

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2019

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

***Bergen Arts and Science Charter School
Board of Trustees
Fair Lawn, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2019***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Prepared by

***Bergen Arts and Science Charter School
Finance Department***

And

Barre & Company LLC, CPAs

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

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INTRODUCTORY SECTION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
33-00 BROADWAY SUITE 301
FAIR LAWN, NEW JERSEY 07410

November 26, 2019

Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Fair Lawn, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Bergen Arts and Science Charter School (the "Charter School") for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An appointed six member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

1. **REPORTING ENTITY AND ITS SERVICES:** Bergen Arts and Science Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the school are included in this report. Bergen Arts and Science Charter School Board of Trustees constitutes the Charter School’s reporting entity.

Bergen Arts and Science Charter School provides a full range of educational services appropriate to Grades K-6. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2018-2019 school year with an enrollment of 1,155 students. The following details the student enrollment of the Charter School.

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2018-2019	1,155	1.94%
2017-2018	1,132	13.11%
2016-2017	1,100	7.54%
2015-2016	968	2.46%
2014-2015	960	24.97%
2013-2014	874	9.16%
2012-2013	660	16.30%
2011-2012	600	14.46%
2010-2011	498	12.68%
2009-2010	426	18.28%

2. **ECONOMIC CONDITION AND OUTLOOK:** Bergen Arts and Science Charter School continues to experience a period of development and expansion that is expected to continue through the Twenty-First Century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Bergen Arts and Science Charter School will continue to prosper.

3. **MAJOR INITIATIVES:** The Bergen Arts and Science Charter School Mission is to provide the ideal environment for the intellectual and social development for its students by utilizing a combined effort of students, educators, families, and the community as a whole.

Mission and Educational Program in Practice

Bergen Arts and Science Charter School aims to provide the ideal environment for the intellectual and social development of its students, utilizing the combined effort of students, educators, families, and the community as a whole, by providing boundless academic and co-curricular opportunities for individual skills and talents to develop. From the inception of the school, students have been provided a multitude of opportunities extended to them that have guided them on a path to success. Our mission and vision considers the educational goals that the New Jersey Department of Education has established for *all* students. This is evidenced in the four areas identified below, which are in direct correlation to the "Building Blocks of Education" outlined by Governor Christie.

1. **Academic Achievement** - concentration is placed on providing a multidimensional curriculum, research-based "best practices" instructional strategies, and student/program assessments. Literacy objectives within the NJSLs **must be met** to better prepare students for PARCC assessments, college acceptance, and workforce readiness. Summary writing, analysis of rich and varied literature and non-fiction text, critical research skills, and opinions supported by text-based evidence are the cornerstone elements of the NJSLs. In mathematics, lessons are aligned to the NJSLs and the content prioritized and supported with online programs for student instruction and assignments. Teachers and students have access to rich, NJSLs-aligned, engaging content, and embedded assessments with instant data.

2. **Digital Learning Environment** - concentration is placed on classroom organization, integration of technology, teacher development, and effective instructional programs. This allows the district to provide the most relevant, research-based educational experience to our students. The design of the program currently embraces technological literacy and integration, and in the absence of these resources, curricula cannot be delivered as designed. The rigors of the Common Core State Standards and the next-generation digital assessments require us to adjust both the method and mode of instruction to prepare our students for college and careers. We fully expect student assessment data to evidence student growth as a result, in part, of digital instruction.

3. **Co-curricular Programs** - concentration is placed on academic and non-academic programs that are designed to meet the needs of the **whole child** (academically, socially and emotionally). Bergen Arts and Science Charter School has a vibrant arts education model, which includes multiple performances including full-length theatrical productions, concerts, cultural dances and festivals. The school is often the host location for a variety of educational presentations, educational guest speakers, science fairs and Olympiads, and math competitions. Additionally, the district hosts a summer learning institute, whereby all instructional staff come together in the form of a professional learning community in order to explore best practices in education.

4. **Community Involvement** - concentration is placed on parent programs, community outreach, and fostering school, family and community collaboration/involvement. The students of Bergen ASCS are afforded the benefits of partnerships currently established with local universities, businesses, and community leaders. Bergen ASCS recognizes a school as an anchor in a community and believes the school is the anchor that the community needs. All children deserve the opportunity to be educated in a rich, nurturing environment that promotes inquiry-based learning and innovation in an equitable, culturally-sensitive environment.

CURRICULUM ALIGNMENT TO STANDARDS

In order to ensure that Bergen ASCS's curriculum is aligned to state standards, the school has developed a high-quality curriculum framework that embodies the rigor required by the state standards and goals for which teachers and students are held accountable. This curriculum is developed in-house by a team of teachers under the supervision of the content area Program Director (K-3, ELA, mathematics, science). The standards-based curriculum governs the way that instructional programs are run and the way that teachers teach. The curriculum framework

considers the need for proper implementation of the state standards, and therefore provides adequate time for implementation, monitoring, and evaluation.

For example, in math, teachers are provided with a local standard list. Each NJSLS-M is unpacked and turned into one or multiple local standards. Teachers also are provided with unit plans in UbD format that includes interactive pacing guides. On the pacing guides, teachers are provided links to resources specifically aligned to each local standard.

Bergen ASCS' curriculum exhibits clear alignment to the NJSLS, and draws guidance from select national standards. Emphasis is placed upon on the academic tasks (content, knowledge, skills) expected of the students.

Clear alignment and outcomes linked to the learning standards are evidenced in each content area. Curriculum has been aligned by "unpacking" the NJSLS and using content to plan for effective, rigorous, and engaging learning experiences. This design approach for content mastery and student understanding promotes high student achievement in all content and technical areas. Additionally, the established curriculum encourages logic, critical thinking, and problem-solving skills across disciplines. Curriculum maps are provided per unit. Standards, skills, and assessments for each unit are provided to the teachers at the beginning of the school year.

SCHOOL ENGAGEMENT OF FAMILIES / GUARDIANS

Bergen ASCS believes that family involvement is an integral component of our school culture. Our objective is to continue fostering close and positive relationships and constant communication between school, family and community. Our Parent-Teacher Organization (PTO) is a committee that maintains a strong presence at the school, and they are a vital component of enriching the experience of students. They make the purchase of sports equipment, musical instruments, yearbooks and classroom materials a reality for our Charter School. Additionally, the PTO organizes fundraisers to defray the cost of field trips for the students.

In the 2018-2019 Academic Year, Bergen ASCS campuses reached out to both families and the community-at-large with myriad programs and activities to enhance the experience of the students and school community as a whole. Parents are not only invited to attend, but asked to contribute to the planning and implementation programs and offerings. We look to continue to grow in terms of these opportunities, with expanded programs, meetings, and events to foster not only individual and whole student growth, but a continued support of our parent organization. With the 2018-2019 year seeing expansion to a third school, and the long-awaited debut of a high school grade (9th), these programs and activities are needed more than ever to ensure alignment with the Charter School's mission and vision.

Bergen ASCS cultivates and maintains steady school/family interaction through an array of activities. A selection of programs and events is provided below:

- 9/11 REFLECTION
- ANNUAL BREAKFAST WITH SUPERMAN
- ANNUAL BREAKFAST WITH WONDERWOMAN
- ART FAIR
- BACK TO SCHOOL NIGHT
- BASCS AWARDS CEREMONIES
- BASCS HALLOWEEN COSTUME PARADE/CONTEST
- BERGEN HIGH SCHOOL PLAY AND MUSICAL
- BERGEN IDOL VOCAL COMPETITION
- BLACK HISTORY MONTH
- BLACK HISTORY POETRY NIGHT
- DIWALI CELEBRATION
- FIRE PREVENTION WEEK
- GRANDPARENT'S NIGHT
- HEALTH FAIR
- HERITAGE FESTIVAL
- HIGH SCHOOL GRADUATION
- HISPANIC HERITAGE CELEBRATION
- HOLIDAY DINNER/FOOD DRIVE
- ILEARN COLORATHON
- INTERNET SAFETY SEMINAR
- KINDERGARTEN GRADUATION
- MAKER'S FAIR
- MIDDLE SCHOOL GRADUATION
- NETS FOR VETS
- ORIENTATION FOR STUDENTS AND PARENTS
- PARENT/TEACHER CONFERENCES
- READ ACROSS AMERICA
- SCHOLASTIC BOOK FAIR
- SCHOOL CHOICE WEEK
- SENIOR RECOGNITION DINNER
- SPRING AND WINTER CONCERTS
- VETERAN'S DAY REMEMBRANCE
- VIOLENCE AWARENESS WEEK
- WEEK OF RESPECT

PARTNERSHIP PROGRAMS

Bergen Arts and Science Charter Schools have partnered with the organizations and institutions of higher learning listed below in order to improve teaching and learning across school campuses.

Rutgers University

Bergen Arts and Science Charter School has partnered with Rutgers, The State University of New Jersey for the School System Improvement (SSI) Project. Funded through the U.S. Department of Education Teacher Incentive Fund (TIF) Grant Program, teachers and administrators participate in the school-wide development and implementation of the educator

and principal evaluation systems, professional development, and coaching via master mentor teachers. The program is anticipated to span 3-5 years.

Grand Canyon University

Through our partnership with Grand Canyon University, school administrators completed online courses in order to obtain supervisory certification. Tuition costs were reduced due to this partnership. Two school administrators utilized this partnership in order to further their education.

Ramapo College

Bergen ASCS will coordinate and oversee the Clinical Experience for the teachers from the Teacher Education program that will be placed on Bergen ASCS campuses. Through our partnership, students of Ramapo College will participate in Student Teaching Internships, practicum, and observations at Bergen ASCS.

Fairleigh Dickinson University

Founded in 1984, the Middle College program is now affiliated with more than 100 high schools throughout New Jersey, including Bergen ASCS. The university's Faculty Advisory Committee reviews submitted curricula and high school staff members for inclusion in the program. FDU's Middle College program gives college-bound juniors and seniors the opportunity to experience university-style learning before they graduate high school. Qualifying students are high school juniors and seniors in advanced and honors sections in subjects such as literature, science, art, mathematics and other courses.

Felician University

Through our partnership with Felician University, school administrators are enrolled in a masters of leadership program with Felician University. Tuition costs are reduced due to this partnership. Currently administrators are either in their second (and final) year or in their first year. At the end of the program, administrators will have their master's degree and will be eligible for their principal certification. Those administrators with a master's degree already, are completing the required courses to receive their supervisor's certificate.

Susan G. Komen 5005 LBJ Freeway Suite.250 Dallas, TX 75244

Through our Students in Action leadership club, students raised awareness about the Susan G. Komen breast cancer awareness program. Students ran a fundraiser, where t-shirts were purchased for a school wide "Pink Out" in which everyone wore pink. Students participated in this fundraiser to bring awareness of breast cancer, and to raise money to support the research.

Jefferson Awards Foundation "Students- in-Action"

Students-in-Action empowered students to think big, choose their own public service passion, engage their own school and broader communities, and create maximum impact. There are 3 pillars of Students- in-Action: Leadership, Engagement, and Impact. Students-in-Action comprised of middle and high school students who possess the leadership traits and eagerness to make a difference in the school and in the community at large.

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

As a recipient of federal and state financial assistance, the Charter School is also 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's management.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2019.

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

7. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents, and fidelity bonds.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company LLC, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

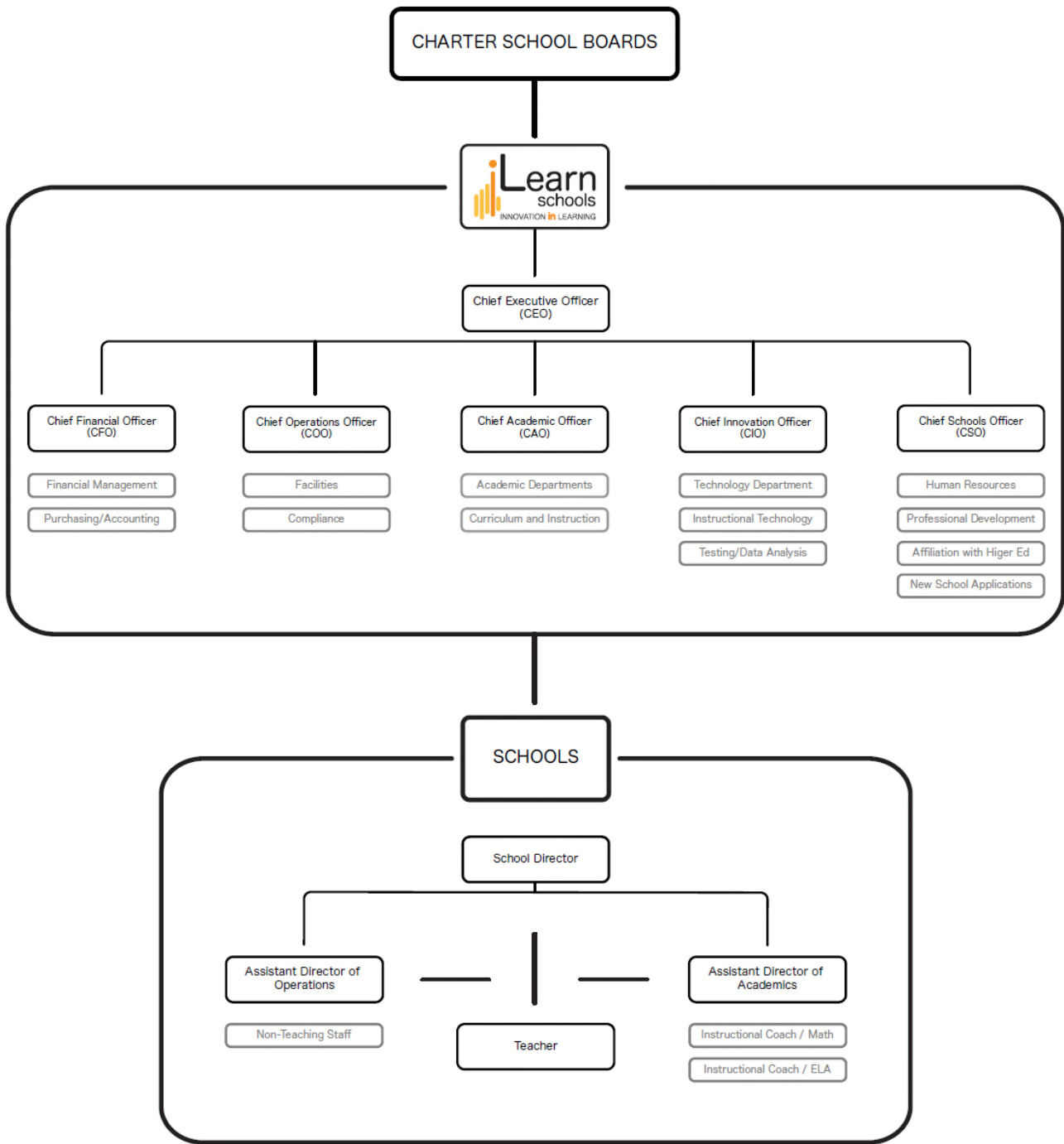
9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2018-2019, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

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

Respectfully submitted,



Mustafa Coban
School Business Administrator/Board Secretary



BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2019

Members of the Board of Trustees

Position

Lori Manning	President
Beatriz Rodriguez	Vice President
Alejandrina Banch-Almodovar	Trustee
Jennifer Yashiro	Trustee
Haderson Rivera	Trustee
David Yurt	Trustee

Other Officials

Nihat Guvercin	Lead Person
Mustafa Coban	Business Administrator/ Board Secretary
Christopher Lessard	Treasurer

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY**

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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Bergen Arts and Science Charter School
33-00 Broadway Suite 301
County of Bergen
Fair Lawn, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, as of June 30, 2019, and the respective changes in the financial position and, where applicable, cash flows thereof for the 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, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes be presented to supplement the basic financial statements and the budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated December 23, 2019 on our consideration of the Bergen Arts and Science Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and *the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
December 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED**

The discussion and analysis of Bergen Arts and Science Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2019 are as follows:

- ❖ General revenues accounted for \$18,579,791 in revenue or 100% percent of all revenues. There were no program specific revenues in the form of charges for services, operating grants or contributions accounted for of total revenues of \$18,579,791.
- ❖ The Charter School had \$16,926,885 in expenses and none of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$18,579,791 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$16,748,328 in revenues and \$15,470,884 in expenditures. The General Fund's fund balance increased \$1,277,444 over 2018. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED
(CONTINUED)

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2019?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

UNAUDITED
(CONTINUED)

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 39 of this report.

The Charter School as a Whole

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

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

The Charter School's combined net position were \$ (1,686,792) for 2019 and \$ (3,379,386) for 2018.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**UNAUDITED
(CONTINUED)**

Governmental Activities

The Charter School's total revenues were \$18,579,791 2019 and \$18,248,131 for 2018. This includes \$388,161 for 2019 of state reimbursed TPAF social security and pension contributions and \$372,356 for 2018 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$16,926,885 for 2019 and \$18,262,991 for 2018. Instruction comprises 43% for 2019 for 39% for 2018 of Charter School expenses.

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

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

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

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

Business-Type Activities

Revenues for the Charter School's business-type activities (food service program and aftercare program-first year) were comprised of charges for services and federal and state reimbursements.

- ❖ Proprietary Fund operating revenues exceeded operating expenses by \$39,690 for 2019 and by \$18,281 for 2018.
- ❖ Charges for services represent \$162,499 for 2019 and \$176,021 for 2018. This represents amounts paid by patrons.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$330,380 for 2019 and \$340,487 for 2018.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**UNAUDITED
(CONTINUED)**

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,579,791 for 2019 and \$18,248,131 for 2018 and expenditures were \$16,926,885 for 2019 and \$18,262,991 for 2018. The net change in fund balance for fiscal years 2019 and 2018 was most significant in the general fund, an increase of \$1,652,906 in 2019 and a decrease of \$14,860 in 2018.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2019.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2018	Percent of Increase/ (Decrease)
Local Sources	\$ 8,186,017	47.34%	\$ 601,640	7.93%
State Sources	8,562,311	49.52%	156,651	1.86%
Federal Sources	543,482	3.14%	59,695	12.34%
Total	\$ 17,291,810	100.00%	\$ 817,986	

Th

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2019.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2018	Percent of Increase/ (Decrease)
Instruction	\$ 6,063,075	37.86%	\$ 84,765	1.42%
Administration	5,939,483	37.09%	210,743	3.68%
Support Services	3,885,274	24.26%	22,306	0.58%
Capital Outlay	126,534	0.79%	(189,751)	-59.99%
Total	\$ 16,014,366	100.00%	\$ 128,063	

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation)

The Charter School had \$ \$200,548 invested in machinery and equipment at the end of the fiscal year 2019 and \$55,293 for 2018.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Nihat Guvercin, CEO at iLearn Schools, 33-00 Broadway, Suite 301, Fair Lawn, New Jersey 07410.

SECTION A - BASIC FINANCIAL STATEMENTS

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,057,934	\$ 150,132	\$ 3,208,066
Restricted	-	-	-
Investments	-	-	-
Interfund Receivables	369,635		369,635
Receivables	650,715	10,981	661,696
Inventories		13,653	13,653
Prepaid Expenses	267,894		267,894
Deferred Bond Issuance Costs, Net	-	-	-
Capital Assets, Net	164,001	3,043	167,044
	<u>4,510,179</u>	<u>177,809</u>	<u>4,687,988</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	2,230,036		2,230,036
	<u>2,230,036</u>	<u>-</u>	<u>2,230,036</u>
LIABILITIES:			
Interfund Payable	\$ 177,656	\$ 103,981	\$ 281,637
Payable to State Government	10,697		10,697
Payable to Federal Government	-		-
Payable to District	204,064		204,064
Accounts Payable	51,385		51,385
Due Beyond One Year	33,529	-	33,529
Pensions	4,249,044		4,249,044
	<u>4,726,375</u>	<u>103,981</u>	<u>4,830,356</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	3,774,460		3,774,460
	<u>3,774,460</u>	<u>-</u>	<u>3,774,460</u>
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	58,071		58,071
Invested in Capital Assets, Net of Related Debt			
Restricted for:			
Unassigned	(1,818,691)	73,828	(1,744,863)
	<u>(1,818,691)</u>	<u>73,828</u>	<u>(1,744,863)</u>
Total Net Position (Deficit)	<u>\$ (1,760,620)</u>	<u>\$ 73,828</u>	<u>\$ (1,686,792)</u>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2019

A-2

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Governmental Activities	Business-Type Activities	Total	Net (Expense) Revenue and Changes In Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				In Net Position	
GOVERNMENTAL ACTIVITIES:										
Instruction	\$ 6,098,670	\$ 1,105,996	\$ -	\$ -	\$ -	\$ (7,204,666)	\$ -	\$ (7,204,666)		
Administration	5,263,490	221,334				(5,484,824)		(5,484,824)		
Support Services	3,907,656	336,327				(4,243,983)		(4,243,983)		
Capital Outlay	(6,588)					6,588		6,588		
Total Governmental Activities	15,263,228	\$ 1,663,657	-	-	-	(16,926,885)	-	(16,926,885)		
BUSINESS-TYPE ACTIVITIES:										
Food Service	453,189		162,499	330,380	-	-	39,690	39,690		39,690
Total Business-Type Activities	453,189		162,499	330,380	-	-	39,690	39,690		39,690
Total Primary Government	\$ 15,716,417		\$ 162,499	\$ 330,380	\$ -	\$ (16,926,885)	\$ 39,690	\$ (16,887,195)		\$ (16,887,195)
GENERAL REVENUES										
General Purposes						\$ 14,341,361	\$ -	\$ 14,341,361		\$ 14,341,361
Federal and State Aid Not Restricted						4,194,461		4,194,461		4,194,461
Miscellaneous Income						43,969		43,969		43,969
Total General Revenues						18,579,791		18,579,791		18,579,791
Change in Net Position						1,652,906		39,690		1,692,596
Net Position - Beginning of Year						(3,413,526)		34,138		(3,379,388)
Net Position - Ending						\$ (1,760,620)	\$ 73,828	\$ (1,686,792)		\$ (1,686,792)

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2019

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,982,934	\$ -	\$ 2,982,934
Cash - Restricted	75,000		75,000
Receivables:			
Interfund Receivables	369,635		369,635
Receivables From Other Governments	36,933	216,524	253,457
Other Receivables	28,465		28,465
Receivables From Districts	368,793		368,793
Prepaid Expenses	267,894		267,894
	<hr/>	<hr/>	<hr/>
Total Current Assets	4,129,654	216,524	4,346,178
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,129,654	\$ 216,524	\$ 4,346,178
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 1,070	\$ 176,586	\$ 177,656
Payable to State Government	10,697		10,697
Payable to District	204,064		204,064
Accounts Payable	11,447	39,938.00	51,385
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	227,278	216,524	443,802
	<hr/>	<hr/>	<hr/>
Total Liabilities	227,278	216,524	443,802
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Unassigned:			
General Fund	3,902,376		3,902,376
	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,902,376	-	3,902,376
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 4,129,654	\$ 216,524	
	<hr/>	<hr/>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$500,595 and the accumulated depreciation is \$336,594.	164,001
Net pension liability of \$4,249,044, deferred inflows of resources of \$3,774,460 less deferred outflows of resources of \$2,230,036 related to pensions are not reported in the governmental funds	<hr/> (5,793,468)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<hr/> (33,529)
Net Position of Governmental Activities	<hr/> <u>\$ (1,760,620)</u>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 8,142,048	\$ -	\$ 8,142,048
Miscellaneous	43,969		43,969
Total Local Sources	8,186,017		8,186,017
State Sources	8,562,311		8,562,311
Federal Sources		543,482	543,482
Total Revenues	16,748,328	543,482	17,291,810
EXPENDITURES:			
Current:			
Instruction	5,685,941	377,134	6,063,075
Administration	5,939,483		5,939,483
Support Services	3,729,626	155,648	3,885,274
Capital Outlay	115,834	10,700	126,534
Total Expenditures	15,470,884	543,482	16,014,366
NET CHANGE IN FUND BALANCES	1,277,444		1,277,444
FUND BALANCES, JULY 1	2,624,932		2,624,932
FUND BALANCES, JUNE 30	\$ 3,902,376	\$ -	\$ 3,902,376

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

BERGEN ARTS AND SCIENCE 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, 2019

Total net change in fund balances - governmental fund (from B-2)		\$ 1,277,444
Amounts reported for governmental activities in the statement of activities (A-2) which are different:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (60,721)	
Capital Outlay	<u>114,464</u>	53,743
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		
		303,061
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		18,658
Change in net position of governmental activities		<u><u>\$ 1,652,906</u></u>

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

PROPRIETARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Proprietary Fund
Statement of Net Position
June 30, 2019

	Business-Type Activities Enterprise Fund		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 58,298	\$ 91,834	\$ 150,132
Intergovernmental Accounts Receivable:			
Federal	10,774		10,774
State	207		207
Inventories	13,653		13,653
Total Current Assets	82,932	91,834	174,766
Noncurrent Assets:			
Machinery and Equipment	24,235		24,235
Less Accumulated Depreciation	(21,192)		(21,192)
Total Noncurrent Assets	3,043	-	3,043
Total Assets	\$ 85,975	\$ 91,834	\$ 177,809
LIABILITIES AND NET POSITION:			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	\$ 22,981	\$ 81,000	\$ 103,981
Total Liabilities	22,981	81,000	103,981
Net Position:			
Unassigned	62,994	10,834	73,828
Total Net Position	62,994	10,834	73,828
Total Liabilities and Net Position	\$ 85,975	\$ 91,834	\$ 177,809

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities Enterprise Fund			Total
	Food Service	Fixed Price Contract	After Care	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Program (Reimbursable Program) Meals	\$ 64,176	\$ -	\$ -	\$ 64,176
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	15,590		82,733	98,323
Total Operating Revenues	79,766	-	82,733	162,499
OPERATING EXPENSES:				
Cost of Sales - Program (Reimbursable Program) Meals	140,317			140,317
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	7,795			7,795
Salaries	168,475		81,000	249,475
Management Fees	8,613			8,613
Supplies and Materials	19,198			19,198
Depreciation Expense	4,847			4,847
Miscellaneous Expenses	22,779		165	22,944
Total Operating Expenses	372,024	-	81,165	453,189
OPERATING (LOSS)	(292,258)	-	1,568	(290,690)
NONOPERATING REVENUES:				
State Source:				
State School Breakfast/Lunch Program	5,506			5,506
Federal Source:				
National School Breakfast/Lunch/Snack Program	292,590			292,590
USDA Commodities	32,284			32,284
Total Nonoperating Revenues	330,380	-	-	330,380
CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES	38,122	-	1,568	39,690
CHANGE IN NET POSITION	38,122	-	1,568	39,690
TOTAL NET POSITION, JULY 1	24,872	-	9,266	34,138
TOTAL NET POSITION, JUNE 30	\$ 62,994	\$ -	\$ 10,834	\$ 73,828

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities Enterprise Fund		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 77,519	\$ 82,733	\$ 160,252
Cash Payments to Suppliers and Employees	(365,864)	(165)	(366,029)
Net Cash Used In Operating Activities	(288,345)	82,568	(205,777)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	298,096		298,096
Food Distribution Program Commodities	32,284	-	32,284.00
Net Cash Provided By Noncapital Financing Activities	330,380	-	330,380
Net Increase In Cash And Cash Equivalents	42,035	82,568	124,603
Cash And Cash Equivalents, Beginning Of Year	16,263	9,266	25,529
Cash And Cash Equivalents, End Of Year	<u>\$ 58,298</u>	<u>\$ 91,834</u>	<u>\$ 150,132</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (292,258)	\$ 1,568	\$ (290,690)
Depreciation	4,847		4,847
Change In Assets And Liabilities:			
Decrease In Receivables From Other Governments	(2,247)		(2,247)
(Increase) Decrease In Inventories	(4,456)		(4,456)
Increase (Decrease) In Interfund Payable	5,769	81,000	86,769
Net Cash Used In Operating Activities	<u>\$ (288,345)</u>	<u>\$ 82,568</u>	<u>\$ (205,777)</u>

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

FIDUCIARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2019

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	\$ 105,198
Interfund Accounts Receivable	1,070
Total Assets	\$ 106,268
 LIABILITIES:	
Interfund Accounts Payable	\$ 89,068
Due to Student Groups	17,200
Total Liabilities	\$ 106,268

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

NOTES TO THE FINANCIAL STATEMENTS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Bergen Arts and Science Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

For fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources and expense/expenditure.

B. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintain a public school under a charter granted by the State of New Jersey. The Charter School consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

The primary criterion for including activities within the Charter School's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement No. 14, the financial reporting entity is determined by 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 and account groups of the Charter School over which it exercises operating control.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (continued)

The operations of the Bergen Arts and Science Charter School includes two schools a Grade K-6 and a Grade 7-12 located in Garfield and Hackensack respectively. There are no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements – Government-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

General Fund – The general fund is the general 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that

General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type - The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating 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. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types - Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Charter School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

Agency Funds (Payroll, Payroll Agency and Student Activity): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

A. Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 543,482
Adjustments:	
Less Encumbrances at June 30, 2019	-
Plus Encumbrances at June 30, 2018	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 543,482</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (continued)

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

A. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey charter schools.

Additionally, the Charter School had adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (continued)

2. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Charter School has included all infrastructure assets in the current fiscal year.

5. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Net Position/Fund Balance

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

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

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

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

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Fund Balance Reserves

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

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

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

B. Impact of Recently Issued Accounting Principles

During fiscal year 2019, the Charter School adopted the following GASB statement as required:

GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Impact of Recently Issued Accounting Principles (Continued)

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2019

GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

J. Pensions

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits 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 pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2019, cash and cash equivalents of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 3,057,934</u>	<u>\$ 150,132</u>	<u>\$ 106,268</u>	<u>\$ 3,314,334</u>

The Charter School had no investments at June 30, 2019.

The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$3,314,334 and the bank balance was \$4,064,524. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (continued)

Deposits (continued)

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2019, none of the cash and cash equivalents for Bergen Arts and Science Charter School were exposed to custodial credit risk.

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (continued)

Investments (Continued)

- (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
- (6) Local government investment pools; Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (7) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2019.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2019.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2019.

Receivables

Receivables at June 30, 2019, consisted of accounts, intergovernmental, grants, and miscellaneous.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (Continued)

Receivables (Continued)

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 585,317	\$ 585,524
Federal Aid	-	10,774
Other	65,398	65,398
Gross Receivables	650,715	661,696
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 650,715</u>	<u>\$ 661,696</u>

A. Interfund Receivables and Payables

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

The following interfund balances remained on the fund financial statements at June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 369,635	\$ 1,070
Special Revenue Fund		176,586
Proprietary Fund		103,981
Fiduciary Fund	1,070	89,068
Total	<u>\$ 370,705</u>	<u>\$ 370,705</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE II: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES
(CONTINUED)**

Deposits and Investments (Continued)

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	-	-	-	-
Building and Building Improvements		91,087	-	\$ 91,087
Machinery and Equipment	386,131	23,377	-	\$ 409,508
Totals at Historical Cost	386,131	114,464	-	500,595
Less Accumulated Depreciation For:				
Machinery and Equipment	223,202	60,721	-	283,923
Total Accumulated Depreciation	223,202	60,721	-	283,923
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	162,929	53,743	-	216,672
Government Activity Capital Assets, Net	\$ 162,929	\$ 53,743	\$ -	\$ 216,672
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 24,235	\$ -	\$ -	\$ 24,235
Less Accumulated Depreciation	(16,345)	(4,847)	-	(21,192)
Enterprise Fund Capital Assets, Net	\$ 7,890	\$ (4,847)	\$ -	\$ 3,043

Depreciation expense of \$60,721 was charged as follows:

Instructional	\$ 33,803
Administration	2,744
Support	24,174
Total	<u>\$ 60,721</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by charter schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/EXPENDITURES

Rental Leases

The Charter School leases classroom and office space at 200 MacArthur Avenue, Garfield, New Jersey. The lease is for sixty (60) months commencing June 1, 2010 and expiring on June 30, 2015. The school exercised its option on the building to extend the lease until June 30, 2020.

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 418,480
2021	\$ 432,700
2022	\$ 444,268
2023	\$ 486,124
2024	\$ 498,277
2025	\$ 510,734
2026	\$ 523,503
2027	\$ 536,590
Total future minimum lease payments	<u>\$ 3,850,676</u>

In addition, the school leases classroom and office space at 43 Maple Avenue, Hackensack, New Jersey under a lease agreement for two years commencing July 1, 2014 and ending June 30, 2016. The school exercised its option on the building to extend the lease until June 30, 2021. The option calls for an adjustments for the cumulative percentage of the Consumer Price Index. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 550,000
2021	550,000
Total future minimum lease payments	<u>\$ 1,100,000</u>

The lease payments for all locations made during the year ended June 30, 2019 was \$1,453,102 .

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/ EXPENDITURES (CONTINUED)

Capital Lease Payable

The Charter School is leasing a school bus totaling \$89,376 under a five year capital lease. The following is a schedule of minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2019.

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 19,014
2021	19,014
Total future minimum lease payments	\$ 38,028
Less: Amount Representing Interest	<u>(4,499)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$ 33,529</u>

NOTE IV: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)
Plan Description

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

Benefits Provided

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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

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

Basis of Presentation

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2018.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions 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. Charter School contributions to PERS amounted to \$227,566. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Contributions (Continued)

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

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. There were no charter School contributions to PERS fiscal year 2019.

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

At June 30, 2019, the Charter School reported a liability of \$1,644,504 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017 which was rolled forward to June 30, 2018.

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 be pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Charter School's proportion was 0.022736030% which was decrease of -0.00182870% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the Charter School recognized pension expense of \$227,566. At June 30, 2018, the Charter School reported deferred outflows of resources and deferred related to pensions form the following sources.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 737,671	\$ 1,431,382
Difference Between Expected and Actual Experience	85,370	23,083
Changes in Proportion		2,278,004
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	41,991
	<u>\$ 823,041</u>	<u>\$ 3,774,460</u>

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

Fiscal Year Ending June 30,	Total
2019	\$ 31,070
2020	(43,017)
2021	(308,466)
2022	(267,383)
2023	(85,620)
	<u>\$ (673,415)</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuations as of July 1, 2017. This Actuarial valuation used the following actuarial assumption, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 2 years for males and females and addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (continued)

Post-retirement mortality rates were based on the RP-2000 Combines Healthy male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for the future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through June 30, 2046. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2018			
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Charter School proportionate share of the Net Pension Liability	\$ 5,628,823	\$ 4,476,611	\$ 3,509,979

Fiscal Year Ended June 30, 2017			
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,093,910	\$ 5,718,277	\$ 4,572,203

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)
Pension Description

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Benefit Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tier 1 and 2 members before reaching age 60, to Tier 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 of which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions.

The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

Contributions

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Special Funding Situation (continued)

Since the local participating employers do not contribute directly to the plan (except for employer specific finance amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2019, the State of New Jersey contributed \$ 82,079 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 686,594 .

The employee contribution rate was 6.92% effective June 30, 2018. Subsequent increases/decreases after October 11, 2011 are being phased on over 7 years effective July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

As of June 30, 2018, the State's proportionate share of the net pension liability associated with the Charter School was \$ 28,895,299 . The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which as rolled forward to June 30, 2018.

The Charter school's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

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

At June 30, 2018, Charter School's proportion was 0.0454201%, which was an increase of 0.0024224% from its proportion measured as of June 30, 2017.

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>28,895,299</u>
Total	<u>\$ 28,895,299</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the Charter School in the amount of \$ 686,594 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 11,053,759,853	\$ 16,078,750,001
Difference Between Expected and Actual Experience	1,420,239,017	96,229,812
Changes in Proportion and differences between employer contributions and proportionate share of contributions	-	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>5,793,830</u>
	<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

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

The \$12,473,998,870 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$16,180,773,643 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	<u>(3,210,092,402)</u>
	<u>\$ (3,706,774,773)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (continued)

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

Long Term Expected Rate of Return (Continued)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

Discount Rate – TPAF (continued)

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
Charter School's proportionate share of the Net Pension Liability	\$ 34,254,891	\$ 28,980,915	\$ 24,608,917

	For the Fiscal Year Ended June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Charter School's proportionate share of the Net Pension Liability	\$ 34,567,684	\$ 29,096,609	\$ 24,589,514

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE IV: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2019. There were no employee contributions to DCRP for the fiscal year ended June 30, 2019.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (Continued)

Plan Description and Benefits Provided (Continued)

Employees covered by benefit terms:

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan member	217,131
Inactive plan members entitled to but not yet receiving benefits	145,050
Inactive plan members or beneficiaries currently receiving benefits	<u>-</u>
 Total	 <u>362,181</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases				
Through 2026		1.55% to 4.55% based on years of service	2.15% to 4.15% based on age	2.10% to 8.98% based on age
Rate thereafter		2.00% to 5.45% based on years of service	3.15% to 5.15% based on age	3.15% to 9.98% based on age

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (Continued)

Actuarial Assumptions and Other Inputs (continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (Continued)

Discount rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 6,923,142
Service cost	1,300,333
Interest on Total OPEB Liability	292,027
Effect on Changes of Benefit Terms	-
Difference between expected and actual experience	(2,605,991)
Effect of Changes of Assumptions	(594,567)
Effect of Changes of Proportion	
Contributions - Employee	4,788
Gross Benefits Paid by the State	<u>(138,543)</u>
Net Changes	<u>(1,741,953)</u>
Balance at June 30, 2018	<u>5,181,189</u>

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

The following presents the total nonemployer OPEB liability as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2018</u>		
	<u>At 1% Decrease (2.87%)</u>	<u>At current discount rate (3.87%)</u>	<u>At 1% Increase (4.87%)</u>
Total OPEB Liability	\$ 6,125,220	\$ 5,181,189	\$ 4,430,782

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (Continued)

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

The following presents the total nonemployer OPEB liability as of June 30, 2018 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	Fiscal Year Ended June 30, 2018		
	At 1% decrease	Trend Rate	At 1% Increase
Total OPEB Liability	\$ 4,282,554	\$ 5,181,189	\$ 6,369,668

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

For the fiscal year ended June 30, 2019 the Charter School recognized OPEB revenue and expense of \$ 1,269,970 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2018 measurement date.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ -	\$ 502,950
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes		(1,161,390)
Sub Total	-	(658,440)
Contributions Made in Fiscal Year 2019 after June 30, 2018 Measurement Date	N/A	N/A
Total	-	(658,440)

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

Fiscal Year Ending June 30,		
2019	\$	(205,089)
2020	\$	(205,089)
2021	\$	(205,089)
2022	\$	(205,089)
2023	\$	(205,089)
Total Thereafter	\$	<u>(638,898)</u>
	\$	<u>(1,664,340)</u>

NOTE VI: 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 Management

The Charter maintains commercial insurance coverage for property, liability, student accident, and surety bonds, as well as all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. 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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE VII: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

General Fund balance at June 30, 2019, is \$3,902,376 and is unassigned.

NOTE VIII: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 23, 2019, the date the financial statements were available to be issued. There were no subsequent events to report.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid - Local	\$ 8,305,154	\$ (163,106)	\$ 8,142,048	\$ 8,142,048	\$ -
Total Local Levy Budget	8,305,154	(163,106)	8,142,048	8,142,048	-
Categorical Aid:					
Equalization Aid - State	6,381,342	(182,029)	6,199,313	6,199,313	-
Special Education Aid	259,966	(36,279)	223,687	223,687	-
Security Aid	242,296	53,912	296,208	296,208	-
Other State Aid		176,008	176,008	176,008	
Total Categorical Aid	6,883,604	11,612	6,895,216	6,895,216	-
Revenues From Other Sources:					
Donations and Contributions		1,510	1,510	1,510	
Miscellaneous Revenue	69,615	(32,396)	37,219	42,459	5,240
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				388,161	388,161
On-behalf TPAF					
Pension Contributions-Normal Costs				877,264	877,264
Post Retirement Medical Contributions				397,926	397,926
Long-Term Disability Insurance Contributions				3,744	3,744
Total Revenues From Other Sources	69,615	(30,886)	38,729	1,711,064	393,401
Total Revenues	15,258,373	(182,380)	15,075,993	16,748,328	393,401
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,469,001	(194,225)	3,274,776	3,066,561	208,215
Other Salaries for Instruction	1,918,979	174,960	2,093,939	2,008,977	84,962
Purchased Prof/Tech Services	49,918	59,570	109,488	104,733	4,755
Other Purchased Services	111,349	22,764	134,113	123,535	10,578
General Supplies	345,094	(20,436)	324,658	311,765	12,893
Textbooks	79,665	(64,950)	14,715	14,635	80
Miscellaneous	62,500	(6,729)	55,771	55,735	36
Total Instruction	6,036,506	(29,046)	6,007,460	5,685,941	321,519
Administration:					
Salaries - General Administration	812,712	-	812,712	806,557	6,155
Salaries of Secretarial/Clerical Assistants	226,444	5,991	232,435	209,168	23,267
Total Benefits Cost	1,863,708	(25,890)	1,837,818	1,564,112	273,706
Purchases Prof/Tech Services	1,657,731	5,412	1,663,143	1,632,842	30,301
Communications/Telephone	91,358	(405)	90,953	35,137	55,816
Travel	1,000	-	1,000	54	946
Supplies and Materials	207,400	20,127	227,527	195,787	31,740
Miscellaneous Expenses	63,465	946	64,411	30,424	33,987
Total Administration	4,923,818	6,181	4,929,999	4,474,081	455,918

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 1,489,249	\$ 92,093	\$ 1,581,342	\$ 1,543,441	\$ 37,901
Purchased Prof/Ed Services	63,480	384	63,864	31,346	32,518
Purchased Prof/Tech Services	41,979	9,500	51,479	35,427	16,052
Maintenance Services	158,236	50,716	208,952	206,021	2,931
Rental of Land and Buildings	1,450,351	3,500	1,453,851	1,453,102	749
Transportation-Other Than To/From School	75,000	(28,000)	47,000	44,743	2,257
Insurance for Property, Liability and Fidelity	104,271	(4,006)	100,265	100,265	
Supplies and Materials	137,852	(24,096)	113,756	109,926	3,830
Travel	2,500	(100)	2,400	1,799	601
Miscellaneous Expenses	1,293	1,170	2,463	1,863	600
Total Support Services	3,524,211	101,161	3,625,372	3,527,933	97,439
Capital Outlay:					
Instructional Equipment	24,000	(15,500)	8,500	4,831	3,669
Non-Instructional Equipment	179,514	(68,511)	111,003	111,003	
Total Capital Outlay	203,514	(84,011)	119,503	115,834	3,669
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				388,161	(388,161)
On-Behalf TPAF(Non-Budgeted)					
Pension Contributions - Normal Costs				877,264	(877,264)
Post Retirement Medical Contributions				397,926	(397,926)
Long-Term Disability Insurance Contributions				3,744	(3,744)
Total Expenditures	14,688,049	(5,715)	14,682,334	15,470,884	490,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	570,324	(176,665)	393,659	1,277,444	883,785
FUND BALANCE, JULY 1	2,624,932		2,624,932	2,624,932	
FUND BALANCE, JUNE 30	\$ 3,195,256	\$ (176,665)	\$ 3,018,591	\$ 3,902,376	\$ 883,785
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 3,195,256	\$ (176,665)	\$ 3,018,591	\$ 3,902,376	\$ 883,785
Total	\$ 3,195,256	\$ (176,665)	\$ 3,018,591	\$ 3,902,376	\$ 883,785

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local					
Federal	543,839	\$ (357)	543,482	543,482	-
Total Revenues	543,839	(357)	543,482	543,482	-
EXPENDITURES:					
Instruction:					
Salaries	118,664	(2,986)	115,678	115,678	
Other Salaries for Instruction	107,618	14,851	122,469	122,469	
Purchased Prof/Tech Services	41,690	102	41,792	41,792	
General Supplies	97,614	1,373	98,987	98,987	
Total Instruction	365,586	13,340	378,926	378,926	-
Support Services:					
Other Salaries		3,600	3,600	3,600	
Personal Services - Employee Benefits	57,096	(12,697)	44,399	44,399	
Purchased Prof/Ed Services	53,811		53,811	53,811	
Other Purchased Services	18,735	313	19,048	19,048	
Miscellaneous Expenditures	37,911	(4,913)	32,998	32,998	
Total Support Services	167,553	(13,697)	153,856	153,856	
Facilities Acquisition and Construction Services:					
Instructional Equipment	10,700		10,700	10,700	
Total Facilities Acquisition and Construction Services	10,700	-	10,700	10,700	-
Total Expenditures	543,839	(357)	543,482	543,482	-
Total Outflows	543,839	(357)	543,482	543,482	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] 16,748,328	[C-2] \$ 543,482
Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	_____	_____
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>16,748,328</u>	[B-2] \$ <u>543,482</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 15,470,884	[C-2] \$ 543,482
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	_____	_____
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>15,470,884</u>	[B-2] \$ <u>543,482</u>

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PART III***

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2019**

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018 in accordance with Paragraph 44 of GASB Statement No. 67.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2019**

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.25 % as of June 30, 2017 to 4.86% as of June 30, 2018 in accordance with Paragraph 44 of GASB Statement No. 67.

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Charter School's proportion of the net pension liability	0.019677110%	0.019677110%	0.038568380%	0.024564731%	0.022736030%
Charter School's proportionate share of the net pension liability	\$ 3,760,687	\$ 3,928,573	\$ 11,422,849	\$ 5,718,277	\$ 4,476,610
Charter School's covered employees payroll	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174	\$ 1,644,504	\$ 2,136,700
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	151%	148%	624%	348%	210%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	47.93%	36.71%

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 148,263	\$ 172,980	\$ 247,300	\$ 227,566	\$ 229,850
Contributions in relation to the contractually required contribution	<u>(148,263)</u>	<u>(172,980)</u>	<u>(247,300)</u>	<u>(227,566)</u>	<u>(229,850)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174	\$ 1,644,504	\$ 2,136,700
Contributions as a percentage of covered employee payroll	5.94%	6.51%	13.51%	13.84%	10.76%

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST FIVE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable of the Charter School	0.1725878%	0.2365294%	0.0429977%	0.0429977%	0.04542011%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,722,451	\$ 12,641,726	\$ 28,990,576	\$ 28,990,576	\$ 28,895,299
CS / District's covered employees payroll	\$ 4,357,918	\$ 4,949,893	\$ 4,722,837	\$ 5,042,947	\$ 5,828,360
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	200.15%	255.39%	613.84%	574.87%	495.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	22.33%	25.41%

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

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

Bergen Arts and Science Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Three Fiscal Years
(Unaudited)

	Fiscal Years Ending		
	June 30, 2017	June 30, 2018	June 30, 2019
OPEB Liability at Beginning of Measurement Period		\$ 6,630,732	\$ 6,822,303
Service cost		1,441,265	1,300,333
Interest on Total OPEB Liability		227,898	292,027
Difference between expected and actual experience	NOT AVAILABLE		(2,605,991)
Effect of Changes of Assumptions		(1,325,392)	(594,567)
Contributions - Employee		5,819	4,788
Gross Benefits Paid by the State		(158,019)	(138,543)
		<u>191,571</u>	<u>(1,741,953)</u>
Net Change in Total OPEB Liability	NOT AVAILABLE		
OPEB Liability at Beginning of Measurement Period		6,630,732	6,822,303
		<u>6,630,732</u>	<u>6,822,303</u>
Total OPEB Liability at End of Measurement Period	\$ 6,630,732	\$ 6,822,303	\$ 5,080,350

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

Notes to Schedule:

Changes in benefit terms:

None

Differences Between Expected and Actual Experiences:

There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expenses and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in census, claims and premiums experience

Changes in Assumptions:

The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2017 and as of June 30, 2018, respectively.

The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

OTHER SUPPLEMENTAL INFORMATION

SECTION E – SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

E-1

	NCLB Title I	NCLB Title III	I.D.E.A. Part B (Basic)	IDEA Part B (Preschool)	NCLB Title II Part A	NCLB Title IV	Grand Total
REVENUE SOURCES:							
Federal	\$ 276,236	\$ 14,127	\$ 188,728	\$ 2,998	\$ 44,735	\$ 16,658	\$ 543,482
Total Revenues	<u>276,236</u>	<u>14,127</u>	<u>188,728</u>	<u>2,998</u>	<u>44,735</u>	<u>16,658</u>	<u>543,482</u>
EXPENDITURES:							
Instruction:							
Salaries	90,102		23,288	2,288			115,678
Other Salaries for Instruction	7,437	14,127	106,032			9,000	136,596
Purchased Prof/Tech Services			40,000				40,000
General Supplies	<u>77,890</u>					<u>6,970</u>	<u>84,860</u>
Total Instruction	<u>175,429</u>	<u>14,127</u>	<u>169,320</u>	<u>2,288</u>	<u>-</u>	<u>15,970</u>	<u>377,134</u>
Support Services:							
Other Salaries	3,600						3,600
Personal Services - Employee Benefits	28,593		14,408	710		688	44,399
Other Purchased Prof/Tech Services	55,603						55,603
Other Purchased Services					19,048		19,048
Miscellaneous Expenditures	<u>2,311</u>		<u>5,000</u>		<u>25,687</u>		<u>32,998</u>
Total Support Services	<u>90,107</u>	<u>-</u>	<u>19,408</u>	<u>710</u>	<u>44,735</u>	<u>688</u>	<u>155,648</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment	<u>10,700</u>						<u>10,700</u>
Total Facilities Acquisition and Construction Services	<u>10,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,700</u>
Total Expenditures	<u>276,236</u>	<u>14,127</u>	<u>188,728</u>	<u>2,998</u>	<u>44,735</u>	<u>16,658</u>	<u>543,482</u>
Total Outflows	<u>276,236</u>	<u>14,127</u>	<u>188,728</u>	<u>2,998</u>	<u>44,735</u>	<u>16,658</u>	<u>543,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SECTION G – PROPRIETARY FUNDS

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

Food Services Fund – The fund provides for the operation of food services in all schools within the school district.

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

SECTION H – FIDUCIARY FUNDS

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

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

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

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 As of June 30, 2019

	Agency			Total Agency Fund
	Payroll Agency	Net Payroll	Student Activities	
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 73,449	\$ 15,619	\$ 16,130	\$ 105,198
Interfund Accounts Receivable			1,070	1,070
Total Current Assets	<u>\$ 73,449</u>	<u>\$ 15,619</u>	<u>\$ 17,200</u>	<u>\$ 106,268</u>
LIABILITIES				
Liabilities:				
Interfund Accounts Payable	\$ 73,449	\$ 15,619	-	\$ 89,068
Due to Student Groups			17,200	17,200
Total Liabilities	<u>\$ 73,449</u>	<u>\$ 15,619</u>	<u>\$ 17,200</u>	<u>\$ 106,268</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 16,006	55,707	55,583	\$ 16,130
Interfund Accounts Receivable		1,070		1,070
Total Assets	<u>\$ 16,006</u>	<u>\$ 56,777</u>	<u>\$ 55,583</u>	<u>\$ 17,200</u>
LIABILITIES:				
Due to Student Activities	\$ 16,006	\$ 56,777	\$ 55,583	\$ 17,200
Total Liabilities	<u>\$ 16,006</u>	<u>\$ 56,777</u>	<u>\$ 55,583</u>	<u>\$ 17,200</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and Cash Equivalents	\$ 10,757	\$ 3,293,118	\$ 3,230,426	\$ 73,449
Total Assets	\$ 10,757	\$ 3,293,118	\$ 3,230,426	\$ 73,449
LIABILITIES:				
Interfund Accounts Payable	\$ 10,757	\$ 62,692	\$ -	\$ 73,449
Payroll Deductions and Withholdings		3,230,426	3,230,426	
Total Liabilities	\$ 10,757	\$ 3,293,118	\$ 3,230,426	\$ 73,449

SECTION I – LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Schedule of Notes Payable
 June 30, 2019

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2018	Issued	Retired	Balance June 30, 2019
Bus Lease	9/30/17		12.95%	\$ 52,185	\$ -	\$ 18,656	\$ 33,529
				<u>\$ 52,185</u>	<u>\$ -</u>	<u>\$ 18,656</u>	<u>\$ 33,529</u>

**STATISTICAL SECTION
(UNAUDITED)**

Bergen Arts and Science Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2008; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Net Position by Component
 Last Ten Fiscal Years
(Accrual Basis of Accounting)
 (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net Investment in Capital Assets	\$ 58,071	\$ 141,903	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ (258)	\$ 31,298	\$ -
Restricted		400			9,365	11,775	5,000	19,150		14,050
Unassigned	(1,818,691)	(3,555,827)	(3,561,135)	(3,563,063)	(2,180,499)	1,861,968	1,131,352	1,420,426	1,788,123	1,331,582
Total Governmental Activities Net Assets/Position	<u>\$ (1,760,620)</u>	<u>\$ (3,413,524)</u>	<u>\$ (3,398,665)</u>	<u>\$ (3,448,679)</u>	<u>\$ (2,158,505)</u>	<u>\$ 1,859,594</u>	<u>\$ 1,167,499</u>	<u>\$ 1,439,318</u>	<u>\$ 1,819,421</u>	<u>\$ 1,345,632</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,283	\$ 17,568	\$ -
Unassigned	73,828	34,138	15,857	(32,657)	(7,979)	(46,090)	(24,048)	(552)	35,999	35,436
Total Business-Type Activities Net Assets/Position	<u>\$ 73,828</u>	<u>\$ 34,138</u>	<u>\$ 15,857</u>	<u>\$ (32,657)</u>	<u>\$ (7,979)</u>	<u>\$ (46,090)</u>	<u>\$ (24,048)</u>	<u>\$ 25,731</u>	<u>\$ 53,567</u>	<u>\$ 35,436</u>
Charter School-wide										
Net Investment in Capital Assets	\$ 58,071	\$ 141,903	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ 26,025	\$ 48,866	\$ -
Restricted		400			9,365	11,775	5,000	19,150		14,050
Unassigned	(1,744,863)	(3,521,689)	(3,545,278)	(3,595,720)	(2,188,478)	1,815,878	1,107,304	1,419,874	1,824,122	1,367,018
Total Charter School Net Position (Deficit)	<u>\$ (1,686,792)</u>	<u>\$ (3,379,386)</u>	<u>\$ (3,382,808)</u>	<u>\$ (3,481,336)</u>	<u>\$ (2,166,484)</u>	<u>\$ 1,813,504</u>	<u>\$ 1,143,451</u>	<u>\$ 1,465,049</u>	<u>\$ 1,872,988</u>	<u>\$ 1,381,068</u>

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental Activities:										
Instruction	\$ 7,204,666	\$ 7,122,397	\$ 7,048,072	\$ 7,544,009	\$ 6,835,398	\$ 5,933,266	\$ 4,847,490	\$ 3,882,318	\$ 3,147,792	\$ 2,394,912
Administration	5,442,954	6,645,776	5,120,916	3,549,675	2,551,038	1,847,791	984,005	1,499,148	599,434	488,981
Support Services	4,243,983	4,158,175	4,350,519	3,856,897	3,941,855	3,382,314	2,887,145	2,793,035	1,883,747	1,597,759
Capital Outlay	(6,588)	294,773	35,222	124,731	524,080	(41,870)	104,730	266,734	25,512	9,682
Unallocated Depreciation						45,295	17,795	12,374	6,955	3,477
Total Governmental Activities Expenses	16,885,015	18,221,121	16,554,729	15,075,312	13,852,371	11,166,796	8,841,165	8,453,609	5,663,440	4,494,811
Business-Type Activities:										
Food Service and Before & After School Care	453,189	498,227	443,542	502,046	477,207	465,329	345,168	402,246	217,722	180,222
Total Business-Type Activities Expenses	453,189	498,227	443,542	502,046	477,207	465,329	345,168	402,246	217,722	180,222
Total Charter School Expenses	\$ 17,338,204	\$ 18,719,348	\$ 16,998,271	\$ 15,577,358	\$ 14,329,578	\$ 11,632,125	\$ 9,186,333	\$ 8,855,855	\$ 5,881,162	\$ 4,675,033
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ 158,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities Expenses	-	-	-	158,403	-	-	-	-	-	-
Business-Type Activities:										
Charges for Services	162,499	176,021	88,077	162,391	191,619	161,318	112,859	235,971	115,461	90,045
Operating Grants and Contributions	330,380	340,487	347,714	314,977	323,699	281,969	182,531	138,438	120,392	110,675
Total Business-Type Activities Expenses	492,879	516,508	435,791	477,368	515,318	443,287	295,390	374,409	235,853	200,720
Total Charter School Program Revenues	\$ 492,879	\$ 516,508	\$ 435,791	\$ 635,771	\$ 515,318	\$ 443,287	\$ 295,390	\$ 374,409	\$ 235,853	\$ 200,720
Net (Expense)/Revenue										
Governmental Activities	\$ (16,885,015)	\$ (18,221,121)	\$ (16,554,729)	\$ (14,916,909)	\$ (13,852,371)	\$ (11,166,796)	\$ (8,841,165)	\$ (8,453,609)	\$ (5,663,440)	\$ (4,494,811)
Business-Type Activities	39,690	18,281	(7,751)	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131	20,498
Total Charter School-wide Net Expense	\$ (16,845,325)	\$ (18,202,840)	\$ (16,562,480)	\$ (14,941,587)	\$ (13,814,260)	\$ (11,188,838)	\$ (8,890,943)	\$ (8,481,446)	\$ (5,645,309)	\$ (4,474,313)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 14,341,361	\$ 13,182,125	\$ 12,947,998	\$ 6,841,873	\$ 6,926,533	\$ 6,077,192	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099
Federal and State Aid Not Restricted	4,194,461	4,978,603	2,770,889	6,978,026	6,734,704	5,752,334	4,330,691	3,906,868	3,067,986	2,844,396
Tuition			97,422	53,076	275					4,770
Miscellaneous Income	43,969	87,403	788,434	74,618	3,868	29,366	52,938	434,493	12,431	4,614
Total Governmental Activities	18,579,791	18,248,131	16,604,743	13,947,593	13,665,380	11,858,892	8,569,346	8,073,507	6,137,229	5,555,879
Total Charter School-wide	\$ 18,579,791	\$ 18,248,131	\$ 16,661,007	\$ 13,947,593	\$ 13,665,380	\$ 11,858,892	\$ 8,569,346	\$ 8,073,507	\$ 6,137,229	\$ 5,555,879
Change in Net Position										
Governmental Activities	\$ 1,694,776	\$ 27,010	\$ 50,014	\$ (969,316)	\$ (186,991)	\$ 692,096	\$ (271,819)	\$ (380,102)	\$ 473,789	\$ 1,061,068
Business-Type Activities	39,690	18,281	(7,751)	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131	20,498
Total Charter School	\$ 1,734,466	\$ 45,291	\$ 98,527	\$ (993,994)	\$ (148,880)	\$ 670,054	\$ (321,597)	\$ (407,939)	\$ 491,920	\$ 1,081,566

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund	\$ -	\$ 400	\$ -	\$ -	\$ 9,365	\$ 11,775	\$ 5,000	\$ 19,150	\$ -	\$ 14,050
Restricted										
Unassigned	3,902,376	2,624,532	2,037,410	668,230	1,549,514	1,721,466	1,131,352	1,371,226	1,795,078	1,300,284
Total General Fund	\$ 3,902,376	\$ 2,624,932	\$ 2,037,410	\$ 668,230	\$ 1,558,879	\$ 1,733,241	\$ 1,136,352	\$ 1,390,376	\$ 1,795,078	\$ 1,314,334

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Local Sources:										
Local Tax Levy	\$ 8,142,048	\$ 7,496,974	\$ 7,337,723	\$ 6,841,873	\$ 6,926,533	\$ 6,077,192	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099
Tuition	-	-	97,422	53,076	275	(4,770)	-	-	-	4,770
Interest In Investments	-	-	-	-	-	(65)	-	-	118	73
Miscellaneous	43,969	87,403	395,989	74,618	3,868	34,201	52,938	434,493	12,313	4,541
Intermediate Sources	-	-	392,445	-	-	-	-	-	-	-
State Sources	8,562,311	8,405,660	7,886,225	6,225,945	6,304,111	5,517,435	4,108,788	3,707,852	2,907,345	2,573,231
Federal Sources	543,482	483,787	494,939	598,172	430,593	234,899	221,903	199,016	160,641	271,165
Total Revenues	17,291,810	16,473,824	16,604,743	13,793,684	13,665,380	11,858,892	8,569,346	8,073,507	6,137,229	5,555,879
Expenditures:										
Instruction	6,063,075	5,978,310	5,555,208	6,065,691	5,613,802	4,958,664	4,091,993	3,561,434	2,600,255	2,075,364
Administration	5,939,483	5,728,740	5,632,083	5,014,009	4,107,430	3,147,156	2,024,207	2,095,941	1,379,780	930,051
Support Services	3,885,274	3,862,968	3,987,453	3,476,557	3,562,059	3,060,551	2,602,440	2,517,126	1,650,938	1,476,237
Capital Outlay	126,534	316,285	60,819	128,076	556,451	95,632	104,730	303,708	25,512	44,457
Total Expenditures	16,014,366	15,886,303	15,235,563	14,684,333	13,839,742	11,262,003	8,823,370	8,478,209	5,656,485	4,526,109
Net Change in Fund Balance	\$ 1,277,444	\$ 587,521	\$ 1,369,180	\$ (890,649)	\$ (174,362)	\$ 596,889	\$ (254,024)	\$ (404,702)	\$ 480,744	\$ 1,029,770

Source: Comprehensive Annual Financial Report

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2019	\$ 1,510.0	\$ 1,104	41,355	\$ 43,969
2018	300	520	86,583	87,403
2017	-	698	395,291	395,989
2016	4,990	45,310	24,318	74,618
2015	1,265	6,724	(4,121)	3,868
2014	2,644		26,714	29,358
2013	13,944		38,994	52,938
2012	-	273	434,220	434,493
2011	-		12,313	12,313
2010	-	295	4,246	4,541

Source: Charter School records

OPERATING INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Ten Fiscal Years
 (Unaudited)

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	106	104	101	96	91	69	63	59	45	37
Administrative	21	12	13	20	32	30	14	8	6	5
Support Services	27	32	36	16	54	52	39	24	16	20
Total	<u>154</u>	<u>148</u>	<u>150</u>	<u>132</u>	<u>177</u>	<u>151</u>	<u>116</u>	<u>91</u>	<u>67</u>	<u>62</u>

Source: Charter School Personnel Records

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2019	1,155	\$ 15,887,832	\$ 13,756	0.01%	107	11:1	1,136	1,105	1.94%	97.27%
2018	1,132	15,570,018	13,754	-0.30%	104	11:1	1,114	1,084	13.11%	97.31%
2017	1,100	15,174,744	13,795	19.59%	101	11:1	968	968	7.54%	100.00%
2016	968	11,166,371	11,536	27.74%	77	13:1	895	895	2.46%	100.00%
2015	960	8,669,461	9,031	-3.45%	91	11:1	873	825	24.97%	94.50%
2014	874	8,174,501	9,353	9.63%	69	12:1	655	650	9.16%	99.24%
2013	660	5,630,973	8,532	14.22%	63	10:1	595	595	16.30%	100.00%
2012	600	4,481,652	7,469	-33.94%	59	10:1	498	482	14.46%	96.79%
2011	498	5,630,973	11,307	7.48%	38	13:1	426	402	12.68%	94.37%
2010	426	4,481,652	10,520	-0.46%	37	11:1	372	360	18.28%	96.77%
2009	372	3,931,450	10,568	0.00%	27	13:1	304	287	0.00%	94.41%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years
 (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Charter School Building										
<u>Elementary School</u>										
30 Madonna Place, Clifton										
Square Feet	20,190	20,190	20,190	20,190	20,190	20,190				
Capacity (students)	400	400	400	320	320	320				
Enrollment	394	385	393	318	316	318				
<u>Middle School</u>										
200 MacArthur Avenue, Garfield										
Square Feet	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780
Capacity (students)	500	500	500	400	400	320	540	540	540	480
Enrollment	444	453	421	398	390	318	420	420	498	372
<u>High School</u>										
43 Maple Avenue, Hackensack										
Square Feet	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000		
Capacity (students)	320	320	320	260	240	240	540	540		
Enrollment	309	294	286	252	236	238	240	180		

Number of Schools at June 30, 2019

Elementary School = 1

Middle School = 1

High School = 1

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual final Charter School count.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Insurance Schedule
 June 30, 2019

	<u>Coverage</u>	<u>Deductible</u>
PACKAGE POLICY - G.R. MURRAY INSURANCE		
Property		
Blanket for Extra Expense	\$ 50,000,000	
Blanket Valuable Papers & Records	10,000,000	
Loss of Rents	480,000	\$ 1,000
Flood Zones A&V	10,000,000	500,000
All other Flood Zones	50,000,000	10,000
EDP		
Blanket Hardware/Software	500,000	
Transit	25,000	
Loss of Income	10,000	
Boiler & Machinery		
Property Damage & Extra Expense	100,000,000	1,000
Crime		
Public Employee Dishonesty	250,000	
Loss of Money & Securities	50,000	
Money Orders & Counterfeit	50,000	
Forgery or Alteration	50,000	
Computer Fraud - Deductible is for each coverage part	250,000	
General Liability		
Each Occurrence	16,000,000	
Products/Completed Ops Annual Agg	16,000,000	
Sexual Abuse Per Occurrence	16,000,000	
Sexual Abuse Annual Pool Agg	17,000,000	
Personal & Advertising Injury Per Occurrence	16,000,000	
Personal & Advertising Injury Annual Agg	16,000,000	
Employee Benefits	16,000,000	1,000
Medical Payments	5,000	
Business Auto		
Hired & Non-Owned Auto Liability	16,000,000	
Directors & Officers		
Aggregate Limit of Liability for Policy Year for all Claims Other Than Employment Practices Wrongful Acts	3,000,000	
Aggregate Limit of Liability for Policy Year for Retention per Claim	7,500	
Workers Compensation		
Employers Liability Limits		
Bodily Injury by Accident - Each Accident	2,000,000	
Bodily Injury by Disease- Each Employee	2,000,000	
Bodily Injury by Disease - Aggregate Limit	2,000,000	

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2017	2018	2019	Source
	Audit	Audit	Audit	
Cash	\$ 1,486,896	\$ 2,199,830	\$ 3,208,066	Audit: Exhibit A-1
Current Assets (includes CASH)	2,459,018	2,958,261	4,520,944	Audit: Exhibit A-1
Total Assets	8,532,225	6,007,231	4,687,988	Audit: Exhibit A-1
Current Liabilities	418,488	307,081	547,783	Audit: Exhibit A-1
Total Liabilities	492,185	7,697,378	4,796,827	Audit: Exhibit A-1
Net Assets	(3,382,808)	(3,379,386)	(1,686,792)	Audit: Exhibit A-1
Total Revenue	17,096,798	18,764,639	19,072,670	Audit: Exhibit A-2
Total Expenses	16,998,271	18,761,218	17,380,074	Audit: Exhibit A-2
Change in Net Assets	98,527	3,421	1,692,596	Audit: Exhibit A-2
Depreciation Expense	50,749	52,671	60,721	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	(73,697)	21,512	18,656	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	968.00	1,114.00	1,136.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	960	1,040	1,162	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			Source:	Target
	2017	2018	2019		
1a. Current Ratio	5.88	9.89	8.25	Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	31.93	42.80	67.37	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	101%	107%	98%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d * Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	1%	0%	9%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.06	1.28	1.02	Total Liabilities/Total Assets	<9
2c. ** Cash Flow	1,328,901	712,934	1,008,236	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	(2.03)	2.61	93.98	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2019 = 2019 Cash - 2018 Cash; 2018 = 2018 Cash - 2017 Cash; 2017 = 2017 Cash - 2016 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

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**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
Bergen Arts and Science Charter School
County of Bergen
Fair Lawn, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2019, 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 23, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance.

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
December 23, 2019

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GUIDANCE AND NEW JERSEY CIRCULAR 15-08 OMB**

The Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Fair Lawn, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Bergen Arts and Science Charter School’s (Charter School) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08-OMB *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019. The Charter School’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*,

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issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Bergen Arts and Science Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material

noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
December 23, 2019

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2019	
				From	To							Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
No Child Left Behind Cluster:													
84.010A	S010A190030	NCLB - 6013 - 19	\$ 276,236	9/1/18	8/31/19	\$ -	\$ -	\$ 200,365	\$ (276,236)	\$ -	\$ -	\$ (75,871)	\$ -
84.010A	S010A180030	NCLB - 6013 - 18	286,718	9/1/17	8/31/18	(36,252)	36,252	12,484	(14,127)	-	-	(1,643)	-
84.365A	S365A190030	NCLB - 6013 - 19	14,127	9/1/18	8/31/19	(3,043)	3,043	13,897	(44,735)	-	-	(30,838)	-
84.365A	S365A180030	NCLB - 6013 - 18	15,684	9/1/17	8/31/18	(346)	346	7,402	(16,658)	-	-	(9,256)	-
84.367A	S367A190029	NCLB - 6013 - 19	10,000	9/1/16	8/31/17	(46,141)	280,289	(351,756)	-	-	-	(117,609)	-
84.367A	S367A180029	NCLB - 6013 - 18	16,658	9/1/17	8/31/18	-	-	-	-	-	-	-	-
84.186A	S424A190031												
Total No Child Left Behind Cluster													
Individuals with Disabilities Cluster:													
84.027	H027A190100	IDEA - 6013 - 19	188,728	9/1/18	8/31/19	(74,589)	91,442	(188,728)	-	-	-	(97,286)	-
84.027	H027A180100	IDEA - 6013 - 18	164,424	9/1/17	8/31/18	-	74,589	(2,998)	-	-	-	(1,630)	-
84.173	H173A190114	IDEA - 6013 - 19	2,998	9/1/18	8/31/19	(1,335)	1,335	(191,726)	-	-	-	(98,916)	-
84.173	H173A180114	IDEA - 6013 - 18	2,713	9/1/17	8/31/18	(73,934)	168,744	(191,726)	-	-	-	(98,916)	-
Total Individuals with Disabilities Cluster													
Total Special Revenue Fund													
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
10.553	191N1304N1089	N/A	35,922	7/1/18	6/30/19	(1,231)	35,101	(35,922)	-	-	-	(821)	-
10.553	181N1304N1089	N/A	41,020	7/1/17	6/30/18	-	221	-	-	-	-	-	-
10.555	191N1304N1089	N/A	227,882	7/1/18	6/30/19	(7,240)	222,632	(227,882)	-	-	-	(6,250)	-
10.555	181N1304N1089	N/A	234,022	7/1/17	6/30/18	-	7,240	-	-	-	-	-	-
10.558	191N1304N1089	N/A	28,786	7/1/18	6/30/19	(82)	28,506	(28,786)	-	-	-	(280)	-
10.558	181N1304N1089	N/A	25,739	7/1/17	6/30/18	-	92	-	-	-	-	-	-
Total Enterprise Fund													
Sub-Total Federal Financial Awards													
\$ (130,638) \$ 743,835 \$ (836,072) \$ (222,875) \$ -													

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Payable of Prior Year's Balance	Balance at June 30, 2019		MEMO	
			From	To	Revised (Accounts Receivable)	Deferred Interfund Payable					Due to Grantor	Budgetary Receivable		Cumulative Total Expenditures
State Department of Education														
General Fund:														
State Aid-Public Cluster														
Equalization Aid	19-495-034-5120-078	\$ 6,199,313	7/1/18	6/30/19	\$ -	\$ -	\$ 5,830,520	\$ (6,199,313)	\$ -	\$ -	\$ (368,793)	\$ -	\$ 368,793	\$ 6,199,313
Equalization Aid	19-495-034-5120-078	5,685,151	7/1/17	6/30/18	(250,302)	-	250,302	-	-	-	-	-	-	-
Adjustment Aid	19-495-034-5120-083	528,956	7/1/18	6/30/19	-	-	-	(223,687)	-	-	-	-	528,956	223,687
Special Education Aid	19-495-034-5120-089	223,687	7/1/18	6/30/19	-	-	296,208	(296,208)	-	-	-	-	-	296,208
Security Aid	19-495-034-5120-084	296,208	7/1/18	6/30/19	-	-	6,600,717	(6,719,209)	-	-	(368,793)	-	897,749	6,719,209
Adjustment Aid	19-495-034-5120-085	-	7/1/18	6/30/19	-	-	-	-	-	-	-	-	-	-
Total State Aid-Public Cluster														
Nonpublic Aid	19-100-034-5085-042	176,008	7/1/18	6/30/19	-	-	176,008	(176,008)	-	-	-	-	-	176,008
TPAF Long Term Disability Insurance Contributions	19-495-034-5084-004	3,744	7/1/18	6/30/19	-	-	3,744	(3,744)	-	-	-	-	-	3,744
TPAF Long Term Disability Insurance Contributions	19-495-034-5084-001	397,926	7/1/17	6/30/18	(171)	-	397,926	(397,926)	-	-	-	-	-	397,926
TPAF Retirement Medical	19-495-034-5094-002	877,264	7/1/18	6/30/19	-	-	877,264	(877,264)	-	-	(36,933)	-	36,933	877,264
On-Behalf TPAF Pension Contributions	19-495-034-5094-003	388,161	7/1/18	6/30/19	-	-	351,228	(388,161)	-	-	-	-	-	388,161
Reimbursed TPAF - Social Security	19-495-034-5095-002	372,356	7/1/17	6/30/18	(18,305)	-	18,305	-	-	-	-	-	-	-
Reimbursed TPAF - Social Security	19-495-034-5095-002	-	7/1/17	6/30/18	(268,607)	-	8,425,192	(8,562,311)	-	-	(405,726)	-	934,682	8,562,311
Total General Fund														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	19-100-010-3350-023	5,507	7/1/18	6/30/19	(171)	-	5,371	(5,507)	-	-	(136)	-	136	5,507
National School Lunch Program (State Share)	19-100-010-3350-023	5,530	7/1/17	6/30/18	-	-	171	-	-	-	-	-	-	-
Total Enterprise Fund														
Total All Funds														
							\$ 8,430,734	\$ (8,567,816)	\$ -	\$ -	\$ (405,862)	\$ -	\$ 934,818	\$ 9,567,818
State Financial Assistance Not Required to Major Program Determination:														
General Funds:														
TPAF Long Term Disability Insurance Contributions	19-495-034-5094-004	3,744	7/1/18	6/30/19	-	-	3,744	3,744	-	-	-	-	-	3,744
TPAF Retirement Medical	19-495-034-5094-001	397,926	7/1/17	6/30/18	-	-	397,926	397,926	-	-	-	-	-	397,926
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	877,264	7/1/18	6/30/19	-	-	877,264	877,264	-	-	-	-	-	877,264
Total State Financial Assistance Subject to Single Audit							\$ 7,151,900	\$ (7,288,894)	\$ -	\$ -	\$ (405,862)	\$ -	\$ 934,818	\$ 7,288,894

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Notes to the Schedules of Expenditures
of Awards and Financial Assistance
June 30, 2019

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Notes to the Schedules of Expenditures
of Awards and Financial Assistance
June 30, 2019

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 8,562,311	\$ 8,562,311
Special Revenue Fund	543,482	-	543,482
Food Service Fund	292,590	5,506	298,096
Total Awards & Financial Assistance	<u>\$ 836,072</u>	<u>\$ 8,567,817</u>	<u>\$ 9,403,889</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Bergen Arts and Science Charter School has no loan balances outstanding at June 30, 2019.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Notes to the Schedules of Expenditures
of Awards and Financial Assistance
June 30, 2019

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2019. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

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

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 276,236
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	44,735
Title III: <i>English Language Acquisition</i>	14,127
	<hr/>
Total	\$ 335,098
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BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None ___X___ Reported
Type of auditor’s report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance?	_____ Yes	_____ No

Identification of major federal program:

CFDA Numbers	Name of Federal Program or Cluster
_____ <u>84.010</u> _____	_____ <u>Title I Part A</u> _____

Dollar threshold used to distinguish between Type A Type B programs:	\$750,000
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Auditee qualified as Low-risk auditee?	_____ Yes	___X___ No
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BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

State Awards

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes Reported None

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular 15-08-OMB, as applicable? Yes No

GMIS Nupmber(s)	Name of State Program
	STATE AID – PUBLIC CLUSTER
<u>19-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>19-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5120-085</u>	<u>Adjustment Aid</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2019

Section II –Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

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

CURRENT YEAR STATE AWARDS

No Current Year Findings

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2019

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

NONE