

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2020

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, 2020***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
BERGEN ARTS AND SCIENCE CHARTER SCHOOL
FAIR LAWN, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Prepared by

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

And

Barre & Company LLC, CPAs

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

STATE BOARD OF EDUCATION

KATHY A. GOLDENBERG.....Burlington
President

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

ARCELIO APONTEMiddlesex

MARYL BETH BERRYHunterdon

ELAINE BOBROVECamden

FATIMAH BURNAM-WATKINSUnion

RONALD K. BUTCHERGloucester

JACK FORNARO.....Warren

MARY ELIZABETH GAZI.....Somerset

NEDD JAMES JOHNSON, Ed.D.....Salem

ERNEST P. LEPORE.....Hudson

JOSEPH RICCA, JR., Ed.DMorris

SYLVIA SYLVIA-CIOFFIMonmouth

Kevin Dehmer, Interim Commissioner
Secretary, State Board of Education

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

TABLE OF CONTENTS

Page No

INTRODUCTORY SECTION	1
Letter of Transmittal	2
Organizational Chart	11
Roster of Officials	12
Consultants and Advisors	13
FINANCIAL SECTION.....	14
Independent Auditor's Report	15
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	18
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	20
SECTION A - BASIC FINANCIAL STATEMENTS	26
A-1 Statement of Net Position	27
A-2 Statement of Activities	28
SECTION B – FUND FINANCIAL STATEMENTS.....	29
GOVERNMENTAL FUNDS	30
B-1 Balance Sheet	31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
PROPRIETARY FUNDS.....	34
B-4 Statement of Fund Net Position	35
B-5 Statement of Revenues, Expenses, Changes in Net Position	36
B-6 Statement of Cash Flows.....	37
FIDUCIARY FUNDS.....	38
B-7 Statement of Fiduciary Net Position	39
B-8 Statement of Changes in Fiduciary Net Position	N/A
NOTES TO THE FINANCIAL STATEMENTS.....	40

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

TABLE OF CONTENTS

Page No

REQUIRED SUPPLEMENTARY INFORMATION – PART II	89
SECTION C – BUDGETARY COMPARISON SCHEDULE	90
C-1 General Fund – Budgetary Comparison Schedule	91
C-1a Combining Scheduled of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund – Budgetary Comparison Schedule	93
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION	94
C-3 Budget-to-GAAP Reconciliation.....	95
REQUIRED SUPPLEMENTARY INFORMATION - PART III	N/A
SCHEDULE L – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)	100
L-1 Schedules of the Charter School's Proportionate Share of the Net Pension Liability – PERS.....	101
L-2 Schedules of Charter School's Contributions - PERS	102
L-3 Schedules of the Charter School's Proportionate Share of the Net Pension Liability – TPAF	103
SECTION M – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	104
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	100
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III	106
OTHER SUPPLEMENTAL INFORMATION	107
SECTION D – SCHOOL BASED BUDGET SCHEDULES	N/A
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resouce Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
SECTION E – SPECIAL REVENUE FUND	108
E-1 Combining Schedule of Revenues and Expenditures.....	109
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis.....	N/A

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

TABLE OF CONTENTS

Page No

SECTION F – CAPITAL PROJECTS FUND.....	N/A
F-1 Summary Schedule of Project Expenditures.....	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance Budgetary Basis.....	N/A
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status Budgetary Basis.....	N/A
SECTION G – PROPRIETARY FUNDS.....	110
ENTERPRISE FUND.....	N/A
G-1 Combining Schedule of Net Position.....	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-3 Combining Schedule of Cash Flows.....	N/A
INTERNAL SERVICE FUND.....	N/A
G-4 Combining Schedule of Net Position.....	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-6 Combining Schedule of Cash Flows.....	N/A
SECTION H – FIDUCIARY FUNDS.....	111
H-1 Combining Statement of Fiduciary Net Position.....	112
H-2 Combining Statement of Changes in Fiduciary Net Position.....	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	113
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	114
SECTION I – LONG-TERM DEBT SCHEDULE.....	115
I-1 Schedule of Serial Bonds.....	116
I-2 Schedule of Obligations under Capital Leases.....	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule.....	N/A
STATISTICAL SECTION (UNAUDITED).....	117

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

TABLE OF CONTENTS

Page No

INTRODUCTION TO THE STATISTICAL SECTION.....	118
FINANCIAL TRENDS.....	119
J-1 Net Assets/Position by Component.....	120
J-2 Changes in Net Assets/Position.....	121
J-3 Fund Balances – Governmental Funds.....	122
J-4 Changes in Fund Balances – Governmental Funds.....	123
J-5 General Fund Other Local Revenue by Source.....	124
REVENUE CAPACITY.....	N/A
J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	N/A
J-7 Direct and Overlapping Property Tax Rates.....	N/A
J-8 Principal Property Taxes*.....	N/A
J-9 Property Tax Levies and Collections.....	N/A
DEBT CAPACITY.....	N/A
J-10 Ratios of Outstanding Debt by Type.....	N/A
J-11 Ratios of General Bonded Debt Outstanding.....	N/A
J-12 Direct and Overlapping Governmental Activities Debt.....	N/A
J-13 Legal Debt Margin Information.....	N/A
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	N/A
J-14 Demographic and Economic Statistics.....	N/A
J-15 Principal Employers.....	N/A
OPERATING INFORMATION.....	125
J-16 Full-time Equivalent Charter School Employees by Function/Program.....	126
J-17 Operating Statistics.....	127
J-18 School Building Information.....	128
J-19 Schedule of Required Maintenance Expenditures by School Facility.....	N/A
J-20 Insurance Schedule.....	129
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	130

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

TABLE OF CONTENTS

Page No

SINGLE AUDIT SECTION..... 131

K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 127

K-2 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..... 135

K-3 Schedule of Expenditures of Federal Awards – Schedule A..... 138

K-4 Schedule of Awards of State Financial Assistance – Schedule B..... 139

K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance.... 140

K-6 Schedule of Findings and Questioned Costs 144

- o Section I - Summary of Auditor's Results
- o Section II - Financial Statement Findings
- o Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management 147

INTRODUCTORY SECTION

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

January 15, 2021

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, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (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, as amended. All funds 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 2019-2020 school year with an enrollment of 1,162 students. The following details the student enrollment of the Charter School.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	1,162	1.47%
2018-2019	1,155	1.94%
2017-2018	1,132	1.26%
2016-2017	1,100	12.00%
2015-2016	968	7.54%
2014-2015	960	2.46%
2013-2014	874	24.97%
2012-2013	660	9.16%
2011-2012	600	16.30%
2010-2011	498	14.46%

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 2019-2020 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 2019-2020 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
- BACK TO SCHOOL NIGHT
- GRANDPARENT'S NIGHT
- DIWALI CELEBRATION
- CHIPOTLE FUNDRAISER
- BERGEN DANCE MARATHON
- WEEK OF RESPECT
- TOY DONATIONS TO FOSTER HOMES
- BAKE SALES
- ITALIAN EXCHANGE PROGRAM
- Fall Spirit Week
- Super Smash Brothers Tournament
- Sports Senior Nights
- Volleyball Tournament
- Nets 4 Vets Basketball Tournament
- Target ball Tournament
- FIFA Video Game Tournament
- Ping Pong Tournament
- College Visits
- Applebee's Fundraiser
- Spelling Bee
- FIRE PREVENTION
- VIOLENCE AWARENESS
- BASCS HALLOWEEN COSTUME PARADE/CONTEST
- HISPANIC HERITAGE CELEBRATION
- PARENT/TEACHER CONFERENCES
- VETERAN'S DAY REMEMBRANCE
- BASCS AWARDS CEREMONIES
- FEAST OF GIVING DINNER/FOOD DRIVE
- SPRING AND WINTER CONCERTS
- ANNUAL Breakfast with Superman
- ANNUAL Breakfast with Wonderwoman
- SCHOOL CHOICE WEEK
- A YEAR WITH FROG AND TOAD
- READ ACROSS AMERICA
- BLACK HISTORY MONTH
- HERITAGE FESTIVAL
- NATIONAL CAREER WEEK
- BLESSING BAG BRIGADE-
- VIRTUAL ZOO FIELD TRIP
- ABRACABULLY-BULLYING PREVENTION WITH MAGIC
- Winter Play
- SLAM DUNK THE JUNK
- SIA Beach Sweep Cleanup
- SIA Field Trip to Convention 11/21
- KINDERGARTEN GRADUATION
- DRESS DOWN DAYS
- BOX TOPS FOR EDUCATION/CAMPBELL'S' LABELS
- PICTURE DAY

- COOKIE DOUGH FUNDRAISER
- GIVE BACKS
- HAUNTED HALLWAY/MOVIE NIGHT
- HOLIDAY SHOP
- Monthly PTO MEETINGS
- HEALTH FAIR
- SCHOLASTIC BOOK FAIR
- Virtual Field Day
- Virtual Spirit Week

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.

Boys & Girls Club of Garfield 490 Midland Ave. Garfield, NJ 07026

The goal of the Boys & Girls Club is to provide a safe environment for students to go to while their parents are at work. Students participate in sports, arts and crafts and get assistance with homework from trained counselors. Character education and health discussions are integrated into the program. There is an alignment with BASCS character education pillars and health curriculum. This safe haven location offers our students relevant programs that help to build confidence in our kids and provides them with additional after school help even after they have left our after school enrichment programs. Clear, open communication between schools based administration and Boys & Girls Club leader's helps to ensure that our students are receiving all the support necessary to be successful contributors to the community. 54 students enrolled. Most students spend on average 2-3 hours per day/ 5 days a week at Boys & Girls Club.

Embrace Relief 1500 Main Ave. 4S Clifton, NJ 07011

The students of Bergen-Middle have partnered with Embrace Relief, an organization that helps provide support (emotional, financial, and physical) with worldwide natural disasters. Bergen-Middle students have helped Embrace Relief by sorting the donated supplies in appropriate spots based on items and age. Bergen ASCS High students helped Embrace Relief by raising approximately \$10,000 for the iLearn Water Well Project in Tanzania. A total of 8 students volunteered for a total of three months.

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.

Garfield Public Library 500 Midland Ave, Garfield, NJ 07026

The students of Bergen-Middle have partnered with the Garfield Public Library in a program called "Book Buddies". The middle school students will read with younger students for an hour a week. The program runs on Thursdays from June 30th – August 11th from 10 am -11 am and from 2 pm – 3 pm. This volunteer opportunity will ensure that our students are reading throughout the summer, and that they helping younger students strengthen their reading abilities. This opportunity was open to students of any Garfield school, and our students filled every available spot in the program. 18 Bergen-Middle students will be participating in the "Book Buddies" program.

Bergen County Sheriff's Office 1 Bergen County Plaza Hackensack, NJ 07601

Through our partnership with the Bergen County Sheriff's Office we were able to provide presentations to students and parents. The presentations, tailored to the audience, was about Internet Safety and Cyberbullying.

These programs allowed us to inform students and families about the dangers of social media, but also the ways to be safe online. The 7th and 8th grade students were given two different presentations on Internet Safety and Cyberbullying.

Parents were invited to an Internet Safety night, where more specifics and details were shared

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 assignments of fund balance at June 30, 2020.

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.

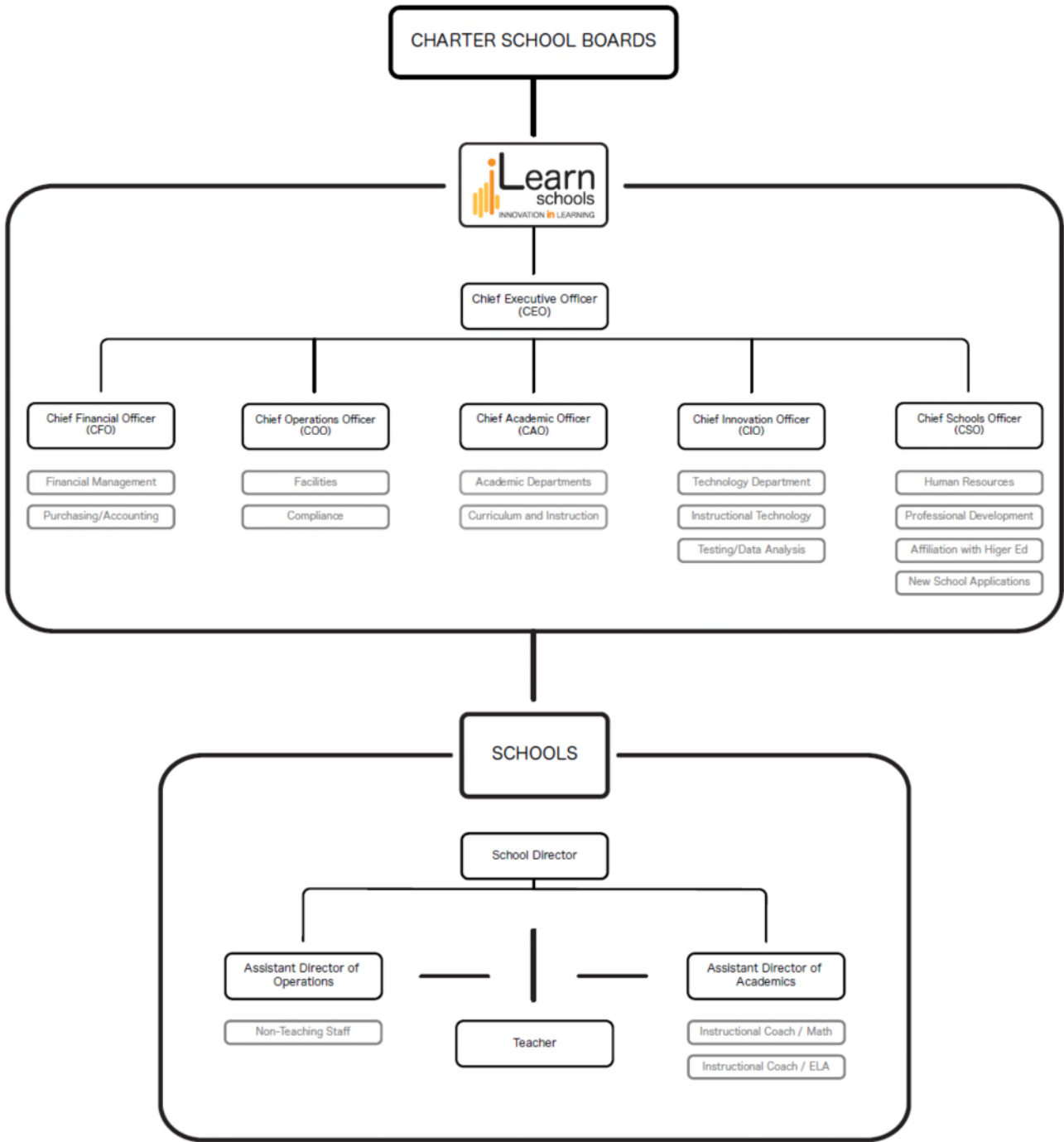
9. **ANTI-BULLYING:** On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, 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 2019-2020, 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, 2020

Members of the Board of Trustees

Position

Beatriz Rodriguez

President

Haderson Rivera

Vice President

Alejandrina Banch-Almodovar

Trustee

Jennifer Yashiro

Trustee

Lori Manning

Trustee

Tammy Hopson

Trustee

Engin Akhoroz

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**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Riker Danzig Scherer Hyland Perretti LLP
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962

Official Depository

Santander Bank
Executive Offices
200 Park Avenue, Suite 100
Florham Park, NJ 07932

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

908-686-3484

FAX – 908-686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

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, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, as of June 30, 2020, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 introductory section, combining statements and related major fund supporting statements and schedules, schedule of expenditures of federal awards, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the Office of the School Finance, Department of Education, State of New Jersey, we have also issued our report dated January 15, 2021 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 the effectiveness of the Bergen Arts and Science Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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
January 15, 2021

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

Financial Highlights

Key financial highlights for 2020 are as follows:

- ❖ General revenues accounted for \$18,874,372 in revenue or 97% 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 \$19,542,402.
- ❖ The Charter School had \$18,080,075 in expenses and none of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$18,874,372 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$17,811,007 in revenues and \$16,288,382 in expenditures. The General Fund's fund balance increased \$1,522,625 over 2019. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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. 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, 2020

UNAUDITED
(CONTINUED)

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

- ❖ Governmental Activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type 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, 2020

UNAUDITED
(CONTINUED)

Governmental Funds

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

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 40 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 \$(327,470) for 2020 and \$(1,686,792) for 2019.

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

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

**UNAUDITED
(CONTINUED)**

Governmental Activities

The Charter School's total revenues were \$19,542,402 for 2020 and \$18,579,791 for 2019. This includes \$1,873,947 for 2020 of state reimbursed TPAF social security and pension contributions and \$1,013,070 for 2019 of state reimbursed TPAF social security contributions and pension contributions.

The total cost of all program and services was \$18,080,075 for 2020 and \$16,926,885 for 2019. Instruction comprises 43% for 2020 for 43% for 2019 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 \$3,413 for 2020 and by \$39,690 for 2019.
- ❖ Charges for services represent \$175,069 for 2020 and \$162,499 for 2019. This represents amounts paid by patrons.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$468,684 for 2020 and \$330,380 for 2019.

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

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

**UNAUDITED
(CONTINUED)**

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$19,542,402 for 2020 and \$18,579,791 for 2019 and expenditures were \$18,080,075 for 2020 and \$16,926,885 for 2019. The net change in fund balance for fiscal years 2020 and 2019 was most significant in the general fund, an increase of \$1,462,327 in 2020 and a decrease of \$1,652,906 in 2019.

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, 2020.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Local Sources	\$ 8,582,641	46.55%	\$ 396,624	4.85%
State Sources	9,228,366	50.06%	666,055	7.78%
Federal Sources	624,999	3.39%	81,517	15.00%
Total	\$ 18,436,006	100.00%	\$ 1,144,196	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2020.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Instruction	\$ 6,630,507	39.20%	\$ 565,640	9.33%
Administration	6,232,236	36.85%	292,753	4.93%
Support Services	3,905,513	23.09%	22,031	0.57%
Capital Outlay	145,125	0.86%	18,591	14.69%
Total	\$ 16,913,381	100.00%	\$ 899,015	

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

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

**UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

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

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$ 301,648 invested in machinery and equipment at the end of the fiscal year 2020 and \$ 42,123 for 2019. The Charter School had \$2,263,603 in outstanding debt at the end of the fiscal year 2020 and \$33,529 for 2019

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 6,768,855	\$ 103,527	\$ 6,872,382
Restricted	75,000	-	75,000
Internal Balances	76,919	(76,919)	-
Receivables	774,567	36,491	811,058
Inventories		13,653	13,653
Prepaid Expenses	130,000		130,000
Capital Assets, Net	235,184	1,539	236,723
Total Assets	<u>8,060,525</u>	<u>78,291</u>	<u>8,138,816</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	<u>1,218,508</u>		<u>1,218,508</u>
Total Deferred Outflows of Resources	<u>1,218,508</u>	<u>-</u>	<u>1,218,508</u>
LIABILITIES:			
Payable to District	\$ 96,325		\$ 96,325
Accounts Payable	55,285	1,050	56,335
Loans Payable	2,248,730	-	2,248,730
Noncurrent Liabilities:			
Due Beyond One Year	14,873	-	14,873
Pensions	<u>3,849,436</u>		<u>3,849,436</u>
Total Liabilities	<u>6,264,649</u>	<u>1,050</u>	<u>6,265,699</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	<u>3,312,677</u>		<u>3,312,677</u>
Total Deferred Inflows of Resources	<u>3,312,677</u>	<u>-</u>	<u>3,312,677</u>
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	235,184	1,539	236,723
Invested in Capital Assets, Net of Related Debt			
Restricted for:			
Other Purposes	75,000	-	75,000
Unrestricted	<u>(608,477)</u>	<u>75,702</u>	<u>(532,775)</u>
Total Net Position (Deficit)	<u>\$ (298,293)</u>	<u>\$ 77,241</u>	<u>\$ (221,052)</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, 2020

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 6,636,238	\$ 1,138,016	\$ -	\$ 246,218	\$ -	\$ (7,528,036)	\$ -	\$ (7,528,036)
Administration	5,842,590	222,245		421,812		(5,643,023)		(5,643,023)
Support Services	3,924,991	290,626				(4,215,617)		(4,215,617)
Unallocated Depreciation	25,369					(25,369)		(25,369)
Total Governmental Activities	16,429,188	\$ 1,650,887	\$ -	668,030	\$ -	(17,412,045)	\$ -	(17,412,045)
BUSINESS-TYPE ACTIVITIES:								
Food Service	640,340		175,069	468,684	-	-	3,413	3,413
Total Business-Type Activities	640,340		175,069	468,684	-	-	3,413	3,413
Total Primary Government	\$ 17,069,528		\$ 175,069	\$ 1,136,714	\$ -	\$ (17,412,045)	\$ 3,413	\$ (17,408,632)
GENERAL REVENUES								
General Purposes						\$ 15,068,615	\$ -	\$ 15,068,615
Federal and State Aid Not Restricted						3,661,977		3,661,977
Miscellaneous Income						143,780		143,780
Total General Revenues						18,874,372	-	18,874,372
Change in Net Position						1,462,327	3,413	1,465,740
Net Position - Beginning of Year						(1,760,620)	73,828	(1,686,792)
Net Position - Ending						\$ (298,293)	\$ 77,241	\$ (221,052)

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, 2020

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 6,768,855	\$ -	\$ 6,768,855
Cash - Restricted	75,000		75,000
Receivables:			
Interfund Receivables	224,343		224,343
Receivables From Other Governments	20,372	102,106	122,478
Receivables From Districts	565,409		565,409
Prepaid Expenses	130,000		130,000
	<u>7,783,979</u>	<u>102,106</u>	<u>7,886,085</u>
Total Current Assets			
	<u>\$ 7,783,979</u>	<u>\$ 102,106</u>	<u>\$ 7,886,085</u>
Total Assets			
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 60,744	60,744
Payable to District	96,325		96,325
Accounts Payable	13,923	41,362	55,285
Loans Payable	2,248,730	-	2,248,730
	<u>2,358,978</u>	<u>102,106</u>	<u>2,461,084</u>
Total Current Liabilities			
	<u>2,358,978</u>	<u>102,106</u>	<u>2,461,084</u>
Total Liabilities			
Fund Balances:			
Restricted For:			
Charter School Escrow Reserve	75,000		75,000
Assigned To:			
Prepaid Expenses	130,000	-	130,000
Encumbrances	14,787		14,787
Unassigned:			
General Fund	5,205,214		5,205,214
	<u>5,425,001</u>	<u>-</u>	<u>5,425,001</u>
Total Fund Balances			
	<u>\$ 7,783,979</u>	<u>\$ 102,106</u>	
Total Liabilities and Fund Balances			

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 \$627,064 and the accumulated depreciation is \$391,880.	235,184
Net pension liability of \$3,849,436, deferred inflows of resources of \$3,312,677 less deferred outflows of resources of \$1,218,508 related to pensions are not reported in the governmental funds	<u>(5,943,605)</u>
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.	<u>(14,873)</u>
Net Position of Governmental Activities	<u>\$ (298,293)</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, 2020

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 8,438,861	\$ -	\$ 8,438,861
Miscellaneous	143,780		143,780
Total Local Sources	8,582,641		8,582,641
State Sources	9,228,366		9,228,366
Federal Sources		624,999	624,999
Total Revenues	17,811,007	624,999	18,436,006
EXPENDITURES:			
Current:			
Instruction	6,234,175	396,332	6,630,507
Administration	6,232,236		6,232,236
Support Services	3,676,846	228,667	3,905,513
Capital Outlay	145,125		145,125
Total Expenditures	16,288,382	624,999	16,913,381
NET CHANGE IN FUND BALANCES	1,522,625		1,522,625
FUND BALANCES, JULY 1	3,902,376		3,902,376
FUND BALANCES, JUNE 30	\$ 5,425,001	\$ -	\$ 5,425,001

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, 2020

Total net change in fund balances - governmental fund (from B-2)		\$ 1,522,625
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	\$ (55,286)	
Capital Outlay	126,469	71,183
<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>		
		(150,137)
<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 position and is not reported in the statement of activities.</p>		
		18,656
Change in net position of governmental activities		\$ 1,462,327

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, 2020

	Business-Type Activities Enterprise Fund		
	Food Service	After Care	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 92,383	\$ 11,144	\$ 103,527
Intergovernmental Accounts Receivable:			
Federal	34,610		34,610
State	1,881		1,881
Inventories	13,653		13,653
Total Current Assets	142,527	11,144	153,671
Noncurrent Assets:			
Machinery and Equipment	24,235		24,235
Less Accumulated Depreciation	(22,696)		(22,696)
Total Noncurrent Assets	1,539	-	1,539
Total Assets	\$ 144,066	\$ 11,144	\$ 155,210
LIABILITIES AND NET POSITION:			
Liabilities:			
Current Liabilities:			
Interfund Accounts Payable	\$ 76,496	\$ 423	\$ 76,919
Accounts Payable	1,050		1,050
Total Current Liabilities	77,546	423	77,969
Total Liabilities	77,546	423	77,969
Net Position:			
Net Investment in Capital Assets	1,539		1,539
Unrestricted	64,981	10,721	75,702
Total Net Position	66,520	10,721	77,241
Total Liabilities and Net Position	\$ 144,066	\$ 11,144	\$ 155,210

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, 2020

	Business-Type Activities Enterprise Fund			Total
	Food Service	Fixed Price Contract	After Care	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Program (Reimbursable Program) Meals	\$ 88,923	\$ -	\$ -	\$ 88,923
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	27,730		58,416	86,146
Total Operating Revenues	116,653	-	58,416	175,069
OPERATING EXPENSES:				
Cost of Sales - Program (Reimbursable Program) Meals	231,227			231,227
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	13,618			13,618
Salaries	202,850		58,414	261,264
Management Fees	8,780			8,780
Purchased Property Services	50,000			50,000
Supplies and Materials	39,322			39,322
Depreciation Expense	1,504			1,504
Miscellaneous Expenses	34,510		115	34,625
Total Operating Expenses	581,811	-	58,529	640,340
OPERATING (LOSS)	(465,158)	-	(113)	(465,271)
NONOPERATING REVENUES:				
State Source:				
State School Breakfast/Lunch Program	7,559			7,559
Federal Source:				
National School Breakfast/Lunch/Snack Program	425,985			425,985
USDA Commodities	35,140			35,140
Total Nonoperating Revenues	468,684	-	-	468,684
CHANGE IN NET POSITION	3,526	-	(113)	3,413
TOTAL NET POSITION, JULY 1	62,994	-	10,834	73,828
TOTAL NET POSITION, JUNE 30	\$ 66,520	\$ -	\$ 10,721	\$ 77,241

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, 2020

	Business-Type Activities Enterprise Fund		
	Food Service	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 91,143	\$ 58,416	\$ 149,559
Cash Payments to Suppliers and Employees	<u>(525,742)</u>	<u>(139,106)</u>	<u>(664,848)</u>
Net Cash Used In Operating Activities	<u>(434,599)</u>	<u>(80,690)</u>	<u>(515,289)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	433,544		433,544
Food Distribution Program Commodities	<u>35,140</u>	<u>-</u>	<u>35,140.00</u>
Net Cash Provided By Noncapital Financing Activities	<u>468,684</u>	<u>-</u>	<u>468,684</u>
Net Increase In Cash And Cash Equivalents	34,085	(80,690)	(46,605)
Cash And Cash Equivalents, Beginning Of Year	<u>58,298</u>	<u>91,834</u>	<u>150,132</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 92,383</u>	<u>\$ 11,144</u>	<u>\$ 103,527</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss) Used for Operating Activities	\$ (465,158)	\$ (113)	\$ (465,271)
Depreciation	1,504		1,504
Change In Assets And Liabilities:			
Decrease In Receivables From Other Governments	(25,510)		(25,510)
Increase (Decrease) In Interfund Payable	53,515	(80,577)	(27,062)
Increase (Decrease) In Accounts Payable	<u>1,050</u>		<u>1,050</u>
Net Cash Used In Operating Activities	<u>\$ (434,599)</u>	<u>\$ (80,690)</u>	<u>\$ (515,289)</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, 2020

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	\$ 128,344
Interfund Accounts Receivable	480
	480
Total Assets	\$ 128,824
 LIABILITIES:	
Interfund Accounts Payable	\$ 87,160
Due to Student Groups	41,665
	41,665
Total Liabilities	\$ 128,824

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, 2020

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.

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, as amended 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, as amended, 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 of the Charter School over which it exercises operating control.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

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 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, 2020

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.

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, 2020

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

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.

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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

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.

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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	<u>2020</u>	<u>2019</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 624,999	\$ 543,482
Adjustments:		
Less Encumbrances at June 30, 2020	-	-
Plus Encumbrances at June 30, 2019	-	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 624,999</u>	<u>\$ 543,482</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (continued)

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.

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, 2020

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 acquisition cost 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 Improvements	20-50 years
Machinery and Equipment	5-10 years

GASB No. 34 requires the Charter School to report and depreciate new infrastructure assets include roads, parking lots, underground pipe, etc. The Charter School has included all infrastructure assets in the current fiscal year.

5. Fund Equity

Restricted represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Assigned fund balances represent plans for future use of financial resources.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Charter School had \$130,000 of prepaid expenses for the fiscal year ended June 30, 2020.

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

8. Accrued Liabilities and Long-Term Obligations:

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

9. 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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

10. Revenues — Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

11. Operating Revenues and Expenses:

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

12. Allocation of Indirect Expenses:

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Extraordinary and Special Items:

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

14. Accrued Salaries and Wages:

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

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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Impact of Recently Issued Accounting Principles

During fiscal year 2020, the Charter School did not adopt any GASB statements.

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

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

C. Impact of Recently Issued Accounting Principles (Continued)

GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

D. 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, 2020

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, 2020, 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>\$ 6,843,855</u>	<u>\$ 103,527</u>	<u>\$128,344</u>	<u>\$ 7,075,726</u>

The Charter School had no investments at June 30, 2020.

The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$7,075,726 and the bank balance was \$7,424,897. 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, 2020

**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, 2020, 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, 2020

**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, 2020.

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, 2020.

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, 2020.

Receivables

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

**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 Funds			Proprietary	Total	Fiduciary	Total
	General	Special	Total	Fund			
	Fund	Revenue	Governmental	Food	Business	Funds	
		Fund	Activities	Service	Type Activities		
State Awards	\$ 667,515	\$ -	\$ 667,515	\$ 1,881	\$ 1,881		\$669,396
Federal Awards	-	-	-	34,610	34,610		34,610
Other	20,372		20,372	-	-		20,372
Gross Receivables	687,887	-	687,887	36,491	36,491		724,378
Less: Allowance for Uncollectibles	-	-	-	-	-		-
Total Receivables, Net	\$ 687,887	\$ -	\$ 687,887	\$ 36,491	\$ 36,491		\$724,378

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, 2020:

Fund	Interfund	Interfund
	Receivable	Payable
General Fund	\$ 224,343	\$ -
Special Revenue Fund		60,744
Proprietary Fund		76,919
Fiduciary Fund	480	87,160
Total	\$ 224,823	\$ 224,823

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	-	-	-	-
Building and Building Improvements	377,924	-	-	\$ 377,924
Machinery and Equipment	122,671	126,469	-	249,140
Totals at Historical Cost	<u>500,595</u>	<u>126,469</u>	<u>-</u>	<u>627,064</u>
Less Accumulated Depreciation For:				
Site Improvements	-	-	-	-
Building and Building Improvements	80,548	29,917	-	110,465
Machinery and Equipment	256,046	25,369	-	281,415
Total Accumulated Depreciation	<u>336,594</u>	<u>55,286</u>	<u>-</u>	<u>391,880</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>164,001</u>	<u>71,183</u>	<u>-</u>	<u>235,184</u>
Government Activity Capital Assets, Net	<u>\$ 164,001</u>	<u>\$ 71,183</u>	<u>\$ -</u>	<u>\$ 235,184</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 24,235	\$ -	\$ -	\$ 24,235
Less Accumulated Depreciation	(21,192)	(1,504)	-	(22,696)
Enterprise Fund Capital Assets, Net	<u>\$ 3,043</u>	<u>\$ (1,504)</u>	<u>\$ -</u>	<u>\$ 1,539</u>

Depreciation expense of \$ 55,286 was charged as follows:

Instructional	\$ 5,731
Administration	1,762
Support	22,424
Unallocated	<u>25,369</u>
Total	<u>\$ 55,286</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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE III: DETAILED DISCLOSURES REGARDING LIABILITIES AND EXPENSES/EXPENDITURES

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.

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.

The Charter School leases classroom and office space at 69 Market Street, Garfield, New Jersey. The lease is for thirty-six (36) months commencing July 1, 2013 and expiring on June 30, 2016. The school exercised its option on the building to extend the lease until June 30, 2027.

<u>Year Ended June 30,</u>	<u>Amount</u>
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>\$ 3,432,196</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>
2021	<u>\$ 550,000</u>
Total future minimum lease payments	<u>\$ 550,000</u>

The lease payments for all locations made during the year ended June 30, 2020 was \$ 1,451,560 .

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020.

2021	\$ 19,014
Total future minimum lease payments	\$ 19,014
Less: Amount Representing Interest	(4,499)
Present Value of Net Minimum Lease Payments	<u>\$ 14,515</u>

PPP Loan

On May 1, 2020 the charter school (the "Borrower"), was granted a loan (the "Loan") from Santander Bank in the aggregate amount of \$2,248,730 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 1, 2020 issued by the Borrower, matures on May 1, 2022 and bears interest at a rate of 1.00% per annum, with payments of principal, interest, and fees due at the time that the SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period). The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for maintain payroll or make mortgage payments, lease payments, and utility payments incurred before February 15, 2020. The Charter School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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. In addition, certain employees may participate in 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:

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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, 2020

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, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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

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

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. For fiscal year 2019 measurement date, 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, 2020

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. The charter School contributions to PERS for fiscal year 2020 amounted to 240,411

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

At June 30, 2020, the Charter School reported a liability of \$ 3,849,436 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019 which was rolled forward to June 30, 2020.

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, 2019 measurement date, the Charter School's proportion was 0.021363816% which was decrease of -0.00137221% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$ 240,411 . At June 30, 2020, 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, 2020

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	\$ 384,380	1,336,127
Difference Between Expected and Actual Experience	69,092	17,005
Changes in Proportion	765,036	1,898,780
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	60,765
	<u>\$ 1,218,508</u>	<u>\$ 3,312,677</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
2021	\$ (242,475)
2022	(786,585)
2023	(701,443)
2024	(329,801)
2025	(33,864)
	<u>\$ (2,094,169)</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuations as of July 1, 2017. This Actuarial valuation used the following actuarial assumption, applied to all periods in the measurement.

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 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, 2019) 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, 2019 are summarized in the following table:

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE IV: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long Term Expected Rate of Return (Continued)

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

Discount Rate

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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

Measurement Date June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.28%)	(6.28%)	(7.28%)
Charter School proportionate share of the Net Pension Liability	\$ 4,896,289	\$ 3,849,436	\$ 3,016,658

Measurement Date June 30, 2018			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.66%)	(5.66%)	(6.66%)
Charter School's proportionate share of the Net Pension Liability	\$ 5,628,823	\$ 4,249,044	\$ 3,509,979

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, 2020

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, 2020

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, 2019 measurement date. 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, 2020

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 2020, the State of New Jersey contributed \$ 74,308 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 878,450

The employee contribution rate was 6.92% effective June 30, 2019. 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, 2019.

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

As of June 30, 2019, the State's proportionate share of the net pension liability associated with the Charter School was \$ 26,812,980 . The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which as rolled forward to June 30, 2019.

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2019, Charter School's proportion was 0.0436900%, which was an increase of -0.0017301% from its proportion measured as of June 30, 2018.

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School		26,812,980
Total	\$	26,812,980

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the Charter School in the amount of \$ 878,450 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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

Actuarial Assumptions

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE IV: PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (continued)

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE IV: PENSION PLANS (CONTINUED)

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

Long Term Expected Rate of Return (Continued)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contribution and the local employers contributed 100% of their actuarially determined contributions.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Measurement Date June 30, 2019				
	1%		Current	1%
	Decrease		Discount Rate	Increase
	(4.60%)		(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 31,694,775		\$ 26,812,980	\$ 22,881,076

Measurement Date June 30, 2018				
	1%		Current	1%
	Decrease		Discount Rate	Increase
	(3.86%)		(4.86%)	(5.86%)
Charter School's proportionate share of the Net Pension Liability	\$ 34,254,891		\$ 28,895,299	\$ 24,608,917

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, which is a defined contribution plan. 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, 2020. There were no employee contributions to DCRP for the fiscal year ended June 30, 2020.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

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, 2020, the following employees were covered by the benefit terms:

Active plan member									216,892
Inactive plan members or beneficiaries currently receiving benefits									148,051
Inactive plan members entitled to but not yet receiving benefit payments									-
Total									362,181

Total Nonemployer OPEB Liability

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

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:

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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

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

Health Care Trend Assumptions

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

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal band rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE V: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (Continued)

Changes in the Total Non-Employer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ended June 20, 2020

<u>Changes in the State's Total OPEB Liability</u>				
				Total OPEB Liability
Balance at June 30, 2019				\$ 5,181,189
Service cost				1,061,199
Interest on Total OPEB Liability				239,120
Effect on Changes of Benefit Terms				-
Difference between expected and actual experience				(752,155)
Effect of Changes of Assumptions				84,467
Effect of Changes of Proportion				
Contributions - Employee				5,155
Gross Benefits Paid by the State				(173,901)
			Net Changes	463,885
Balance at June 30, 2020				5,645,074

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

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

	Measurement Date Ended June 30, 2019		
	At 1%	At current	At 1%
	Decrease (2.50%)	discount rate (3.50%)	Increase (4.50%)
Total OPEB Liability	\$ 6,669,050	\$ 5,645,074	\$ 4,831,673

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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 measured as of June 30, 2019 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:

	Measurement Date Ended June 30, 2019		
	At 1%	Trend Rate	At 1%
	decrease		Increase
Total OPEB Liability	\$ 4,651,289	\$ 5,645,074	\$ 6,960,641

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB 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, 2019 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 the measurement date of June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ -	\$ (1,418,397)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes		(1,147,374)
Sub Total	-	(2,565,771)
Contributions Made in Fiscal Year 2019 after June 30, 2018 Measurement Date	N/A	N/A
Total	-	(2,565,771)

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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:

Measurement Period ending June 30,	
2020	\$ (344,492)
2021	\$ (344,492)
2022	\$ (344,492)
2023	\$ (344,492)
2024	\$ (344,492)
Total Thereafter	\$ (843,311)
	\$ (2,565,771)

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, 2020

NOTE VII: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and postretirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$1,056,865 , \$421,812 , \$392,077 , and \$3,193 , respectively.

NOTE VIII: CONTINGENCIES

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

NOTE IX: CONCENTRATIONS

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

NOTE X: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

General Fund balance at June 30, 2020, is \$5,425,001.

NOTE XI: SUBSEQUENT EVENTS

Subsequent events were evaluated through January 15, 2021, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE XI: SUBSEQUENT EVENTS (CONTINUED)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

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

The Government/Organization's operations are heavily dependent on the local and state revenue sources. Charter schools usually receive fewer dollars per pupil and may face more uncertainty than traditional schools since many receive funds that are generated through such volatile revenue streams as sales taxes. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of a global economic slowdown. This situation has is expected to depress the tax bases and other areas in which the Government/Organization received revenue during the fiscal year 2020. As such, this may hinder our ability for the Government/Organization to meet the needs of its constituents. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2022.

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, 2020

	2020				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Levy Budget:					
Equalization Aid - Local	\$ 8,529,389	\$ (90,528)	\$ 8,438,861	\$ 8,438,861	\$ -
Total Local Levy Budget	8,529,389	(90,528)	8,438,861	8,438,861	-
Categorical Aid:					
Equalization Aid - State	6,991,967	(362,213)	6,629,754	6,629,754	-
Special Education Aid	279,053	(32,835)	246,218	246,218	-
Security Aid	335,094	(6,660)	328,434	328,434	-
Nonpublic Aid	-	-	-	150,013	150,013
Other State Aid	-	150,013	150,013	-	(150,013)
Total Categorical Aid	7,606,114	(251,695)	7,354,419	7,354,419	-
Revenues From Other Sources:					
Donations and Contributions		240	240	240	
Miscellaneous Revenue		167,212	167,212	143,540	(23,672)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				421,812	421,812
On-behalf TPAF					
Pension Contributions-Normal Costs				1,056,865	1,056,865
Post Retirement Medical Contributions				392,077	392,077
Long-Term Disability Insurance Contributions				3,193	3,193
Total Revenues From Other Sources	-	167,452	167,452	2,017,727	398,140
Total Revenues	16,135,503	(174,771)	15,960,732	17,811,007	398,140
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,416,144	28,540	3,444,684	3,329,099	115,585
Other Salaries for Instruction	2,270,140	55,503	2,325,643	2,126,277	199,366
Purchased Prof/Tech Services	123,812	(1,231)	122,581	87,095	35,486
Other Purchased Services	152,661	(18,000)	134,661	99,969	34,692
General Supplies	361,041	192,721	553,762	464,908	88,854
Textbooks	134,895	(45,000)	89,895	87,523	2,372
Miscellaneous	62,500	-	62,500	39,304	23,196
Total Instruction	6,521,193	212,533	6,733,726	6,234,175	499,551
Administration:					
Salaries - General Administration	838,707	7,000	845,707	844,584	1,123
Salaries of Secretarial/Clerical Assistants	225,203	-	225,203	220,805	4,398
Total Benefits Cost	1,952,684	(286,969)	1,665,715	1,507,580	158,135
Purchases Prof/Tech Services	1,720,001	16,731	1,736,732	1,724,904	11,828
Communications/Telephone	35,946	(12,986)	22,960	14,386	8,574
Travel	1,000	-	1,000	62	938
Supplies and Materials	54,606	(6,253)	48,353	14,822	33,531
Miscellaneous Expenses	64,411	(27,585)	36,826	31,146	5,680
Total Administration	4,892,558	(310,062)	4,582,496	4,358,289	224,207

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, 2020

	2020				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 1,525,157	\$ (50,540)	\$ 1,474,617	\$ 1,393,194	\$ 81,423
Purchased Prof/Ed Services	79,903	24,685	104,588	81,397	23,191
Purchased Prof/Tech Services	73,126	10,502	83,628	72,958	10,670
Maintenance Services	152,492	23,000	175,492	161,773	13,719
Rental of Land and Buildings	1,494,714	10,127	1,504,841	1,451,560	53,281
Transportation-Other Than To/From School	71,002	119,105	190,107	167,764	22,343
Insurance for Property, Liability and Fidelity	107,759	-	107,759	107,261	498
Supplies and Materials	150,960	(37,600)	113,360	92,088	21,272
Energy Costs (Heat and Electricity)	183,400	26,239	209,639	147,049	62,590
Travel	2,400		2,400	142	2,258
Miscellaneous Expenses	1,463	1,000	2,463	1,660	803
Total Support Services	3,842,376	126,518	3,968,894	3,676,846	292,048
Capital Outlay:					
Instructional Equipment	13,300	22,805	36,105	31,003	5,102
Non-Instructional Equipment	150,000	(4,892)	145,108	114,122	30,986
Total Capital Outlay	163,300	17,913	181,213	145,125	36,088
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				421,812	(421,812)
On-Behalf TPAF(Non-Budgeted)					
Pension Contributions - Normal Costs				1,056,865	(1,056,865)
Post Retirement Medical Contributions				392,077	(392,077)
Long-Term Disability Insurance Contributions				3,193	(3,193)
Total Expenditures	15,419,427	46,902	15,466,329	16,288,382	630,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	716,076	(221,673)	494,403	1,522,625	1,028,222
FUND BALANCE, JULY 1	3,902,374	2	3,902,376	3,902,376	
FUND BALANCE, JUNE 30	\$ 4,618,450	\$ (221,671)	\$ 4,396,779	\$ 5,425,001	\$ 1,028,222
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 4,618,450	\$ (221,671)	\$ 4,396,779	\$ 5,425,001	\$ 1,028,222
Total	\$ 4,618,450	\$ (221,671)	\$ 4,396,779	\$ 5,425,001	\$ 1,028,222

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local					
Federal	\$ 642,826	\$ 12,334	\$ 655,160	\$ 624,999	\$ (30,161)
Total Revenues	642,826	12,334	655,160	624,999	(30,161)
EXPENDITURES:					
Instruction:					
Salaries	87,013	(22,843)	64,170	64,170	
Other Salaries for Instruction	118,948	9,444	128,392	128,392	
Purchased Prof/Tech Services	29,320	(140)	29,180	29,180	
General Supplies	174,583	13,423	188,006	174,590	13,416
Total Instruction	409,864	(116)	409,748	396,332	13,416
Support Services:					
Salaries	53,587	(10)	53,577	51,577	2,000
Personal Services - Employee Benefits	57,763	(6,426)	51,337	51,184	153
Purchased Prof/Ed Services	63,987	24,366	88,353	88,353	
Travel	1,600	-	1,600	-	1,600
Other Purchased Services	46,525	520	47,045	37,553	9,492
Miscellaneous Expenditures	9,500	(6,000)	3,500	-	3,500
Total Support Services	232,962	12,450	245,412	228,667	16,745
Total Expenditures	642,826	12,334	655,160	624,999	30,161
Total Outflows	642,826	12,334	655,160	624,999	30,161
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, 2020

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

	General Fund		Special Revenue Fund
	<hr/>		<hr/>
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] 17,811,007		[C-2] \$ 624,999
Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
	<hr/>		<hr/>
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 17,811,007		[B-2] \$ 624,999
	<hr/>		<hr/>
Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 16,288,382		[C-2] \$ 624,999
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.			
	<hr/>		<hr/>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 16,288,382		[B-2] \$ 624,999
	<hr/>		<hr/>

***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, 2020**

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019 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, 2020**

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

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 SIX FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.019677110%	0.019677110%	0.038568380%	0.024564731%	0.024564731%	0.021363816%
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	\$ 3,849,436
Charter School's covered payroll (plan measurement period)	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174	\$ 1,644,504	\$ 2,136,700	\$ 1,716,849
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	151%	148%	624%	348%	210%	224%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	45.37%	51.55%	51.55%	53.60%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 148,263	\$ 172,980	\$ 247,300	\$ 227,566	\$ 229,850	\$ 240,411
Contributions in relation to the contractually required contribution	(148,263)	(172,980)	(247,300)	(227,566)	(229,850)	(240,411)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 2,496,288	\$ 2,657,392	\$ 1,830,174	\$ 1,644,504	\$ 2,136,700	\$ 1,716,849
Contributions as a percentage of covered employee payroll	5.94%	6.51%	13.51%	13.84%	10.76%	14.00%

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 SIX FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable of the Charter School	0.1725878%	0.2365294%	0.0454201%	0.0429977%	0.0454201%	0.04369002%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 8,722,451	\$ 12,641,726	\$ 28,895,299	\$ 28,990,576	\$ 28,895,299	\$ 26,812,980
Charter School's covered employees payroll	\$ 4,357,918	\$ 4,949,893	\$ 4,722,837	\$ 5,042,947	\$ 5,828,360	\$ 5,715,878
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	200.15%	255.39%	611.82%	574.87%	495.77%	469.10%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	22.33%	25.41%	26.95%

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

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

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 Four Fiscal Years
(Unaudited)

	Fiscal Years Ending			
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
OPEB Liability at Beginning of Measurement Period	\$ 6,630,732	\$ 6,822,303	\$ 6,822,303	\$ 5,080,350
Service cost		1,441,265	1,300,333	1,061,199
Interest on Total OPEB Liability		227,898	292,027	239,120
Difference between expected and actual experience	NOT AVAILABLE		(2,605,991)	(752,155)
Effect of Changes of Assumptions		(1,325,392)	(594,567)	84,467
Contributions - Employee		5,819	4,788	5,155
Gross Benefits Paid by the State		(158,019)	(138,543)	(173,901)
		<u>191,571</u>	<u>(1,741,953)</u>	<u>463,885</u>
Net Change in Total OPEB Liability	NOT AVAILABLE	6,630,732	6,822,303	5,080,350
OPEB Liability at Beginning of Measurement Period		<u>6,630,732</u>	<u>6,822,303</u>	<u>5,080,350</u>
Total OPEB Liability at End of Measurement Period	<u>\$ 6,630,732</u>	<u>\$ 6,822,303</u>	<u>\$ 5,080,350</u>	<u>\$ 5,544,235</u>

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:

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

Changes in Assumptions:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

OTHER SUPPLEMENTAL INFORMATION

SECTION E – SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable 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, 2020

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	Advanced Computer Science	Grand Total
REVENUE SOURCES:								
Federal	319,021	\$ 3,169	\$ 203,465	\$ 3,186	\$ 33,098	\$ 16,158	\$ 46,902	\$ 624,999
Total Revenues	319,021	3,169	203,465	3,186	33,098	16,158	46,902	624,999
EXPENDITURES:								
Instruction:								
Salaries	61,810		-	2,360			-	64,170
Other Salaries for Instruction	3,880	3,169	115,076			9,436	-	131,561
Purchased Prof/Tech Services	23,180					6,000	-	29,180
General Supplies	124,754					-	46,667	171,421
Total Instruction	213,624	3,169	115,076	2,360	-	15,436	46,667	396,332
Support Services:								
Salaries	51,577			-	-	-	-	51,577
Personal Services - Employee Benefits	40,833		8,803	826		722	-	51,184
Purchased Technical Services	-		-	-	3,600	-	-	3,600
Other Purchased Prof/Tech Services	12,987		71,766				-	84,753
Other Purchased Services			7,820		29,498		235	37,553
Total Support Services	105,397	-	88,389	826	33,098	722	235	228,667
Total Expenditures	319,021	3,169	203,465	3,186	33,098	16,158	46,902	624,999
Total Outflows	319,021	3,169	203,465	3,186	33,098	16,158	46,902	624,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020

	Agency			Total Agency Fund
	Payroll Agency	Net Payroll	Student Activities	
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 71,541	\$ 15,618	\$ 41,185	\$ 128,344
Interfund Accounts Receivable			480	480
Total Current Assets	<u>\$ 71,541</u>	<u>\$ 15,618</u>	<u>\$ 41,665</u>	<u>\$ 128,824</u>
LIABILITIES				
Liabilities:				
Interfund Accounts Payable	\$ 71,541	\$ 15,619	-	\$ 87,160
Due to Student Groups			41,665	41,665
Total Liabilities	<u>\$ 71,541</u>	<u>\$ 15,618</u>	<u>\$ 41,665</u>	<u>\$ 128,824</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, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and Cash Equivalents	\$ 16,130	74,145	49,090	\$ 41,185
Interfund Accounts Receivable		480		480
Total Assets	<u>\$ 16,130</u>	<u>\$ 74,625</u>	<u>\$ 49,090</u>	<u>\$ 41,665</u>
LIABILITIES:				
Due to Student Activities	<u>\$ 17,200</u>	<u>\$ 74,625</u>	<u>\$ 50,160</u>	<u>\$ 41,665</u>
Total Liabilities	<u>\$ 17,200</u>	<u>\$ 74,625</u>	<u>\$ 50,160</u>	<u>\$ 41,665</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and Cash Equivalents	\$ 73,449	\$ 3,746,061	\$ 3,747,969	\$ 71,541
Total Assets	<u>\$ 73,449</u>	<u>\$ 3,746,061</u>	<u>\$ 3,747,969</u>	<u>\$ 71,541</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 73,449	\$ 3,746,061	\$ 3,747,969	\$ 71,541
Payroll Deductions and Withholdings		-	-	
Total Liabilities	<u>\$ 73,449</u>	<u>\$ 3,746,061</u>	<u>\$ 3,747,969</u>	<u>\$ 71,541</u>

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, 2020

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
Bus Lease	9/30/17	\$ 89,378	12.95%	\$ 33,529	\$ -	\$ 18,656	\$ 14,873
				<u>\$ 33,529</u>	<u>\$ -</u>	<u>\$ 18,656</u>	<u>\$ 14,873</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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net Investment in Capital Assets	\$ 235,184	\$ 58,071	\$ 141,903	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ (258)	\$ 31,298
Restricted	75,000		400			9,365	11,775	5,000	19,150	
Unassigned	(608,477)	(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
Total Governmental Activities Net Assets/Position	\$ (298,293)	\$ (1,760,620)	\$ (3,413,524)	\$ (3,398,665)	\$ (3,448,679)	\$ (2,158,505)	\$ 1,859,594	\$ 1,167,499	\$ 1,439,318	\$ 1,819,421
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,283	\$ 17,568
Unassigned	75,702	73,828	34,138	15,857	(32,657)	(7,979)	(46,090)	(24,048)	(552)	35,999
Total Business-Type Activities Net Assets/Position	\$ 77,241	\$ 73,828	\$ 34,138	\$ 15,857	\$ (32,657)	\$ (7,979)	\$ (46,090)	\$ (24,048)	\$ 25,731	\$ 53,567
Charter School-wide										
Net Investment in Capital Assets	\$ 236,723	\$ 58,071	\$ 141,903	\$ 162,470	\$ 114,384	\$ 12,629	\$ (14,149)	\$ 31,147	\$ 26,025	\$ 48,866
Restricted	75,000		400			9,365	11,775	5,000	19,150	
Unassigned	(532,775)	(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
Total Charter School Net Position (Deficit)	\$ (221,052)	\$ (1,686,792)	\$ (3,379,386)	\$ (3,382,808)	\$ (3,481,336)	\$ (2,166,484)	\$ 1,813,504	\$ 1,143,451	\$ 1,465,049	\$ 1,872,988

Source: Comprehensive Annual Financial Report

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
Instruction	\$ 7,774,254	\$ 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
Administration	6,064,835	5,442,954	6,645,776	3,826,902	3,549,675	2,551,038	1,847,791	984,005	1,499,148	599,434
Support Services	4,215,617	4,243,983	4,158,175	5,644,533	3,856,897	3,941,855	3,382,314	2,887,145	2,793,035	1,883,747
Capital Outlay	-	(6,588)	294,773	35,222	124,731	524,080	(41,870)	104,730	266,734	25,512
Unallocated Depreciation	25,369	-	-	-	-	-	45,295	17,795	12,374	6,955
Total Governmental Activities Expenses	<u>18,080,075</u>	<u>16,885,015</u>	<u>18,221,121</u>	<u>16,554,729</u>	<u>15,075,312</u>	<u>13,852,371</u>	<u>11,166,796</u>	<u>8,841,165</u>	<u>8,453,609</u>	<u>5,663,440</u>
Business-Type Activities:										
Food Service and Before & After School Care	640,340	453,189	498,227	443,542	502,046	477,207	465,329	345,168	402,246	217,722
Total Business-Type Activities Expenses	<u>640,340</u>	<u>453,189</u>	<u>498,227</u>	<u>443,542</u>	<u>502,046</u>	<u>477,207</u>	<u>465,329</u>	<u>345,168</u>	<u>402,246</u>	<u>217,722</u>
Total Charter School Expenses	<u>\$ 18,720,415</u>	<u>\$ 17,338,204</u>	<u>\$ 18,719,348</u>	<u>\$ 16,998,271</u>	<u>\$ 15,577,358</u>	<u>\$ 14,329,578</u>	<u>\$ 11,632,125</u>	<u>\$ 9,186,333</u>	<u>\$ 8,855,855</u>	<u>\$ 5,881,162</u>
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 668,030	\$ -	\$ -	-	\$ 158,403	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities Expenses	<u>668,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities:										
Charges for Services	175,069	162,499	176,021	88,077	162,391	191,619	161,318	112,859	235,971	115,461
Operating Grants and Contributions	468,684	330,380	340,487	347,714	314,977	323,699	281,969	182,531	138,438	120,392
Total Business-Type Activities Expenses	<u>643,753</u>	<u>492,879</u>	<u>516,508</u>	<u>435,791</u>	<u>477,368</u>	<u>515,318</u>	<u>443,287</u>	<u>295,390</u>	<u>374,409</u>	<u>235,853</u>
Total Charter School Program Revenues	<u>\$ 1,311,783</u>	<u>\$ 492,879</u>	<u>\$ 516,508</u>	<u>\$ 435,791</u>	<u>\$ 635,771</u>	<u>\$ 515,318</u>	<u>\$ 443,287</u>	<u>\$ 295,390</u>	<u>\$ 374,409</u>	<u>\$ 235,853</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (17,412,045)	\$ (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)
Business-Type Activities	3,413	39,690	18,281	(7,751)	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131
Total Charter School-wide Net Expense	<u>\$ (17,408,632)</u>	<u>\$ (16,845,325)</u>	<u>\$ (18,202,840)</u>	<u>\$ (16,562,480)</u>	<u>\$ (14,941,587)</u>	<u>\$ (13,814,260)</u>	<u>\$ (11,188,838)</u>	<u>\$ (8,890,943)</u>	<u>\$ (8,481,446)</u>	<u>\$ (5,645,309)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 15,068,615	\$ 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
Federal and State Aid Not Restricted	3,661,977	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
Tuition	-	-	-	97,422	53,076	275	-	-	-	-
Miscellaneous Income	143,780	43,969	87,403	788,434	74,618	3,868	29,366	52,938	434,493	12,431
Total Governmental Activities	<u>18,874,372</u>	<u>18,579,791</u>	<u>18,248,131</u>	<u>16,604,743</u>	<u>13,947,593</u>	<u>13,665,380</u>	<u>11,858,892</u>	<u>8,569,346</u>	<u>8,073,507</u>	<u>6,137,229</u>
Total Charter School-wide	<u>\$ 18,874,372</u>	<u>\$ 18,579,791</u>	<u>\$ 18,248,131</u>	<u>\$ 16,661,007</u>	<u>\$ 13,947,593</u>	<u>\$ 13,665,380</u>	<u>\$ 11,858,892</u>	<u>\$ 8,569,346</u>	<u>\$ 8,073,507</u>	<u>\$ 6,137,229</u>
Change in Net Position										
Governmental Activities	\$ 1,462,327	\$ 1,694,776	\$ 27,010	\$ 50,014	\$ (969,316)	\$ (186,991)	\$ 692,096	\$ (271,819)	\$ (380,102)	\$ 473,789
Business-Type Activities	3,413	39,690	18,281	48,513	(24,678)	38,111	(22,042)	(49,778)	(27,837)	18,131
Total Charter School	<u>\$ 1,465,740</u>	<u>\$ 1,734,466</u>	<u>\$ 45,291</u>	<u>\$ 98,527</u>	<u>\$ (993,994)</u>	<u>\$ (148,880)</u>	<u>\$ 670,054</u>	<u>\$ (321,597)</u>	<u>\$ (407,939)</u>	<u>\$ 491,920</u>

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund	\$ 219,787	\$ -	\$ 400	\$ -	\$ -	\$ 9,365	\$ 11,775	\$ 5,000	\$ 19,150	\$ -
Restricted										
Unassigned	5,205,214	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
Total General Fund	\$ 5,425,001	\$ 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

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local Sources:										
Local Tax Levy	\$ 8,438,861	\$ 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
Tuition	-	-	-	97,422	53,076	(4,495)	-	-	-	-
Interest In Investments	-	-	-	-	-	(73)	8	-	-	118
Miscellaneous	143,780	43,969	87,403	395,989	74,618	8,711	29,358	52,938	434,493	12,313
Intermediate Sources	-	-	-	392,445	-	-	-	-	-	-
State Sources	9,228,366	8,562,311	8,405,660	7,732,316	6,379,854	6,304,111	5,517,435	4,108,788	3,707,852	2,907,345
Federal Sources	624,999	543,482	483,787	494,939	598,172	430,593	234,899	221,903	199,016	160,641
Total Revenues	18,436,006	17,291,810	16,473,824	16,450,834	13,947,593	13,665,380	11,858,892	8,569,346	8,073,507	6,137,229
Expenditures:										
Instruction	6,630,507	6,064,867	6,016,490	5,596,903	6,058,478	5,584,889	4,917,407	4,057,114	3,561,434	2,600,255
Administration	6,232,236	5,939,483	5,728,740	5,478,174	5,167,918	4,107,430	3,147,156	2,024,207	2,095,941	1,379,780
Support Services	3,905,513	3,883,482	3,824,788	3,945,758	3,483,770	3,590,972	3,101,808	2,637,319	2,517,126	1,650,938
Capital Outlay	145,125	126,534	316,285	60,819	128,076	556,451	95,632	104,730	303,708	25,512
Total Expenditures	16,913,381	16,014,366	15,886,303	15,081,654	14,838,242	13,839,742	11,262,003	8,823,370	8,478,209	5,656,485
Net Change in Fund Balance	\$ 1,522,625	\$ 1,277,444	\$ 587,521	\$ 1,369,180	\$ (890,649)	\$ (174,362)	\$ 596,889	\$ (254,024)	\$ (404,702)	\$ 480,744

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
2020	\$ 240	\$ 32	\$ 143,508	\$ 143,780
2019	1,510	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

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	104	106	104	101	96	91	69	63	59	45
Administrative	9	21	12	13	20	32	30	14	8	6
Support Services	41	27	32	36	16	54	52	39	24	16
Total	154	154	148	150	132	177	151	116	91	67

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		Percent Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2020	1162	\$ 16,768,256	\$ 13,756	0.01%	104	11:1	1,153	1,117	1.47%	96.88%
2019	1,155	15,887,832	13,756	30.08%	107	11:1	1,136	1,105	1.94%	97.27%
2018	1,132	15,570,018	13,754	1.38%	104	11:1	1,114	1,084	1.26%	97.31%
2017	1,100	11,630,949	10,574	14.84%	101	11:1	1,100	1,100	12.00%	100.00%
2016	968	10,096,336	10,430	-2.90%	77	13:1	968	968	7.54%	100.00%
2015	960	8,718,640	9,082	9.63%	91	11:1	895	895	2.46%	100.00%
2014	874	8,174,501	9,353	-37.38%	69	12:1	873	825	24.97%	94.50%
2013	660	5,630,973	8,532	20.49%	63	10:1	655	650	9.16%	99.24%
2012	600	8,174,501	13,624	-14.46%	59	10:1	595	595	16.30%	100.00%
2011	498	5,630,973	11,307	0.00%	38	13:1	498	482	14.46%	96.79%

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Charter School Building										
<u>Elementary School</u>										
30 Madonna Place, Clifton										
Square Feet	20190	20,190	20,190	20,190	20,190	20,190	20,190			
Capacity (students)	400	400	400	400	320	320	320			
Enrollment	394	394	385	393	318	316	318			
<u>Middle School</u>										
200 MacArthur Avenue, Garfield										
Square Feet	20780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780	20,780
Capacity (students)	448	500	500	500	400	400	320	540	540	540
Enrollment	444	444	453	421	398	390	318	420	420	498
<u>High School</u>										
43 Maple Avenue, Hackensack										
Square Feet	38000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	
Capacity (students)	330	320	320	320	260	240	240	540	540	
Enrollment	324	309	294	286	252	236	238	240	180	

Number of Schools at June 30, 2020

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, 2020

	<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
 New Jersey Performance Framework Financial Ratios
Charter School Performance Framework Financial Indicators
 Audited Performance Indicators

Fiscal Ratios
 Last Three Fiscal Years

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	2,199,830	3,208,066	6,947,382	Audit: Exhibit A-1
Current Assets (include cash)	2,958,261	4,520,944	7,902,093	Audit: Exhibit A-1
Current Liabilities	307,081	547,783	2,401,590	Audit: Exhibit A-1
Total Expenses	18,761,218	17,380,074	18,720,415	Audit: Exhibit A-2
Change in Net Position	3,421	1,692,596	1,465,740	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	968.00	1,114.00	1,136.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	960	1,040	1,162	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	-	-	-	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators	3-YR CUM			Calculator****	Target****
	2018	2019	2020		
Near-Term Indicators					
1a. Current Ratio (working capital ratio)	9.63	8.25	3.29	Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	42.80	67.37	135.46	Cash/(Total Expenses:365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	101%	107%	98%	Average Daily Enrollment Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.** Default on loans or delinquency in debt payments	NO	NO	NO	Auditor	not in default
Sustainability Indicators					
2a**** 3 Year Cumulative Cash Flow	712,934	1,008,236	3,739,316	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	> 1.10

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



SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

908-686-3484

FAX – 908-686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

K-1
Page 1

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

INDEPENDENT AUDITOR’S REPORT

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, 2020, 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 January 15, 2021.

Internal Control over Financial Reporting

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

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 and Federal and State awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
January 15, 2021

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

www.cpa-bc.com ♦ info@cpa-bc.com

K-2
Page 1

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
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, 2020. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards.

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*,

www.cpa-bc.com ♦ info@cpa-bc.com

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, 2020.

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
January 15, 2021

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balances at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed Through to Recipients	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2020 Unearned Revenue	Due to Grantor
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I Part A																
84.010A	S0010A200030		NCLB - 6013 - 20	319,021	9/1/19	8/31/20	\$ -	\$ -	267,741	(319,021)	\$ -	\$ -	\$ -	(51,280)	\$ -	\$ -
84.010A	S0010A190030		NCLB - 6013 - 19	276,236	9/1/18	8/31/19	(75,871)		75,871	(3,169)				(2,341)		
84.365A	S365A200030		NCLB - 6013 - 20	3,169	9/1/19	8/31/20			828							
84.365A	S365A190030		NCLB - 6013 - 19	14,127	9/1/18	8/31/19	(1,643)		1,643							
84.367A	S367A200029		NCLB - 6013 - 20	33,098	9/1/19	8/31/20			12,867	(33,098)				(20,231)		
84.367A	S367A190029		NCLB - 6013 - 19	44,735	9/1/17	8/31/18	(30,838)		30,838							
84.186A	S324A200031		NCLB - 6013 - 20	16,158	9/1/18	8/31/19			12,350	(16,158)				(3,808)		
Individuals with Disabilities Cluster:																
84.027	H027A200031		IDEA - 6013 - 20	203,465	9/1/19	8/31/20			180,316	(203,465)				(23,149)		
84.027	H027A190031		IDEA - 6013 - 19	188,728	9/1/18	8/31/19	(97,286)		97,286					(1,062)		
84.173	H027A200031		IDEA - 6013 - 20	3,166	9/1/19	8/31/20			2,124	(3,166)						
84.173	H027A190031		IDEA - 6013 - 19	2,996	9/1/18	8/31/19	(86,916)		281,356	(206,651)				(24,211)		
Total Individuals with Disabilities Cluster																
Other Special Revenue Funds:																
XX.XXX			N/A		7/1/19	6/30/20			46,902	(46,902)						
Advanced Computer Science Grant																
Total Other Special Revenue Funds																
Total Special Revenue Fund																
Total U.S. Department of Education																
U.S. Department of Agriculture																
Passed-through State Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster																
10.553	201N304N1099		N/A	109,117	7/1/19	6/30/20			97,466	(109,117)				(11,651)		
10.553	191N304N1099		N/A	41,020	7/1/18	6/30/19	(821)		821							
10.555	201N304N1099		N/A	295,927	7/1/19	6/30/20			277,391	(295,927)				(18,536)		
10.555	191N304N1099		N/A	234,022	7/1/18	6/30/19	(5,256)		5,250							
10.558	201N304N1099		N/A	20,941	7/1/19	6/30/20			20,941	(20,941)						
10.558	191N304N1099		N/A	25,739	7/1/18	6/30/19	(288)		280					(30,187)		
Total Child Nutrition Cluster																
Total Enterprise Fund																
Sub-Total Federal Financial Awards																
Total U.S. Department of Agriculture																

The accompanying Notes to Financial Statements and 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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/(Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/Reversions of Prior Year's Balance	Balance at June 30, 2020		MEMO
			From	To	Reimburse (Accounts Receivable)	Unearned/Interfund Payable					Due to Grantor	Budgetary Receivable	
State Department of Education													
General Fund:													
State Aid-Public Cluster													
Equalization Aid	20-495-034-5120-078	\$ 6,199,313	7/1/19	6/30/20	\$ -	\$ -	\$ 6,064,345	\$ (6,629,754)	\$ -	\$ -	\$ (665,409)	\$ -	\$ 6,629,754
Special Education Aid	19-495-034-5120-078	6,199,313	7/1/18	6/30/19	(398,793)	-	398,793	(246,218)	-	-	-	-	246,218
Security Aid	20-495-034-5120-089	223,687	7/1/19	6/30/20	-	-	328,434	(328,434)	-	-	-	-	328,434
Adjustment Aid	20-495-034-5120-084	296,208	7/1/19	6/30/20	-	-	7,037,790	(7,204,406)	-	-	(565,409)	-	7,204,406
Total State Aid-Public Cluster													
Nonpublic Aid	20-100-034-5065-042	176,008	7/1/19	6/30/20	-	-	150,013	(150,013)	-	-	-	-	150,013
TPAF Long Term Disability Insurance Contributions	20-495-034-5094-004	3,193	7/1/19	6/30/20	-	-	3,193	(3,193)	-	-	-	-	3,193
TPAF Post-Retirement Medical	20-495-034-5094-001	392,077	7/1/18	6/30/19	(136)	-	392,077	(1,892,077)	-	-	(1,810)	-	392,077
Pension Benefits	20-495-034-5094-002	1,056,865	7/1/19	6/30/20	-	-	1,056,865	(1,056,865)	-	-	-	-	1,056,865
Reimbursed TPAF - Social Security	20-495-034-5094-003	572,832	7/1/19	6/30/20	(38,933)	-	46,846	(421,812)	-	-	(20,372)	-	421,812
Reimbursed TPAF - Social Security	19-495-034-5095-002	372,356	7/1/18	6/30/19	-	-	36,933	-	-	-	-	-	36,933
Total General Fund													
							9,078,311	(9,228,366)	-	-	(685,781)	-	9,228,366
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	20-100-010-3350-023	5,507	7/1/19	6/30/20	(136)	-	5,749	(7,559)	-	-	(1,810)	-	7,559
National School Lunch Program (State Share)	19-100-010-3350-023	5,530	7/1/18	6/30/19	-	-	136	-	-	-	-	-	136
Total Enterprise Fund													
							5,885	(7,559)	-	-	(1,810)	-	7,559
Total All Funds							\$ 9,084,196	\$ (9,235,925)	\$ -	\$ -	\$ (687,591)	\$ -	\$ 9,235,925
State Financial Assistance Not Required to Major Program Determination:													
General Funds:													
Long Term Disability Insurance Contributions	20-495-034-5094-004	3,193	7/1/19	6/30/20	-	-	3,193	3,193	-	-	-	-	3,193
TPAF Post-Retirement Medical	20-495-034-5094-001	392,077	7/1/18	6/30/19	-	-	392,077	392,077	-	-	-	-	392,077
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	1,056,865	7/1/19	6/30/20	-	-	1,056,865	1,056,865	-	-	-	-	1,056,865
Total State Financial Assistance Subject to Single Audit							\$ 7,632,061	\$ (7,783,790)	\$ -	\$ -	\$ (687,591)	\$ -	\$ 7,783,790

The accompanying Notes to Financial Statements and 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 Federal Awards and State Financial Assistance
June 30, 2020

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, 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 these schedules 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 these schedules are presented in accordance with the requirements of "Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" and the New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Therefore, some amounts presented in 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, 2020

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:

	Federal	State	Total
General Fund	\$ -	\$ 9,228,366	\$ 9,228,366
Special Revenue Fund	624,999	-	624,999
Food Service Fund	425,985	7,559	433,544
Total Awards & Financial Assistance	<u>\$ 1,050,984</u>	<u>\$ 9,235,925</u>	<u>\$ 10,286,909</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, 2020.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Notes to the Schedules of Expenditures
of Awards and Financial Assistance
June 30, 2020

NOTE 6. OTHER

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

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

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

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>	\$ 259,737
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	33,098
Title III: <i>English Language Acquisition</i>	5,472
	<hr/>
Total	\$ 321,111

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Notes to the Schedules of Expenditures
of Awards and Financial Assistance
June 30, 2020

NOTE 9. DE MINIMIS INDIRECT COST RATE

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

NOTE 10. MAJOR PROGRAMS

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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	__X__ 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
--	-----------

Auditee qualified as Low-risk auditee?	__X__ Yes	_____ No
--	-----------	----------

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II –Schedule of Financial Statement Findings

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

No Current Year Findings

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

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

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2020

STATUS OF PRIOR-YEAR FINDINGS

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

NONE