Fund	<u>22,628.57</u>		<u>22,628.57</u>
Change in Net Position	-	3,695.49	3,695.49
Net Position -- July 1	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -- June 30	<u>-</u>	<u>\$ 3,695.49</u>	<u>\$ 3,695.49</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Proprietary Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		Total
	Food Service	Before / After School Program	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 17,773.10	\$ 23,977.70	\$ 41,750.80
Payments to Employees	(31,426.92)		(31,426.92)
Payments to Suppliers	(83,927.58)	(20,282.21)	(104,209.79)
Net Cash Provided by (used for) Operating Activities	<u>(97,581.40)</u>	<u>3,695.49</u>	<u>(93,885.91)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
State Sources	1,268.21		1,268.21
Federal Sources	79,199.64		79,199.64
Operating Subsidies and Transfers to other Funds	17,113.55	(3,695.49)	13,418.06
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>97,581.40</u>	<u>(3,695.49)</u>	<u>93,885.91</u>
Net Increase (Decrease) in Cash and Cash Equivalents			
Balances -- July 1	<u>-</u>	<u>-</u>	<u>-</u>
Balances -- June 30	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (106,082.50)	\$ 3,695.49	\$ (102,387.01)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	8,501.10		8,501.10
Net Cash Provided by (used for) Operating Activities	<u>\$ (97,581.40)</u>	<u>\$ 3,695.49</u>	<u>\$ (93,885.91)</u>

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2016

	Private-Purpose Trust Fund	Agency Funds	
	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 8,570.94	\$ 4,407.77	\$ 25,491.71
Interfund Accounts Receivable			
Due from General Fund	982.24		
Due from Payroll Agency Account	5,957.98		
	<u>15,511.16</u>	<u>\$ 4,407.77</u>	<u>\$ 25,491.71</u>
<b>Total Assets</b>	<b>15,511.16</b>	<b>\$ 4,407.77</b>	<b>\$ 25,491.71</b>
<b>LIABILITIES:</b>			
Accounts Payable:			
State of New Jersey - Unemployment	11,465.61		
Payroll Deductions and Withholdings			\$ 16,325.84
Payable to Student Groups		\$ 4,407.77	
Interfund Accounts Payable:			
Due to General Fund			3,207.89
Due to Unemployment Trust Fund			5,957.98
	<u>11,465.61</u>	<u>\$ 4,407.77</u>	<u>\$ 25,491.71</u>
<b>Total Liabilities</b>	<b>11,465.61</b>	<b>\$ 4,407.77</b>	<b>\$ 25,491.71</b>
<b>NET POSITION:</b>			
Held in Trust for Unemployment			
Claims and Other Purposes	4,045.55		
	<u>4,045.55</u>		
<b>Total Net Position</b>	<b>\$ 4,045.55</b>		

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Net Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Fund
	Unemployment Compensation
ADDITIONS:	
Contributions:	
Board Contribution	\$ 22,125.14
Employee Contributions	3,425.32
Investment Earnings:	
Interest	0.52
	25,550.98
Total Additions	25,550.98
DEDUCTIONS:	
Program Expenditures	28,408.12
Total Deductions	28,408.12
Change in Net Position	(2,857.14)
Net Position, July 1	6,902.69
Net Position, June 30	\$ 4,045.55

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



**MILLVILLE PUBLIC CHARTER SCHOOL**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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

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

**Description of the Financial Reporting Entity**

The Charter School is a K-7 charter school located in the County of Cumberland, State of New Jersey. As a charter school, the Millville Public Charter School functions independently through a Board of Trustees (the "Board"). The Board is comprised of five appointed officials. A school coordinator is appointed by the Board and is responsible for the administrative control of the school. The purpose of the Charter School is to educate students in grades K through 7 at its one school location. The Charter School has an approximate enrollment at June 30, 2016 of 249.

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

**Component Units**

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

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

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

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

Based upon the application of these criteria, the Charter School has no component units, and is not a component unit of another governmental agency.

**Government-wide and Fund Financial Statements**

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The Charter School reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay.

**Debt Service Fund** - Charter Schools do not maintain debt service funds. Expenditures for principal and interest are accounted for in the general fund.

**Permanent Fund** - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter School's programs, that is, for the benefit of the Charter School or its students as a whole. The Charter School does not maintain a permanent fund.

Proprietary funds are used to account for the Charter School's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

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

The Charter School reports the following major proprietary funds:

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

***Before and After Care Fund*** - This fund accounts for the financial activity related to providing childcare services for the Charter School students before and after school.

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

The Charter School maintains the following fiduciary funds:

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

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The Charter School maintains the following private-purpose trust funds:

***New Jersey Unemployment Compensation Insurance Trust Fund*** - Revenues consist of contributions that have been included in the annual budget of the Charter School, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all revenues from the Charter School's student's district of residence.

**Budgets / Budgetary Control**

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

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

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

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

The budget, as detailed on exhibit C-1 and exhibit C-2 includes all amendments to the adopted budget, if any.

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

**Encumbrances**

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (Cont'd)**

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

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

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

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

**Tuition Receivable**

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

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

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

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

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

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

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

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

<u>Description</u>	<u>Estimated Lives</u>
General Equipment	3 - 10 Years

The Charter School does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

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

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Charter School's proportion of expenses and liabilities to the pension as a whole, differences between the Charter School's pension contribution and its proportionate share of contributions, and the Charter School's pension contributions subsequent to the pension valuation measurement date.

**Unearned Revenue**

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

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. At June 30, 2016, the Charter School does not have a policy for the payment of compensated absences.

**Accrued Liabilities and Long-Term Obligations**

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

**Pensions**

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



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

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

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

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

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

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

**Fund Balance**

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

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

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

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

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

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

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

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

For the fiscal year ended June 30, 2016, the Charter School adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

In addition, the Charter School adopted 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*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

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

Lastly, the Charter School adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the Charter School.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Charter School in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the Charter School.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

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

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

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. The Statement will become effective for the Charter School in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the Charter School.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Charter School in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the Charter School.

**Note 2: CASH AND CASH EQUIVALENTS**

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

All of the Charter School's bank balances of \$140,682.93 as of June 30, 2016 were insured and collateralized.

**Note 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016 consisted of anticipated refunds from outside agencies, intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Fund</u>		<u>Total Total Business- Type Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>			
Other	\$ 17,053.53		\$ 17,053.53				\$ 17,053.53
Intergovernmental:							
Federal Awards	18,000.21	\$ 72,741.00	90,741.21	\$ 18,710.28	\$ 18,710.28		109,451.49
State Awards	3,493.85		3,493.85	288.56	288.56		3,782.41
	<u>\$ 38,547.59</u>	<u>\$ 72,741.00</u>	<u>\$ 111,288.59</u>	<u>\$ 18,998.84</u>	<u>\$ 18,998.84</u>		<u>\$ 130,287.43</u>

**Note 4: INVENTORY**

At June 30, 2016, the Charter School did not maintain any inventory.

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital Assets, being Depreciated:				
General Equipment	\$ 99,216.19	\$ 84,295.00		\$ 183,511.19
Total Capital Assets, being Depreciated	<u>99,216.19</u>	<u>84,295.00</u>	<u>-</u>	<u>183,511.19</u>
Less: Accumulated Depreciation for:				
General Equipment	(54,619.95)	(30,141.43)		(84,761.38)
Total Accumulated Depreciation	<u>(54,619.95)</u>	<u>(30,141.43) *</u>	<u>-</u>	<u>(84,761.38)</u>
Total Capital Assets, being Depreciated, Net	<u>44,596.24</u>	<u>54,153.57</u>	<u>-</u>	<u>98,749.81</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,596.24</u>	<u>\$ 54,153.57</u>	<u>-</u>	<u>\$ 98,749.81</u>

**Note 5: CAPITAL ASSETS (CONT'D)**

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

Instruction	\$ 27,171.95
Administration	<u>2,969.48</u>
Total Depreciation Expense	<u>\$ 30,141.43</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Obligations under Capital Leases	\$ 15,505.67	\$ 84,295.00	\$ (24,639.69)	\$ 75,160.98	\$ 21,155.26
Net Pension Liability	164,474.00	487,840.00	(173,056.00)	479,258.00	
Governmental Activity Long-Term Liabilities	<u>\$ 179,979.67</u>	<u>\$ 572,135.00</u>	<u>\$ (197,695.69)</u>	<u>\$ 554,418.98</u>	<u>\$ 21,155.26</u>

The obligations under capital lease are liquidated by the general fund.

**Obligations under Capital Leases** - The Charter School is leasing playground equipment, computer equipment, textbooks and a trailer. The capital leases are over a four to five-year term. Pursuant to N.J.S.A. 18A:20-4.2(h), the Charter School entered into a sale and lease-back contract on certain instructional materials (i.e., textbooks) totaling \$80,000.00. The lease-back contract is for a term of five years with \$4,663.04 in interest and other financing charges.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<b>Fiscal Year</b>			
<b>Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 21,155.26	\$ 3,203.74	\$ 24,359.00
2018	18,497.33	1,815.79	20,313.12
2019	17,600.79	722.21	18,323.00
2020	17,907.60	234.48	18,142.08
	<u>\$ 75,160.98</u>	<u>\$ 5,976.22</u>	<u>\$ 81,137.20</u>

**Net Pension Liability** - For details on the net pension liability, refer to note 8. The Charter School's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

**Note 7: OPERATING LEASES**

At June 30, 2016, the Charter School had operating lease agreements in effect for a copier and school facilities. The present value of the future minimum rental payments under the operating lease agreements as follows:

<b>Fiscal Year</b>	
<b><u>Ended June 30,</u></b>	<b><u>Amount</u></b>
2017	\$ 397,350.56
2018	405,207.56
2019	413,221.56
2020	417,650.26
	<u>\$ 1,633,429.94</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$388,898.30.

**Note 8: PENSION PLANS**

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

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

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

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

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries.

Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011



**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

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

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. 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 2015, the State's pension contribution was less than the actuarial determined amount.

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

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.76% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2016 was \$28,032.00, and was paid by April 1, 2016. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$78,160.23.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Charter School's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2016 was 19.93% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$18,355.00, and was paid by April 1, 2016. Charter School employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$8,666.74.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

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

For the fiscal year ended June 30, 2016, employee contributions totaled \$463.21, and the Charter School recognized pension expense of \$252.62. There were no forfeitures during the fiscal year.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School	<u>3,296,664.00</u>
	<u>\$ 3,296,664.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0052158881%, which was an increase of 0.0052158881% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the Charter School recognized \$201,291.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System** - At June 30, 2016, the Charter School reported a liability of \$164,474.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Charter School's proportion was 0.0021349681%, which was an increase of 0.0012564957% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$99,794.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 11,433.00	\$ -
Changes of Assumptions	51,468.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	7,706.00
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	315,338.00	-
Charter School Contributions Subsequent to the Measurement Date	19,693.00	-
	<u>\$ 397,932.00</u>	<u>\$ 7,706.00</u>

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** – \$19,693.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2017	\$	77,920.00
2018		77,920.00
2019		77,918.00
2020		80,372.00
2021		56,403.00
		<u>56,403.00</u>
	\$	<u>370,533.00</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

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

**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
	<u>100.00%</u>			<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 8: PENSION PLANS (CONT'D)****Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	<u>3,917,962.00</u>	<u>3,296,664.00</u>	<u>2,761,379.00</u>
	<u>\$ 3,917,962.00</u>	<u>\$ 3,296,664.00</u>	<u>\$ 2,761,379.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
Charter School's Proportionate Share of the Net Pension Liability	<u>\$ 595,659.00</u>	<u>\$ 479,258.00</u>	<u>\$ 381,668.00</u>

**Pension Plan Fiduciary Net Position**

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



**Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 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 retire from a Board of Education, Charter School or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

**Note 10: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2016, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$62,515.00, \$78,146.00 and \$3,114.00, respectively.

**Note 11: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

The following is a summary of the activity of the Charter School's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Charter</u> <u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 22,125.66	\$ 3,425.32	\$ 28,408.12	\$ 4,045.55
2015	31,119.94	4,139.38	28,356.63	6,902.69
2014	18,806.97	2,801.82	27,245.38	-

**Note 12: DEFERRED COMPENSATION**

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

**Voya (formerly ING) Life Insurance and Annuity Company  
Great American  
VALIC**

**Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 81,768.90	
Special Revenue		\$ 72,741.00
Proprietary	3,695.49	10,497.74
Fiduciary	6,940.22	9,165.87
	<u>\$ 92,404.61</u>	<u>\$ 92,404.61</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Fiduciary Fund</u>
<b><u>Transfer Out:</u></b>				
General Fund			\$ 22,628.57	
Special Revenue Fund				
Capital Projects Fund				
Debt Service Fund				
Food Service Fund				
Total Transfers	<u>-</u>	<u>-</u>	<u>\$ 27,356.80</u>	<u>-</u>

Interfund transfers during the fiscal year resulted from a deficit in operations in the food service fund, which required a transfer in from the general fund.

**Note 14: CONTINGENCIES**

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

**Litigation** - The Charter School is in various stages of legal proceedings. It is believed that the outcome, or exposure to the Charter School, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 15: CONCENTRATIONS**

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

**Note 16: FUND BALANCES****ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Charter School's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Charter School's fund balance are summarized as follows:

**General Fund**

**Other Purposes** - As of June 30, 2016, the Charter School had \$460.00 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2016, \$32,987.84 of general fund balance was unassigned.

**Note 17: SUBSEQUENT EVENTS**

**Working Capital Loan** – On July 20, 2016, the Charter School drew on a \$150,000.00 working capital loan at seven percent (7.00%), fixed interest from the Community Loan Fund of New Jersey, Inc. The Charter School drew on the loan for the purpose of paying on-going operational costs of the school during the summer and early months of the school year when per pupil payments from local and state sources are unavailable. The term of the loan is twelve (12) months not to exceed June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>REVENUES:</b>					
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
Local Share	\$ 2,560,390.00	\$ (2,146,488.00)	\$ 413,902.00	\$ 413,902.00	
State Share		1,877,304.00	1,877,304.00	1,877,304.00	
Total - Local Levy/Equalization Aid	2,560,390.00	(269,184.00)	2,291,206.00	2,291,206.00	-
Categorical Aid:					
Special Education Aid	67,996.00	(33,826.00)	34,170.00	34,170.00	
Security Aid	84,479.00	(20,326.00)	64,153.00	64,153.00	
Total Categorical Aid	152,475.00	(54,152.00)	98,323.00	98,323.00	-
Total Charter School Aid	2,712,865.00	(323,336.00)	2,389,529.00	2,389,529.00	-
Other State Sources:					
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				78,146.00	\$ 78,146.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				62,515.00	62,515.00
On-Behalf T.P.A.F. Pension Contributions - Non-Contributory Insurance				3,114.00	3,114.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				79,366.92	79,366.92
Total - Other State Sources				223,141.92	223,141.92
Total - State Sources	2,712,865.00	(323,336.00)	2,389,529.00	2,612,670.92	223,141.92
Revenue from Other Sources:					
Miscellaneous				663.30	663.30
Total	-	-	-	663.30	663.30
Total Revenues	2,712,865.00	(323,336.00)	2,389,529.00	2,613,334.22	223,805.22

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 230,340.00	\$ (81,340.00)	\$ 149,000.00	\$ 148,380.00	\$ 620.00
Grades 1-5	601,260.00	(5,131.00)	596,129.00	594,454.00	1,675.00
Grades 6-8	45,000.00	75,000.00	120,000.00	117,264.00	2,736.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	111,768.00	(98,968.00)	12,800.00	12,705.00	95.00
Purchased Professional - Educational Services	62,390.00	(14,490.00)	47,900.00	47,886.53	13.47
Other Purchased Services (400-500 Series)	83,300.00	(37,000.00)	46,300.00	46,278.75	21.25
General Supplies	41,800.00	(26,300.00)	15,500.00	15,444.24	55.76
Textbooks	40,000.00	(30,800.00)	9,200.00	9,167.95	32.05
Other Objects	4,200.00	27,500.00	31,700.00	31,669.66	30.34
<b>Total Regular Programs</b>	<u>1,220,058.00</u>	<u>(191,529.00)</u>	<u>1,028,529.00</u>	<u>1,023,250.13</u>	<u>5,278.87</u>
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Purchased Technical Services		4,300.00	4,300.00	4,251.50	48.50
<b>Total Learning and / or Language Disabilities</b>		<u>4,300.00</u>	<u>4,300.00</u>	<u>4,251.50</u>	<u>48.50</u>
<b>Total Special Education - Instruction</b>		<u>4,300.00</u>	<u>4,300.00</u>	<u>4,251.50</u>	<u>48.50</u>
<b>Total Instruction</b>	<u>1,220,058.00</u>	<u>(187,229.00)</u>	<u>1,032,829.00</u>	<u>1,027,501.63</u>	<u>5,327.37</u>

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 47,820.00	\$ (120.00)	\$ 47,700.00	\$ 47,690.00	\$ 10.00
Purchased Professional and Technical Services		3,600.00	3,600.00	3,598.75	1.25
Other Purchased Services (400-500 series)		200.00	200.00	200.00	
<b>Total Undistributed Expenditures - Health Services</b>	<b>47,820.00</b>	<b>3,680.00</b>	<b>51,500.00</b>	<b>51,488.75</b>	<b>11.25</b>
Undistributed Expenditures - Guidance					
Purchased Professional and Technical Services	21,573.00	(20,973.00)	600.00	578.00	22.00
<b>Total Undistributed Expenditures - Guidance</b>	<b>21,573.00</b>	<b>(20,973.00)</b>	<b>600.00</b>	<b>578.00</b>	<b>22.00</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Objects	25,000.00	(23,500.00)	1,500.00	1,413.09	86.91
<b>Total Undistributed Expenditures - Instructional Staff Training Services:</b>	<b>25,000.00</b>	<b>(23,500.00)</b>	<b>1,500.00</b>	<b>1,413.09</b>	<b>86.91</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	188,258.00	(60,258.00)	128,000.00	127,885.97	114.03
Legal Services	3,000.00	(300.00)	2,700.00	2,682.00	18.00
Audit Fees	18,000.00		18,000.00	18,000.00	
Other Purchased Professional Services	23,781.00	(4,900.00)	18,881.00	18,056.00	825.00
Purchased Technical Services	15,500.00	(8,500.00)	7,000.00	6,930.42	69.58
Communications / Telephone	50,196.00	(39,996.00)	10,200.00	10,192.50	7.50
BOE Other Purchased Services	24,650.00	(22,650.00)	2,000.00	2,000.00	
Other Purchased Services	73,340.00	(65,940.00)	7,400.00	7,346.45	53.55
Supplies and Materials	10,000.00	(5,600.00)	4,400.00	4,376.67	23.33
Miscellaneous Expenditures	3,950.00	(350.00)	3,600.00	3,531.31	68.69
BOE Membership Dues and Fees	6,050.00	(2,250.00)	3,800.00	3,770.00	30.00
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>416,725.00</b>	<b>(210,744.00)</b>	<b>205,981.00</b>	<b>204,771.32</b>	<b>1,209.68</b>

(Continued)



**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	\$ 90,000.00	\$ (4,000.00)	\$ 86,000.00	\$ 85,680.00	\$ 320.00
Salaries of Secretarial and Clerical Assistants	67,137.00	(42,037.00)	25,100.00	25,000.04	99.96
Other Purchased Services		900.00	900.00	882.50	17.50
Supplies and Materials		2,000.00	2,000.00	1,947.79	52.21
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>157,137.00</b>	<b>(43,137.00)</b>	<b>114,000.00</b>	<b>113,510.33</b>	<b>489.67</b>
Undistributed Expenditures - Support Services - Central Services:					
Purchased Professional Services		50,000.00	50,000.00	49,950.32	49.68
Purchased Technical Services		13,000.00	13,000.00	12,858.25	141.75
Miscellaneous Purchased Services	2,160.00	600.00	2,760.00	2,572.49	187.51
Interest on Current Loans	1,500.00	3,000.00	4,500.00	4,495.60	4.40
<b>Total Undistributed Expenditures - Support Services - Central Services</b>	<b>3,660.00</b>	<b>66,600.00</b>	<b>70,260.00</b>	<b>69,876.66</b>	<b>383.34</b>
Undistributed Expenditures - Support Services - Administrative Information Technology:					
Purchased Professional Services		22,000.00	22,000.00	21,926.68	73.32
Other Purchased Services (400-500 series)		13,100.00	13,100.00	13,058.59	41.41
<b>Total Undistributed Expenditures - Support Services - Administrative Information Technology</b>		<b>35,100.00</b>	<b>35,100.00</b>	<b>34,985.27</b>	<b>114.73</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries		37,400.00	37,400.00	37,385.40	14.60
Cleaning, Repair and Maintenance Services		2,600.00	2,600.00	2,519.75	80.25
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>		<b>40,000.00</b>	<b>40,000.00</b>	<b>39,905.15</b>	<b>94.85</b>

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services					
of Plant Services:					
Salaries	\$ 25,000.00	\$ (9,500.00)	\$ 15,500.00	\$ 15,000.00	\$ 500.00
Cleaning, Repair and Maintenance Services		52,100.00	52,100.00	52,076.70	23.30
Rental of Land and Building Other than Lease Purchase	290,000.00	(46,000.00)	244,000.00	243,474.00	526.00
Other Purchased Property Services		20,000.00	20,000.00	19,956.94	43.06
Insurance	32,000.00	35,500.00	67,500.00	67,446.43	53.57
Miscellaneous Purchased Services	2,500.00	300.00	2,800.00	2,710.04	89.96
General Supplies	7,000.00	(1,900.00)	5,100.00	5,062.26	37.74
Energy (Electricity)		8,700.00	8,700.00	8,672.49	27.51
Energy (Natural Gas)	48,000.00	(34,800.00)	13,200.00	13,137.30	62.70
	<u>404,500.00</u>	<u>24,400.00</u>	<u>428,900.00</u>	<u>427,536.16</u>	<u>1,363.84</u>
Total Undistributed Expenditures - Custodial Services					

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 65,159.00	\$ (54,459.00)	\$ 10,700.00	\$ 10,615.86	\$ 84.14
TPAF/PERS Special Assessments		18,000.00	18,000.00	17,971.20	28.80
Other Retirement Contributions - PERS	17,200.00	1,200.00	18,400.00	18,364.20	35.80
Other Retirement Contributions - Regular		100.00	100.00	97.25	2.75
Unemployment Compensation	25,000.00	(2,700.00)	22,300.00	22,204.64	95.36
Health Benefits	305,700.00	(14,700.00)	291,000.00	290,677.77	322.23
Tuition Reimbursement		2,200.00	2,200.00	2,118.00	82.00
Other Employee Benefits	9,500.00	37,600.00	47,100.00	47,086.31	13.69
<b>Total Unallocated Benefits</b>	<b>422,559.00</b>	<b>(12,759.00)</b>	<b>409,800.00</b>	<b>409,135.23</b>	<b>664.77</b>
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				78,146.00	(78,146.00)
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				62,515.00	(62,515.00)
On-behalf T.P.A.F. Pension Contributions - Non-Contributory Insurance				3,114.00	(3,114.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				79,366.92	(79,366.92)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,141.92</b>	<b>(223,141.92)</b>
<b>Total Undistributed Expenditures</b>	<b>1,498,974.00</b>	<b>(141,333.00)</b>	<b>1,357,641.00</b>	<b>1,576,341.88</b>	<b>(218,700.88)</b>
<b>Total Current Expense</b>	<b>2,719,032.00</b>	<b>(328,562.00)</b>	<b>2,390,470.00</b>	<b>2,603,843.51</b>	<b>(213,373.51)</b>
Capital Outlay:					
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
General Administration				4,295.00	(4,295.00)
School Administration				80,000.00	(80,000.00)
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,295.00</b>	<b>(84,295.00)</b>
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,295.00</b>	<b>(84,295.00)</b>

(Continued)

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Total Expenditures	\$ 2,719,032.00	\$ (328,562.00)	\$ 2,390,470.00	\$ 2,688,138.51	\$ (297,668.51)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,167.00)	5,226.00	(941.00)	(74,804.29)	(73,863.29)
Other Financing Sources (Uses):					
Operating Transfers:					
Transfer to Food Service Fund - Board Contribution				(22,628.57)	(22,628.57)
Capital Leases (non-budgeted)				84,295.00	84,295.00
Total Other Financing Sources (Uses)	-	-	-	61,666.43	61,666.43
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,167.00)	5,226.00	(941.00)	(13,137.86)	(12,196.86)
Fund Balances, July 1	46,585.70		46,585.70	46,585.70	
Fund Balances, June 30	\$ 40,418.70	\$ 5,226.00	\$ 45,644.70	\$ 33,447.84	\$ (12,196.86)
Recapitulation:					
Assigned Fund Balance:					
Year-End Encumbrances				\$ 460.00	
Unassigned Fund Balance				32,987.84	
				\$ 33,447.84	

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
Title I	\$ 81,093.00		\$ 81,093.00	\$ 81,093.00	
Title IIA	822.00		822.00	822.00	
I.D.E.A. Basic	41,363.00		41,363.00	41,363.00	
I.D.E.A. Preschool	1,291.00		1,291.00	1,291.00	
Instructional Improvement Grant	46,825.85		46,825.85	46,825.85	
Teacher Incentive Fund (PICCS Grant) 2014-15	20,237.50		20,237.50	20,237.50	
Teacher Incentive Fund (PICCS Grant) 2015-16	37,500.00		37,500.00	37,500.00	
<b>Total - Federal Sources</b>	<u>229,132.35</u>	<u>-</u>	<u>229,132.35</u>	<u>229,132.35</u>	<u>-</u>
<b>Total Revenues</b>	<u>229,132.35</u>	<u>-</u>	<u>229,132.35</u>	<u>229,132.35</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	109,832.50		109,832.50	109,832.50	
Purchased Professional and Technical Services	1,004.72		1,004.72	1,004.72	
Instructional Supplies	34,376.13		34,376.13	34,376.13	
<b>Total Instruction</b>	<u>145,213.35</u>	<u>-</u>	<u>145,213.35</u>	<u>145,213.35</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	13,000.00		13,000.00	13,000.00	
Purchased Professional and Technical Services	70,919.00		70,919.00	70,919.00	
<b>Total Support Services</b>	<u>83,919.00</u>	<u>-</u>	<u>83,919.00</u>	<u>83,919.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>229,132.35</u>	<u>-</u>	<u>229,132.35</u>	<u>229,132.35</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,613,334.22	\$ 229,132.35
Differences - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(10,995.00)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,613,334.22	\$ 218,137.35
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,688,138.51	\$ 229,132.35
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(10,995.00)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 2,688,138.51	\$ 218,137.35

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**ACCOUNTING AND REPORTING FOR PENSIONS**



**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<b>Measurement Date Ending June 30,</b>		
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Charter School's Proportion of the Net Pension Liability	0.0021349681%	0.0008784724%	0.0000000000%
Charter School's Proportionate Share of the Net Pension Liability	\$ 479,258.00	\$ 164,474.00	-
Charter School's Covered-Employee Payroll	\$ 143,536.00	\$ 60,752.00	\$ 6,668.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	333.89%	270.73%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Schedule of the Charter School's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<b>Fiscal Year Ended June 30,</b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 19,693.00	\$ 18,355.00	\$ 7,242.00
Contributions in Relation to the Contractually Required Contribution	<u>(19,693.00)</u>	<u>(18,355.00)</u>	<u>(7,242.00)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Charter School's Covered-Employee Payroll	\$ 98,824.00	\$ 114,682.00	\$ 132,665.00
Contributions as a Percentage of Charter School's Covered-Employee Payroll	19.93%	16.01%	5.46%

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Required Supplementary Information  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Three Fiscal Years

	<b>Measurement Date Ending June 30,</b>		
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Charter School's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>3,296,664.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,296,664.00</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered-Employee Payroll	\$ 903,760.00	\$ 521,756.00	\$ 80,000.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	364.77%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Required Supplementary Information  
Schedule of Charter School's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

---

This schedule is not applicable.

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

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2016

---

**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2016

	NCLB		I.D.E.A.		Instructional Improvement Grant	Teacher Incentive Fund (PICCS Grant) 2014-15	Teacher Incentive Fund (PICCS Grant) 2015-16	Total
	Title I	Title II A	Basic	Preschool				
<b>REVENUES:</b>								
Federal Sources	\$ 81,093.00	\$ 822.00	\$ 41,363.00	\$ 1,291.00	\$ 46,825.85	\$ 20,237.50	\$ 37,500.00	\$ 229,132.35
Total Revenues	81,093.00	822.00	41,363.00	1,291.00	46,825.85	20,237.50	37,500.00	229,132.35
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	50,000.00				2,095.00	20,237.50	37,500.00	109,832.50
Purchased Professional and Technical Services					1,004.72			1,004.72
Instructional Supplies					34,376.13			34,376.13
Total Instruction	50,000.00	-	-	-	37,475.85	20,237.50	37,500.00	145,213.35
Support Services:								
Personal Services - Employee Benefits	13,000.00							13,000.00
Purchased Professional and Technical Services	18,093.00	822.00	41,363.00	1,291.00	9,350.00			70,919.00
Total Support Services	31,093.00	822.00	41,363.00	1,291.00	9,350.00	-	-	83,919.00
Total Expenditures	81,093.00	822.00	41,363.00	1,291.00	46,825.85	20,237.50	37,500.00	229,132.35
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-



**PROPRIETARY FUNDS**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2016

	<u>Food Service</u>	<u>Before/After Program</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Interfund Accounts Receivable:			
General Fund		\$ 3,695.49	\$ 3,695.49
Intergovernmental Accounts Receivable:			
State	\$ 288.56		288.56
Federal	18,710.28		18,710.28
Total Current Assets	<u>18,998.84</u>	<u>3,695.49</u>	<u>22,694.33</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	8,501.10		8,501.10
Interfund Accounts Payable:			
Due General Fund	10,497.74		10,497.74
Total Current Liabilities	<u>\$ 18,998.84</u>	<u>-</u>	<u>\$ 18,998.84</u>
<b>NET POSITION:</b>			
Unrestricted	<u>-</u>	<u>\$ 3,695.49</u>	<u>\$ 3,695.49</u>
Total Net Position	<u>-</u>	<u>\$ 3,695.49</u>	<u>\$ 3,695.49</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Before/After Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 17,773.10	\$ 23,977.70	\$ 41,750.80
<b>OPERATING EXPENSES:</b>			
Salaries	31,426.92	20,166.25	51,593.17
Cost of Sales - Reimbursable Programs	91,834.68		91,834.68
Other Purchased Services	594.00		594.00
Supplies and Materials		115.96	115.96
Total Operating Expenses	<u>123,855.60</u>	<u>20,282.21</u>	<u>144,137.81</u>
Operating Income / (Loss)	<u>(106,082.50)</u>	<u>3,695.49</u>	<u>(102,387.01)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	1,271.48		1,271.48
Federal Sources:			
National School Lunch Program	61,414.69		61,414.69
National School Breakfast Program	20,767.76		20,767.76
Total Nonoperating Revenues (Expenses)	<u>83,453.93</u>		<u>83,453.93</u>
Income (Loss) before Contributions and Transfers	<u>(22,628.57)</u>	<u>3,695.49</u>	<u>(18,933.08)</u>
Operating Transfer In - General Fund	<u>22,628.57</u>		<u>22,628.57</u>
Change in Net Position	-	3,695.49	3,695.49
Net Positon -- July 1	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -- June 30	<u>-</u>	<u>\$ 3,695.49</u>	<u>\$ 3,695.49</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Before/After Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 17,773.10	\$ 23,977.70	\$ 41,750.80
Payments to Employees	(31,426.92)		(31,426.92)
Payments to Suppliers	(83,927.58)	(20,282.21)	(104,209.79)
Net Cash Provided by (used for) Operating Activities	<u>(97,581.40)</u>	<u>3,695.49</u>	<u>(93,885.91)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	1,268.21		1,268.21
Federal Sources	79,199.64		79,199.64
Operating Subsidies, Transfers to Other Funds and Refunds	17,113.55	(3,695.49)	13,418.06
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>97,581.40</u>	<u>(3,695.49)</u>	<u>93,885.91</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents -- July 1	-	-	-
Cash and Equivalents -- June 30	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
by Operating Activities:			
Operating Income (Loss)	\$ (106,082.50)	\$ 3,695.49	\$ (102,387.01)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	8,501.10		8,501.10
Net Cash Provided by (used for) Operating Activities	<u>\$ (97,581.40)</u>	<u>\$ 3,695.49</u>	<u>\$ (93,885.91)</u>

**FIDUCIARY FUNDS**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2016

	Private-Purpose Trust Fund	Agency Funds		
	Unemployment	Student Activity	Payroll	Total
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,570.94	\$ 4,407.77	\$ 25,491.71	\$ 38,470.42
Interfund Accounts Receivable				
Due from General Account	982.24			982.24
Due from Payroll Agency Account	5,957.98			5,957.98
<b>Total Assets</b>	<u>15,511.16</u>	<u>\$ 4,407.77</u>	<u>\$ 25,491.71</u>	<u>45,410.64</u>
<b>LIABILITIES:</b>				
Accounts Payable:				
State of New Jersey - Unemployment	11,465.61			11,465.61
Payroll Deductions and Withholdings			\$ 16,325.84	16,325.84
Payable to Student Groups		\$ 4,407.77		4,407.77
Interfund Accounts Payable:				
Due to General Fund			3,207.89	3,207.89
Due to Unemployment Trust Fund			5,957.98	5,957.98
<b>Total Liabilities</b>	<u>11,465.61</u>	<u>\$ 4,407.77</u>	<u>\$ 25,491.71</u>	<u>41,365.09</u>
<b>Net Position:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>4,045.55</u>			<u>4,045.55</u>
	<u>\$ 4,045.55</u>			<u>\$ 4,045.55</u>

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Fund
	Unemployment Compensation
ADDITIONS:	
Contributions:	
Board Contribution	\$ 22,125.14
Employee Contributions	3,425.32
Investment Earnings:	
Interest	0.52
	25,550.98
Total Additions	25,550.98
DEDUCTIONS:	
Program Expenditures	28,408.12
Total Deductions	28,408.12
Change in Net Position	(2,857.14)
Net Position -- July 1	6,902.69
Net Position -- June 30	\$ 4,045.55

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Fiduciary Funds  
Student Activity Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2016

---

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Total Elementary School	<u>\$ 1,993.87</u>	<u>\$ 10,268.88</u>	<u>\$ 7,854.98</u>	<u>\$ 4,407.77</u>



**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 23,799.08	\$ 1,617,417.40	\$ 1,615,724.77	\$ 25,491.71
<b>Total Assets</b>	<b><u>\$ 23,799.08</u></b>	<b><u>\$ 1,617,417.40</u></b>	<b><u>\$ 1,615,724.77</u></b>	<b><u>\$ 25,491.71</u></b>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 13,583.46	\$ 630,445.16	\$ 627,702.78	\$ 16,325.84
Net Payroll		983,540.22	983,540.22	
Interfund Accounts Payable:				
Due General Fund	3,201.19	6.70		3,207.89
Due Unemployment Trust Fund	7,014.43	3,425.32	4,481.77	5,957.98
<b>Total Liabilities</b>	<b><u>\$ 23,799.08</u></b>	<b><u>\$ 1,617,417.40</u></b>	<b><u>\$ 1,615,724.77</u></b>	<b><u>\$ 25,491.71</u></b>

**LONG-TERM DEBT**

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2016

<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
				<u>Principal</u>	<u>Interest</u>				
Playground Equipment	11/15/2012	11/15/2016	14.96%	\$ 32,433.71	\$ 10,861.33	\$ 10,811.24		\$ 8,108.43	\$ 2,702.81
Computer Equipment	8/1/2013	8/1/2016	12.99%	13,000.00	2,766.92	4,694.43		4,333.33	361.10
Cargo Trailer	7/30/2015	7/30/2018	29.40%	4,295.00	2,218.12		\$ 4,295.00	1,312.25	2,982.75
Textbooks, Furniture, and Teaching Supplies	10/2/2015	6/2/2020	2.41%	80,000.00	4,663.04		80,000.00	10,885.68	69,114.32
						<u>\$ 15,505.67</u>	<u>\$ 84,295.00</u>	<u>\$ 24,639.69</u>	<u>\$ 75,160.98</u>

**STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Net Position by Component  
 Last Five Fiscal Years (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended				
	<u>June 30, 2016</u>	<u>June 30, 2015 (2)</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012 (1)</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 23,588.83	\$ 29,090.57	\$ 32,245.17	\$ 26,161.28	\$ 2,235.97
Restricted		941.00	13,911.51	22,876.02	19,977.43
Unrestricted	<u>(75,277.16)</u>	<u>18,363.70</u>	<u>26,589.26</u>	<u>18,056.50</u>	<u>21,633.56</u>
Total Governmental Activities Net Position	<u>\$ (51,688.33)</u>	<u>\$ 48,395.27</u>	<u>\$ 72,745.94</u>	<u>\$ 67,093.80</u>	<u>\$ 43,846.96</u>
Business-type Activities					
Net Investment in Capital Assets					
Restricted					
Unrestricted	<u>\$ 3,695.49</u>				<u>\$ 6,167.07</u>
Total Business-type Activities Net Position	<u>\$ 3,695.49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 6,167.07</u>
Government-wide					
Net Investment in Capital Assets	\$ 23,588.83	\$ 29,090.57	\$ 32,245.17	\$ 26,161.28	\$ 2,235.97
Restricted		941.00	13,911.51	22,876.02	19,977.43
Unrestricted	<u>(71,581.67)</u>	<u>18,363.70</u>	<u>26,589.26</u>	<u>18,056.50</u>	<u>27,800.63</u>
Total Government-wide Net Position	<u>\$ (47,992.84)</u>	<u>\$ 48,395.27</u>	<u>\$ 72,745.94</u>	<u>\$ 67,093.80</u>	<u>\$ 50,014.03</u>

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

(2) Beginning for the fiscal year ended June 30, 2015, the Charter School implemented GASB 68.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Changes in Net Position  
Last Five Fiscal Years (accrual basis of accounting)  
Unaudited

	Fiscal Year Ended				
	June 30 2016	June 30 2015 (2)	June 30 2014	June 30 2013	June 30 2012 (1)
<b>Expenses</b>					
Governmental Activities					
Regular Instruction	\$ 1,198,604.91				
Special Education Instruction	4,251.50				
Support Services and Undistributed Costs:					
Student and Instruction Related Services	126,403.84				
School Administrative Services	293,641.96				
Other Administrative Services	104,861.93				
Plant Operations and Maintenance	467,441.31				
Unallocated Benefits	626,241.23				
Reimbursed TPAF Pension and Social Security	223,141.92				
Instruction		\$ 1,219,713.57	\$ 914,731.89	\$ 673,632.75	\$ 417,524.42
Administration		605,215.11	555,422.57	383,276.39	200,848.78
Support Services		718,706.81	568,943.61	500,570.94	335,072.30
Unallocated Benefits		27,281.00	10,978.00	3,121.00	
Total Governmental Activities Expenses	<u>3,044,588.60</u>	<u>2,570,916.49</u>	<u>2,050,076.07</u>	<u>1,560,601.08</u>	<u>953,445.50</u>
Business-type Activities:					
Food Service	123,855.60	117,318.56	87,125.74	58,600.00	33,020.82
Before & After School Program	20,282.21			1,202.00	1,430.68
Total Business-type Activities Expense	<u>144,137.81</u>	<u>87,125.74</u>	<u>87,125.74</u>	<u>59,802.00</u>	<u>34,451.50</u>
Total District Expenses	<u>\$ 3,188,726.41</u>	<u>\$ 2,658,042.23</u>	<u>\$ 2,137,201.81</u>	<u>\$ 1,620,403.08</u>	<u>\$ 987,897.00</u>
<b>Program Revenues</b>					
Governmental Activities:					
Operating Grants and Contributions	\$ 576,941.27	\$ 319,794.14	\$ 204,799.56	\$ 232,273.95	\$ 39,006.50
Total Governmental Activities Program Revenues	<u>576,941.27</u>	<u>319,794.14</u>	<u>204,799.56</u>	<u>232,273.95</u>	<u>39,006.50</u>
Business-type activities:					
Charges for services					
Food Service	17,773.10	13,978.99	12,258.65	7,891.97	7,045.59
Before & After School Program	23,977.70			2,034.93	10,197.75
Operating Grants and Contributions	83,453.93	75,946.94	68,479.92	40,171.60	22,108.68
Total Business-type Activities Program Revenues	<u>125,204.73</u>	<u>89,925.93</u>	<u>80,738.57</u>	<u>50,098.50</u>	<u>39,352.02</u>
Total District Program Revenues	<u>\$ 702,146.00</u>	<u>\$ 409,720.07</u>	<u>\$ 285,538.13</u>	<u>\$ 282,372.45</u>	<u>\$ 78,358.52</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Local Levy and Charter School Aid	\$ 2,389,529.00	\$ 2,241,227.37	\$ 1,850,340.56	\$ 1,339,077.92	\$ 951,117.85
Miscellaneous Income	663.30	12,936.94	588.09	5,496.05	8,434.66
Transfers	(22,628.57)	(27,392.63)		7,000.00	(1,266.55)
Total Governmental Activities	<u>2,367,563.73</u>	<u>2,226,771.68</u>	<u>1,850,928.65</u>	<u>1,351,573.97</u>	<u>958,285.96</u>
Business-type activities:					
Transfers	22,628.57	27,392.63	-	3,536.43	1,266.55
Total Business Activities	<u>22,628.57</u>	<u>27,392.63</u>	<u>-</u>	<u>3,536.43</u>	<u>1,266.55</u>
Total Government-wide	<u>\$ 2,390,192.30</u>	<u>\$ 2,254,164.31</u>	<u>\$ 1,850,928.65</u>	<u>\$ 1,355,110.40</u>	<u>\$ 959,552.51</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (100,083.60)	\$ (24,350.67)	\$ 5,652.14	\$ 23,246.84	\$ 43,846.96
Business-type Activities	3,695.49			(6,167.07)	6,167.07
Total Government-wide Net (Expense)/Revenue	<u>\$ (96,388.11)</u>	<u>\$ (24,350.67)</u>	<u>\$ 5,652.14</u>	<u>\$ 17,079.77</u>	<u>\$ 50,014.03</u>

Source: Charter School's Records

- (1) For 2012, the operating period is January 1, 2011 - June 30, 2012.  
(2) Beginning for the fiscal year ended June 30, 2015, the Charter School implemented GASB 68.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Fund Balances - Governmental Funds  
Last Five Fiscal Years (modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ended				
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012 (1)</u>
General Fund					
Committed				\$ 22,876.02	
Assigned	\$ 460.00	\$ 941.00	\$ 13,911.51		\$ 19,977.43
Unassigned	<u>32,987.84</u>	<u>45,644.70</u>	<u>26,589.26</u>	<u>18,056.50</u>	<u>21,633.56</u>
Total General Fund	<u>\$ 33,447.84</u>	<u>\$ 46,585.70</u>	<u>\$ 40,500.77</u>	<u>\$ 40,932.52</u>	<u>\$ 41,610.99</u>

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.



**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Changes in Fund Balances, Governmental Funds  
 Last Five Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012 (1)</u>
<b>Revenues</b>					
Local Levy	\$ 2,291,206.00	\$ 2,038,154.00	\$ 1,719,319.00	\$ 1,258,706.00	\$ 863,374.00
Revenue From Other Sources	663.30	12,936.94	588.09	5,496.05	8,434.66
State Sources	321,464.92	231,272.37	131,021.56	80,371.92	87,743.85
Local Sources			1,000.00		
Federal Sources	218,137.35	319,794.14	203,799.56	232,273.95	39,006.50
Total Revenue	<u>2,831,471.57</u>	<u>2,602,157.45</u>	<u>2,055,728.21</u>	<u>1,576,847.92</u>	<u>998,559.01</u>
<b>Expenditures</b>					
Regular Instruction	1,168,463.48				
Special Education Instruction	4,251.50				
Support Services and Undistributed Costs:					
Student and Instruction Related Services	126,403.84				
School Administrative Services	318,281.65				
Other Administrative Services	104,861.93				
Plant Operations and Maintenance	467,441.31				
Unallocated Benefits	409,135.23				
Reimbursed TPAF Pension and Social Security	223,141.92				
Instruction		1,209,743.97	898,008.34	673,632.75	417,524.42
Administration		605,215.11	555,422.57	383,276.39	200,848.78
Support Services		746,905.81	581,791.05	494,470.25	333,273.52
Capital Outlay	84,295.00	19,815.00	20,938.00	33,147.00	7,901.30
Total Expenditures	<u>2,906,275.86</u>	<u>2,581,679.89</u>	<u>2,056,159.96</u>	<u>1,584,526.39</u>	<u>959,548.02</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,804.29)</u>	<u>20,477.56</u>	<u>(431.75)</u>	<u>(7,678.47)</u>	<u>39,010.99</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In				7,000.00	2,600.00
Capital Leases (Non-Budgeted)	84,295.00	13,000.00			
Transfers Out	<u>(22,628.57)</u>	<u>(27,392.63)</u>			
Total Other Financing Sources (Uses)	<u>61,666.43</u>	<u>(14,392.63)</u>	-	<u>7,000.00</u>	<u>2,600.00</u>
Net Change in Fund Balances	<u>\$ (13,137.86)</u>	<u>\$ 6,084.93</u>	<u>\$ (431.75)</u>	<u>\$ (678.47)</u>	<u>\$ 41,610.99</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A

Source: Charter School's Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 General Fund - Other Local Revenue by Source  
 Last Five Years (modified accrual basis of accounting)  
 Unaudited

	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	*	<u>2012</u>
Donations				\$ 852.00		N/A
Miscellaneous	\$ 663.30	\$ 12,936.94	\$ 588.09	152.16		
Vendor Refunds				3,863.22		
Closed Operations - Before & After Care				628.67		
	<u>\$ 663.30</u>	<u>\$ 588.09</u>	<u>\$ 588.09</u>	<u>\$ 5,496.05</u>	<u>\$</u>	<u>-</u>

\* - 2013 was the first year exhibit J-5 was required, therefore prior year information is not applicable.

Source: District Records.

## **Debt Capacity Information**

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Ratios of Outstanding Debt by Type  
Last Five Fiscal Years  
Unaudited

Fiscal Year <u>June 30,</u>	General Obligation <u>Bonds</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (2)	<u>Per Capita (3)</u>
		<u>Mortgages Payable</u>	<u>Capital Leases</u>	<u>Loan Payable</u>	<u>Capital Leases</u>				
2016			\$ 75,160.98			\$ 75,160.98	Unavailable	Unavailable	
2015			15,505.67			15,505.67	0.002%	\$ 35,468.00	
2014			14,394.11			14,394.11	0.001%	35,825.00	
2013			27,241.55			27,241.55	0.003%	35,468.00	
2012 (1)			4,047.36	\$ 5,000.00		9,047.36	0.001%	35,413.00	

**Note:** The Charter School does not have outstanding debt.

- (1) For 2012, the operating period is January 1, 2011 - June 30, 2012.
- (2) Personal income has been estimated based upon the municipal population and per capita (See Exhibit J-14)
- (3) Per capita personal income (See Exhibit J-14)

## **Demographic and Economic Information**

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Demographic and Economic Statistics (1)  
 Last Five Fiscal Years  
 Unaudited

---

<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2016	Unavailable	Unavailable	Unavailable	Unavailable
2015	28,230	\$ 1,001,261,640.00	\$ 35,468.00	8.80%
2014	28,497	1,020,905,025.00	35,825.00	9.50%
2013	28,646	1,016,016,328.00	35,468.00	11.90%
2012	28,678	1,015,574,014.00	35,413.00	14.30%

**Source:**

- (1) Data provided for Cumberland, New Jersey.
- (2) Population information provided by the NJ Dept of Labor and Workforce Development.
- (3) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (4) Per Capita personal income is based upon Regional Economic Information System, Bureau of Economic Analysis
- (5) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

## MILLVILLE PUBLIC CHARTER SCHOOL

Principal Employers

Current Year and Four Years Ago

Unaudited

<u>Employer (1)</u>	<u>2016</u>			<u>2012 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>
Durand Glass Mfg Co	800	1	5.98%	N/A	N/A	N/A
Walmart	350	2	2.62%	N/A	N/A	N/A
Texas Roadhouse	300	3	2.24%	N/A	N/A	N/A
Gerresheimer Glass Inc	275	4	2.06%	N/A	N/A	N/A
Amcor Rigid Plastics	250	5	1.87%	N/A	N/A	N/A
Millville City Supt's Office	205	6	1.53%	N/A	N/A	N/A
Lowe's Home Improvement	200	T-7	1.50%	N/A	N/A	N/A
Millville Center	200	T-7	1.50%	N/A	N/A	N/A
Millville Rescue Squad	200	T-7	1.50%	N/A	N/A	N/A
T-Fal	200	T-7	1.50%	N/A	N/A	N/A
	<u>2,980</u>		<u>22.28%</u>	<u>-</u>		<u>-</u>

(1) Source: ReferenceUSA.org

(2) Data was not available from sources contacted.

## **Operating Information**

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



**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Full-time Equivalent District Employees by Function/Program  
 Last Five Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
Instruction	20	18	15	11	8
Administration	3.5	3.5		2.5	1.4
Support Services	6.5	5.25	4.83	4.2	2.5
Total	<u>30</u>	<u>27</u>	<u>20</u>	<u>18</u>	<u>12</u>

**Source:** Charter School Personnel Records

(1) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Operating Statistics  
 Last Five Fiscal Years  
 Unaudited

<u>Fiscal Year Ended June 30, (4)</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff (2)</u>	<u>Pupil/Teacher Ratio Elementary (K-5)</u>	<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	249	\$ 2,821,980.86	\$ 11,333.26	20	12 : 1	248.65	236.42	27.69%	95.08%
2015	216	2,561,864.89	11,860.49	18	12 : 1	216.49	198.22	52.11%	91.56%
2014	195	2,035,221.96	10,437.04	15	12 : 1	179.7	168.0	37.32%	93.49%
2013	142	1,551,379.82	10,925.21	11	12 : 1	134.0	126.9	31.48%	94.70%
2012	108	951,646.72	8,811.54	8	12 : 1	98.0	92.6	N/A	94.49%

**Sources:** Charter School Records

**Note:** Enrollment based on End of Year enrollment count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- (4) For 2012, the operating period is January 1, 2011 - June 30, 2012.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
School Building Information  
Last Five Fiscal Years  
Unaudited

---

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

## MILLVILLE PUBLIC CHARTER SCHOOL

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
<u>Policy Level Information</u>		
Property - Blanket Building & Personal Property		
Limit of Liability		
Per Occurrence	\$ 500,000,000	\$ 2,500
Boiler and Machinery		
Limit of Liability		
Per Occurrence	100,000,000	2,500
Cyber		
Limit of Liability		
Per Occurrence	500,000	50,000
Annual Aggregate	2,000,000	
Crime - Blanket Employee Dishonesty		
Limit of Liability		
Per Loss	500,000	1,000
Comprehensive General Liability & Automobile Liability		
Limit of Liability		
Per Occurrence	5,000,000	
Workers Compensation		
Limit of Liability		
Employers Liability (per occurrence / aggregate)	5,000,000	
Annual Aggregate	5,000,000	
Each Accident	100,000	
Disease Policy Limit	100,000	
Disease Each Employee	100,000	
Sexual Abuse & Molestation		
Limit of Liability		
Per Incident	5,000,000	
Annual Aggregate	5,000,000	
Environmental Impairment		
Limit of Liability		
Per Incident	1,000,000	10,000
Annual Aggregate	25,000,000	
Employee Benefits		
Limit of Liability		
Each Accident	5,000,000	
School Leaders Professional Liability		
Limit of Liability		
Aggregate/ Per Occurrence	5,000,000	5,000
Per Claim/ Per member	5,000,000	5,000
Annual Aggregate/ Per member	5,000,000	5,000
Excess Liability		
Limit of Liability		
Per Person/ Per Claim	15,000,000	
Annual Aggregate	5,000,000	
Source: District Records		
Board Secretary / Business Administrator	130,000	
Treasurer	130,000	

Source: District Records

## **Charter School Performance Framework – Financial Indicators**

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

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Charter School Performance Framework  
 Financial Indicators - Fiscal Ratios  
 Unaudited

	2014	2015	2016	Source
	Audit	Audit	Audit	
Cash	\$ 59,204.33	\$ 78,305.27	\$ 22,088.76	Audit: Exhibit A-1
Current Assets	79,990.94	149,629.70	132,513.08	Audit: Exhibit A-1
Total Assets	126,630.22	194,225.24	253,351.65	Audit: Exhibit A-1
Current Liabilities	50,313.93	133,840.76	28,194.10	Audit: Exhibit A-1
Total Liabilities	62,208.14	301,378.67	691,570.49	Audit: Exhibit A-1
Net Position	72,745.94	48,395.27	(47,992.84)	Audit: Exhibit A-1
Total Revenue	1,857,315.82	2,254,164.31	2,390,192.30	Audit: Exhibit A-2
Total Expenses	1,851,663.68	2,278,514.98	2,486,580.41	Audit: Exhibit A-2
Change in Net Position	5,652.14	(24,350.67)	(96,388.11)	Audit: Exhibit A-2
Depreciation Expense	16,723.55	21,858.04	30,141.43	Financial Statements/Audit Workpapers
Interest Expense	1,568.40	3,637.64	5,524.55	Financial Statements/Audit Workpapers
Principal Payments	12,847.44	11,888.44	24,639.69	Financial Statements/Audit Workpapers
Interest Payments	1,568.40	3,637.64	5,524.55	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	180	216	249	DOE Enrollment Reports
March 30th Budgeted Enrollment	180	216	249	Charter School Budget

**RATIOS ANALYSIS**

Near Term Indicators	2014	2015	2016	3 YR CUM	Source:
1a. Current Ratio	1.59	1.12	4.70	2.47	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	11.67	12.54	3.24	9.15	Cash/(Total Expenses/365)
1c. Enrollment Variance	99.83%	100.23%	99.86%	1.00	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	N/A	Audit
<b>Sustainability Indicators</b>					
2a. Total Margin	0.30%	-1.08%	-4.03%	(0.02)	Change in Net Position/Total Revenue
2b. Debt to Asset	0.49	1.55	2.73	1.59	Total Liabilities/Total Assets
2c.** Cash Flow	38,350.22	19,100.94	(56,216.51)	411.55	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	1.66	0.07	(2.01)	(0.09)	

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

\*\* 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash; 2014 = 2014 Cash - 2013 Cash

\*\*\* The Charter School's first year of operations was for the Fiscal Year ended 2012.

**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Trustees  
Millville Public Charter School  
Millville, New Jersey 08332

***Report on Compliance for Each Major State Program***

We have audited the Millville Public Charter School's, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2016. The Charter School's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major State Program***

In our opinion, the Millville Public Charter School, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.



**Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Public School Accountant No. CS 01191

Voorhees, New Jersey  
December 1, 2016

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2016

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal FA N Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance</u>	<u>Carryover / (Walkover) Amount</u>
					<u>From</u>	<u>To</u>	<u>June 30, 2015</u>	
Special Revenue Fund:								
U.S. Department of Education								
Passed-through Partnership for Innovation in Compensation								
for Charter Schools:								
Teacher Incentive Fund	84 374A	U374A160071	N/A	\$ 145,800 00	7/1/2014	6/30/2016		
Teacher Incentive Fund	84 374A	U374A160071	N/A	127,500 00	7/1/2015	6/30/2017		
Total Teacher Incentive Fund							-	-
Passed-through State Department of Education:								
Title I, Part A Cluster:								
Title I (P.L. 103-382)	84 010A	S010A150030	NCLB15806069	94,925 00	7/1/2014	6/30/2015	\$ (30,056 00)	
Title I (P.L. 103-382)	84 010A	S010A150030	NCLB16806069	81,093 00	7/1/2015	6/30/2016		
Total Title I, Part A Cluster							(30,056 00)	-
Title IIA	84 367A	S367A150029	NCLB16806069	822 00	7/1/2015	6/30/2016		
Total Title IIA							-	-
I.D.E.A., Part B Cluster:								
I.D.E.A. Part B Basic	84 027A	H027A150100	DEA15806069	33,900 00	7/1/2014	6/30/2015	(360 00)	
I.D.E.A. Part B Basic	84 027A	H027A150100	DEA16806069	41,363 00	7/1/2015	6/30/2016		
I D E.A. Preschool Incentive	84.173A	H173A150114	DEA16806069	1,291 00	7/1/2015	6/30/2016		
Total I D E.A., Part B Cluster							(360 00)	-
Race to the Top	84.413A	B413A120008	N/A	2,291 00	7/1/2012	11/30/2015	(291 00)	
Race to the Top - ARRA - IIS Competitive Grant	84.413A	B413A120008	N/A	144,802 00	2/1/2015	11/30/2015	(14,129.15)	
Total Race to the Top							(14,420.15)	-
Charter Schools Grant Program:								
Implementation - Year 2	84 282A	U282A120015	N/A	100,000 00	12/1/2013	11/30/2014	(5,979 00)	
Total Charter School Grants Program							(5,979 00)	-
Total U.S. Department of Education								
Total Special Revenue Fund							(50,815.15)	-
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
School Breakfast Program	10 553	16161NJ304N1099	Unavailable	17,502 27	7/1/2014	6/30/2015	(3,497 27)	
School Breakfast Program	10 553	16161NJ304N1099	Unavailable	20,767.76	7/1/2015	6/30/2016		
National School Lunch Program	10 555	16161NJ304N1099	Unavailable	57,157.16	7/1/2014	6/30/2015	(12,230 20)	
National School Lunch Program	10 555	16161NJ304N1099	Unavailable	61,414 69	7/1/2015	6/30/2016		
Total U.S. Department of Agriculture							(15,727.47)	-
Total Enterprise Fund							(15,727.47)	-
Total Federal Financial Assistance								
							<u>\$ (66,542 62)</u>	<u>-</u>

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

These funds were not audited in accordance with the *Uniform Guidance* since the total of all grant award expenditures were less than \$750,000.

<u>Cash Received</u>	<u>Budgetary Expenditures</u>			<u>Passed Through to Subrecipients</u>	<u>Adjustments (A)</u>	<u>Repayment of Prior Years' Balances</u>	<u>Balance June 30 2016</u>		<u>Due to Grantor at June 30, 2016</u>
	<u>Pass-Through Funds</u>	<u>Direct Funds</u>	<u>Total Budgetary Expenditures</u>				<u>(Accounts Receivable)</u>	<u>Unearned Revenue</u>	
\$ 20,237 50	\$ (20,237.50)		\$ (20,237 50)				\$ (37 500.00)		
	(37 500.00)		(37 500 00)						
20,237 50	(57,737.50)	-	(57,737 50)	-	-	-	(37,500.00)	-	-
30,056 00									
50,400 00	(81,093.00)		(81,093 00)				(30,693.00)		
80,456 00	(81,093.00)	-	(81,093 00)	-	-	-	(30,693.00)	-	-
	(822.00)		(822 00)				(822.00)		
-	(822.00)	-	(822 00)	-	-	-	(822.00)	-	-
360 00									
26,428 00	(41,363.00)		(41,363 00)				(14,935.00)		
	(1,291.00)		(1,291 00)				(1,291.00)		
26,788 00	(42,654.00)	-	(42,654 00)	-	-	-	(16,226.00)	-	-
291 00									
60,955 00		\$ (46,825.85)	(46,825 85)						
61,246 00	-	(46,825.85)	(46,825 85)	-	-	-	-	-	-
5,979 00									
5,979 00				-	-	-		-	-
194,706 50	(182,306.50)	(46,825.85)	(229,132 35)	-	-	-	(85,241.00)	-	-
194,706 50	(182,306.50)	(46,825.85)	(229,132 35)	-	-	-	(85,241.00)	-	-
3,497 27									
16,146.71	(20,767.76)		(20,767.76)				(4,621.05)		
12,230 20									
47,325.46	(61,414.69)		(61,414 69)				(14,089.23)		
79,199 64	(82,182.45)		(82,182.45)	-	-	-	(18,710.28)	-	-
79,199 64	(82,182.45)	-	(82,182.45)	-	-	-	(18,710.28)	-	-
\$ 273,906.14	\$ (264,488.95)	\$ (46,825.85)	\$ (311,314 80)	-	-	-	\$ (103,951.28)	-	-

**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2016

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30 2015</u>	<u>Unearned Revenue / (Accounts Receivable</u>	<u>Carryover / (Walkover) Amount</u>
			<u>From</u>	<u>To</u>			
General Fund:							
New Jersey Department of Education:							
Current Expense							
State Aid - Public Cluster							
Equalization Aid	15-495-034-5120-078	\$ 2,038,154.00	7/1/14	6/30/15	\$ 126,294.00		
Equalization Aid	16-495-034-5120-078	2,291,206.00	7/1/15	6/30/16			
Special Education Aid	16-495-034-5120-089	34,170.00	7/1/15	6/30/16			
Security Aid	16-495-034-5120-005	64,153.00	7/1/15	6/30/16			
Total State Aid - Public Cluster					<u>126,294.00</u>		<u>-</u>
Reimbursed T.P.A.F. Social Security Contributions	15-495-034-5095-002	77,396.37	7/1/14	6/30/15	(3,782.49)		
Reimbursed T.P.A.F. Social Security Contributions	16-495-034-5095-002	79,366.92	7/1/15	6/30/16			
Total Reimbursed T.P.A.F. Social Security Contributions					<u>(3,782.49)</u>		<u>-</u>
Total General Fund					<u>122,511.51</u>		<u>-</u>
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program							
State School Lunch Program	15-100-010-3350-023	1,287.51	7/1/14	6/30/15	(285.29)		
State School Lunch Program	16-100-010-3350-023	1,271.48	7/1/15	6/30/16			
Total Enterprise Fund					<u>(285.29)</u>		<u>-</u>
Total State Financial Assistance subject to Major Program Determination for State Single Audit					<u>122,226.22</u>		<u>-</u>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
T.P.A.F. Post-Retirement Medical							
T.P.A.F. Post-Retirement Medical	495-034-5094-001	78,146.00	7/1/15	6/30/16			
Teachers' Pension and Annuity Fund							
Teachers' Pension and Annuity Fund	495-034-5094-002	62,515.00	7/1/15	6/30/16			
T.P.A.F. Non-contributory Insurance							
T.P.A.F. Non-contributory Insurance	495-034-5094-004	3,114.00	7/1/15	6/30/16			
Total General Fund (Non-Cash Assistance)					<u>-</u>		<u>-</u>
Total State Financial Assistance					<u>\$ 122,226.22</u>		<u>-</u>

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

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2016			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
			\$ (126,294.00)						\$ 2,038,154 00
\$ 2,246,030.00	\$ (2,291,206 00)		126,294.00				\$ 81,118 00		2,291,206 00
34,170.00	(34,170 00)								34,170 00
64,010.00	(64,153 00)				\$ (143.00)				64,153 00
2,344,210.00	(2,389,529 00)	-	-	-	(143.00)	-	81,118 00	-	4,427,683 00
3,782.49									77,396 37
75,873.07	(79,366 92)				(3,493.85)				79,366 92
79,655.56	(79,366 92)	-	-	-	(3,493.85)	-	-	-	156,763 29
2,423,865.56	(2,468,895 92)	-	-	-	(3,636.85)	-	81,118 00	-	4,584,446 29
285.29									1,287 51
982.92	(1,271.48)				(288.56)				1,271.48
1,268.21	(1,271.48)	-	-	-	(288.56)	-	-	-	2,558 99
2,425,133.77	(2,470,167.40)	-	-	-	(3,925.41)	-	81,118 00	-	4,587,005 28
78,146.00	(78,146 00)								78,146 00
62,515.00	(62,515.00)								
3,114.00	(3,114.00)								3,114 00
143,775.00	(143,775.00)	-	-	-	-	-	-	-	81,260 00
\$ 2,568,908.77	\$ (2,613,942.40)	-	-	-	\$ (3,925.41)	-	\$ 81,118 00	-	\$ 4,668,265 28

**MILLVILLE PUBLIC CHARTER SCHOOL**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2016

---

**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Millville Public Charter School (hereafter referred to as the "Charter School"). The Charter School is defined in note 1 to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Charter School's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, or State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$10,995.00) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the special revenue fund.

Awards and financial assistance expenditures reported in the Charter School's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,389,529.00	\$ 2,389,529.00
Special Revenue	\$ 218,137.35		218,137.35
Food Service	82,182.45	1,271.48	83,453.93
Total Awards and Financial Assistance	<u>\$ 300,319.80</u>	<u>\$ 2,390,800.48</u>	<u>\$ 2,691,120.28</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: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent amounts due from sending districts for Equalization Aid adjusted to the current fiscal year.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2016, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs and non-contributory insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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





**MILLVILLE PUBLIC CHARTER SCHOOL**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2016

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? \_\_\_ yes X no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

	State Aid - Public Cluster: (Charter School Aid)
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Aid
16-495-034-5120-084	Security Aid

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

Auditee qualified as low-risk auditee? X yes \_\_\_ no

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

---

***Section 2- Schedule of Financial Statement Findings***

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

None.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

---

***Section 3- Schedule of Federal Award Findings and Questioned Costs***

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

Not applicable.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

---

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

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

None.

**MILLVILLE PUBLIC CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

---

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2015-001**

**Condition**

The Charter School did not reimburse the State for the TPAF/FICA payments made by the State on-behalf of the Charter School within the 60 day grant liquidation period required by the Office of Grants Management and within the 90 days required by NJSA 18A:66-90.

**Current Status**

This condition has been resolved.

**FEDERAL AWARDS**

Not applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

