

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
ROSEVILLE COMMUNITY CHARTER SCHOOL
NEW JERSEY
FOR THE FISCAL PERIOD ENDED JUNE 30, 2020**

ROSEVILLE COMMUNITY CHARTER SCHOOL
JUNE 30, 2017
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Roseville Community Charter School

Marshaé Newkirk, School Director

Karyn Wright-Moore, Board of Trustees President

Collaboration | Honesty | Excellence | Effort | Respect

Preparing every student for academic excellence in high school, college, and beyond.

December 22, 2020

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the Roseville Community Charter School for the fiscal period 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 school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES** The Roseville Community Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

Roseville Community Charter School (RCCS) was chartered by The New Jersey Department of Education in July 2011. The school, currently in its 8th year of operation, serves a maximum of 330 students in grades K-4. Roseville Community Charter School rents space at 540 Orange Street in Newark, formerly the St. Rose of Lima School.

- 2) **ENROLLMENT OUTLOOK:** Roseville Community Charter School is currently chartered as a K-4 elementary school with a maximum enrollment of 330 students. The school has plans for an eventual expansion, with the goal of serving students in grades preK-8 by 2025 beginning with an expansion to Grade 5 by 2022-23.
- 3) **MAJOR ACCOMPLISHMENTS** – Roseville Community Charter School is a K-4 public elementary school located in Newark, New Jersey. The school was founded in collaboration with the Newark Charter School Fund and New Community Corporation to provide an option for an excellent education in the Roseville community of Newark. Roseville Community Charter School’s mission is to prepare every student for academic excellence in high school, college, and beyond. The school’s focus on college preparation is embodied in its intense focus on literacy in the primary grades. Further, the school has established high expectations within a nurturing and supportive environment through the implementation of the Responsive Classroom whole child approach, and the use of targeted, small group instruction, one-on-one, and whole class instruction, the school provides increased support to all students.

Roseville Community Charter School reflects an environment that fosters high student achievement. The school was able to establish an environment that promotes learning through a variety of approaches including ongoing professional development, celebrating student progress, regular communications with families, and a focus on building a positive school culture. In addition, the school places great emphasis on reinforcing our core values on a daily basis.

Roseville Community Charter School’s charter was renewed for five (5) years in 2014-2015. Roseville Community Charter School is moving forward in its mission to prepare every student for academic excellence in high school, college, and beyond. In 2016, 3rd and 4th graders demonstrated significant growth on the PARCC, with ELA and Math gains ranging from 7-29% above 2015 scores.

Most of our curricular programs already had an online instruction component which was being utilized during the school day. This made the transition to full online delivery of instruction and practice relatively smooth. In addition, both teachers and students already had access to these online curricular programs / materials on their laptops. As part of our Technology Plan for the school year 2019-2020, we purchased enough Chromebooks for 1:1 capacity throughout the school day. This made it easy for us to ensure equitable access to the technology equipment needed once we had to close the school building and engage in full remote instruction / learning.

In addition to the expected positive impact of each scholar having their own Chromebook to use daily and throughout the school day, the unplanned positive impact of this was observed

on March 13th, when we announced to RCCS families that we were making the decision to close the school for the safety and well-being of the school community. At dismissal, every scholar in attendance was able to leave with a school-issued Chromebook in addition to a full-day Online Home Instruction schedule, and a 3-week grade level cross-curricular learning packet. The packet was provided with directions in both English / Spanish, to ensure equity of access in terms of instruction while we assessed need and could provide what was needed to families.

In January of the school year 2019-2020 we wrote for and received a significant grant to implement the *Acellus STEM 10* pilot program with the focus being to bring RCCS scholars an innovative STEM online curriculum to best prepare them for high-tech careers right out of high school, if desired. What we soon learned was that *Acellus* provided us with a platform for the delivery of rigorous, NJ standards-based online instruction across *all* subject areas, including SEL lessons. Our teachers were already trained to use *Acellus* in February, prior to March 13th when RCCS made the decision to close our school, and based on this planned closing, teachers received a full day of professional development on March 16th in preparation to be fully remote as of March 17th. The Governor's executive order to close schools came the same day, and we were able to go fully remote with approximately 72% of our scholars online as of March 17th. In addition to being able to assign remote lessons across subject areas, the *Acellus* platform provided us with a way to record / track attendance and monitor student usage. Initially our average attendance rate was approximately 75% but as families and scholars became more proficient with the technology / remote learning processes, our average attendance rate rose to a daily average of 85%. Instruction across subject areas was also delivered directly, through Google Classroom, Google Hangouts and Zoom. To address the fact that not all of our teachers / administrators were proficient / highly proficient in the use of technology to deliver remote instruction, online professional development was planned and virtually made available to teachers in the areas such as but not limited to: How to administer STEP guided reading lessons / assessments remotely, Using *Zoom / Google Classroom* platforms to deliver instruction, and an Achievement Network professional development series focused on designing Interim Assessments that can be delivered remotely, best practices for remote learning, and effective remote learning environments.

RCCS saw a substantial increase in grade 3 ELA proficiency in 2017-2018, jumping from 34.4% in 2016-2017 to 49.2%; however, the more significant measurement is the cohort's progress as it progressed from grade 3 to 4. Third graders from 2016-17 improved from 34.4% to 40.4% as fourth graders in 2017-18, even though the fourth-grade proficiency rate declined from 2016-17 to 2017-18. While this is less impressive than the 14.8 percentage point jump in the grade 3 proficiency (a 43% increase in proficiency), it is more indicative of student progress. In 2018-2019 although proficiency rates show a decline in Math for both third and fourth graders, the proficiency rate for fourth graders increased by more than 8 percentage points. This is the third-grade group who saw the 14.8 percentage point jump the previous school year. We believe that this is due to the focus on our English Language Learners in addition to our continued commitment to seeing year to year increases in the proficiency of its scholars. In addition, in 2019-2020 we hired 2 additional Teachers of Students with Disabilities and began the school year with a full, on site, Child Study Team to ensure that we were identifying students in need of academic intervention and effectively providing what was

needed. RCCS saw year to year increases in proficiency for years after the school's first state testing experience and we strongly believe that RCCS will return to seeing year to year increases in proficiency and successfully meet our school's goal of a minimum 5% increase each year in students who meet or exceed proficiency in both ELA and MATH.

In school year 2019-2020 Roseville Community Charter School wrote for and won a \$50,000 grant through the Newark Trust for Education and the Victoria Foundation to start a social emotional learning extension program that we named the RCCS SELF & Wellness Program (Social Emotional Learning Fun & Wellness)! This program was implemented in school year 2020-21 and has done so well that it has already received word that the NTE / VF has decided to provide \$40,000 to RCCS to continue the SELF & Wellness program into the 2021-22 school year!

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits like 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 school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

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

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits like 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 school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

As part of the school's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial

assistance programs, as well as to determine that the school has complied with applicable laws and regulations.

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal period 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2020.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.
- 7) **FINANCIAL INFORMATION AT FISCAL PERIOD-END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management.
- 8) The following schedule presents a summary of the General, Special Revenue and Proprietary Fund for the fiscal period ended June 30, 2020.

Revenue	Amount	Percent of Total
Local	\$ 556,104	9%
State	4,999,745	81%
Special Revenue	378,978	6%
Misc.	18,089	1%
Proprietary Fund	<u>191,411</u>	<u>3%</u>
Total	<u>\$6,144,327</u>	<u>100%</u>

The following schedule presents a summary of the General, Special Revenue and Proprietary Fund expenditures for the fiscal period ended June 30, 2020.

Expenditures	Amount	Percent of Total
General Fund	\$6,326,352	91%
Special Revenue	378,978	5%
Enterprise Fund	<u>256,263</u>	<u>4%</u>
Total	<u>\$6,961,593</u>	<u>100%</u>

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

10) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.

11) **OTHER INFORMATION:**

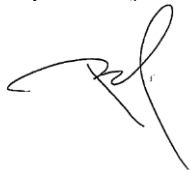
Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *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 New Jersey OMB's Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*

Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

The auditor’s report on the basic financial statements and specific required supplementary 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.

Respectfully submitted,



Mr. Brian Falkowski
School Business Administrator

ROSEVILLE COMMUNITY CHARTER SCHOOL

ROSTER OF TRUSTEES

JUNE 30, 2020

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Rashon Hasan, President, Voting	7/2018 - 7/2020
Maria Andrade, Trustee, Voting	3/2020 - 3/2023
Monica Darko, Trustee, Voting	3/2020 - 3/2023
Ana Farinha, Trustee, Voting	3/2018 - 6/2020
Dr. Charity Dacey, Trustee, Voting	3/2020 – 3/2023

CONSULTANTS AND ADVISORS
June 30, 2020

AUDIT FIRM

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OFFICIAL DEPOSITORY

PNC Bank
Newark, NJ

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT
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Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

Report on the Financial Statements

I 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 Board of Trustees of the Roseville Community Charter School, County of Essex, 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 Roseville Community Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my 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 Roseville Community Charter School as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

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

The accompanying supplementary schedules such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards 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 my

opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2020 on my consideration of the Roseville Community Charter School’s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Roseville Community Charter School’s internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
December 22, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

This section of Roseville Community Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal period that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal period include the following:

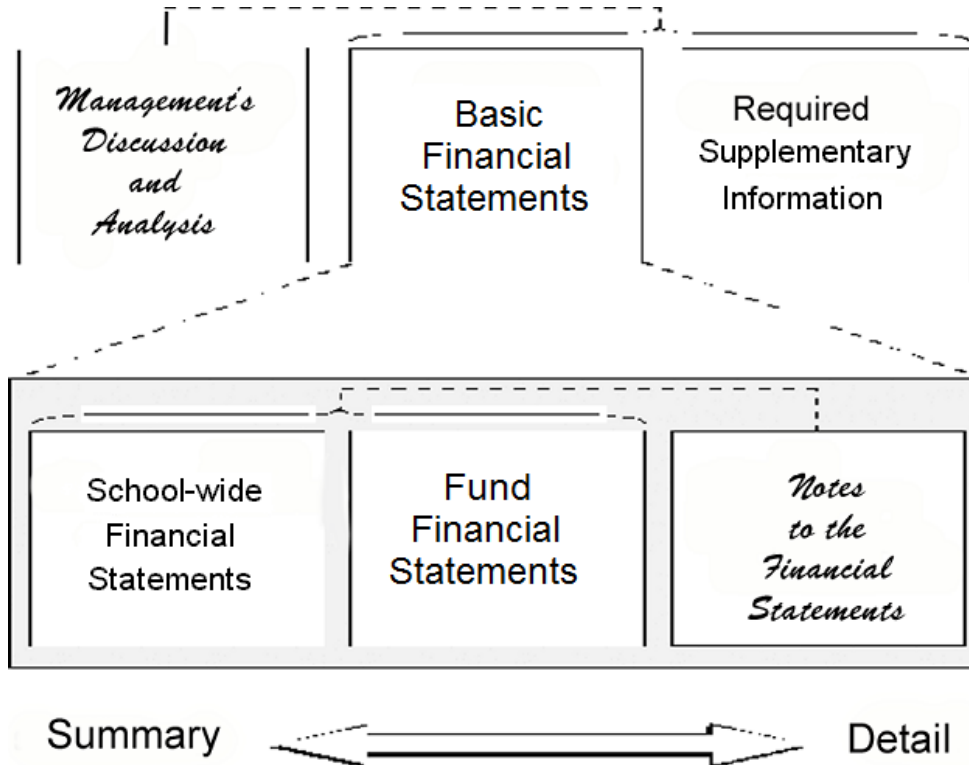
- Total Net Position Governmental was \$4,681,393, after pension adjustment of (\$1,412,569) (Note 16).
- The unassigned General Fund balance at June 30, 2020 is \$1,482,877, net of a Capital Reserve of \$4,500,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Roseville Community Charter School.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the Roseville Community Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Roseville Community Charter School, reporting the Roseville Community Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the Roseville Community Charter School operates like businesses.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the Roseville Community Charter School’s financial statements, including the portion of the Roseville Community Charter School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the Roseville Community Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the Roseville Community Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

School-wide Statements

The school-wide statements report information about the Roseville Community Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Roseville Community Charter School’s assets and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the Roseville Community Charter School’s net position and how they have changed. Net position – the difference between the Roseville Community Charter School’s assets and liabilities – are one way to measure the Roseville Community Charter School’s financial health or position.

In the school-wide financial statements, the Roseville Community Charter School’s activities are shown in two categories:

- *Governmental activities*- Most of the Roseville Community Charter School’s basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- The Roseville Community Charter School's Food Service Fund and the after school program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Roseville Community Charter School’s funds – focusing on its most significant or “major” funds – not the Roseville Community Charter School as a whole.

Funds are accounting devices the Roseville Community Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The Roseville Community Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The Roseville Community Charter School has three kinds of funds:

- **Governmental funds-** Most of the Roseville Community Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Roseville Community Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the Roseville Community Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The Roseville Community Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The Roseville Community Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Roseville Community Charter School's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. I exclude these activities from the Roseville Community Charter School's government-wide financial statements because the Roseville Community Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE ROSEVILLE COMMUNITY CHARTER SCHOOL AS A WHOLE

Net position. The Roseville Community Charter School's total net position is \$4,694,121 as of June 30, 2020. (See Table A-1).

Governmental	<u>\$4,681,393</u>
--------------	--------------------

The Statement of Net Position reflects \$98,087 of capital assets at June 30, 2020 net of assumed depreciation from inception.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The Roseville Community Charter School's financial position is the product of these factors:

- Special Revenue Fund - Revenues and Expenditures were \$378,978
- General Fund Revenues were \$5,573,938.
- General Fund Expenditures were \$6,326,352.

Table A-1
ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Position - Governmental
As of June 30, 2020

	<u>Total</u>
Current and Other Assets	\$6,016,177
Deferred Pension Outflows	714,096
Capital Assets (Including Business Activities)	98,087
Total Assets and Deferred Pension Outflows	<u>\$6,828,360</u>
Current and Other Liabilities	33,300
Net Pension Liability - noncurrent	1,279,589
Deferred Pension Inflows	834,078
Total Liabilities and Deferred Pension In Flows	<u>2,146,967</u>
Net Position:	
Invested In Capital Assets	98,087
Restricted for Capital Reserve	1,300,000
Unrestricted	83,306
Total Net Position	<u>\$4,681,393</u>
Fund Balance - 06/30/20	\$5,995,875
Invested In Capital Assets, Net of Related Debt	98,087
Net Position before Pension Adjustment - 06/30/20	<u>6,093,962</u>
Less: Pension Adjustment (Note 16)	<u>(1,412,569)</u>
Net Position - 06/30/20	<u><u>\$4,681,393</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$4,681,393 as of June 30, 2020.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Table A-2
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2020

Revenues	<u>Total</u>	<u>%</u>
Program revenues		
Charges for services		
Operating grants and contributions		
General revenues		
Local Share	\$ 556,104	9%
Federal and State Aid-Unrestricted	4,999,745	81%
Federal Aid-Restricted	378,978	6%
Other	18,089	1%
Proprietary Fund	191,411	3%
Total revenues	<u>\$ 6,144,327</u>	<u>100%</u>
Expenses		
Regular Instruction	\$ 3,426,520	49%
General Administrative	1,953,644	28%
School Administrative	696,090	10%
On-behalf TPAF Social Security / Pension / Medical	609,266	8%
Capital Outlay	19,810	1%
Proprietary Fund	256,263	4%
Total expenses	<u>\$ 6,961,593</u>	<u>100%</u>
(Decrease) in Net Position	\$ (817,266)	
Net Position - Beginning July 1, 2019	5,572,505	
Decrease in Capital Assets	(9,266)	
Net Position Before Pension Adjustments	<u>4,745,973</u>	
Pension Adjustments(Note 16)	64,580	
Net Position - End of Year June 30, 2020	<u><u>\$ 4,681,393</u></u>	

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

**Table A-3 (See Exhibit A-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Total Cost and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	\$ 3,426,520	\$ 3,047,542
Support Services			
General Administrative Services	B-2	1,953,644	1,953,644
School Administrative Services	B-2	696,090	696,090
On-behalf / TPAF Social Security	B-2	609,266	609,266
Capital Outlay	B-2	19,810	19,810
Total Governmental Activities		\$ 6,705,330	\$ 6,326,352

FINANCIAL ANALYSIS OF THE ROSEVILLE COMMUNITY CHARTER SCHOOL FUNDS

The financial performance of the Roseville Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Roseville Community Charter School completed the year, its governmental funds reported an unrestricted unassigned fund balance of \$1,482,877.

Revenues for the Roseville Community Charter School's governmental and proprietary funds were \$6,144,327 while total expenses were \$6,961,593. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the Roseville Community Charter School in providing educational services to students from grade K through grade 4.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The following schedule presents a summary of Revenues.

Table A-4 (See Exhibit B-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Years Ended June 30

Revenues	Year Ended June 30, 2020	Year Ended June 30, 2019	Increase (Decrease)
Local Sources:			
Local Share	\$ 556,104	\$ 651,113	\$ (95,009)
Other Local Revenue	18,089	17,330	759
Total Local Sources	\$ 574,193	\$ 668,443	\$ (94,250)
Intergovernmental			
State Sources	4,999,745	5,556,945	(557,200)
Federal Sources	378,978	397,281	(18,303)
Proprietary Fund	191,411	233,514	
Total Intergovernmental Sources	\$ 5,570,134	\$ 6,187,740	\$ (617,606)
Total Revenue - School Wide	\$ 6,144,327	\$ 6,856,183	\$ (711,856)

The following schedule presents a summary of expenditures.

Table A-5 (See Exhibit B-2)
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Years Ended June 30

Proprietary Expenditures	Year Ended 06/30/2020	Year Ended 06/30/2019	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 3,426,520	\$ 2,442,947	\$ 983,573
General Administrative Services	1,953,644	2,491,089	(537,445)
School Administration	696,090	786,578	(90,488)
On-behalf TPAF Social Security/ Pension / Medical	0 609,266	0 554,764	(554,764)
Capital outlay	19,810	109,845	(90,035)
Proprietary Fund	256,263	276,064	(19,801)
Total Expenditures School Wide	\$ 6,961,593	\$ 6,661,287	\$ (308,960)

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the Fund unreserved unassigned fund balance.

Table A-6
ROSEVILLE COMMUNITY CHARTER SCHOOL
Changes in Unreserved General Fund Balance
For the Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unreserved Unassigned						
Fund Balance	1,482,877	2,313,139	1,997,845	5,525,264	3,912,139	2,854,691
Expenditures	6,705,330	6,661,287	6,030,391	5,061,823	5,585,917	4,605,090
Percentages	22.1%	35%	33%	109%	70%	61%

The Roseville Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The total amount of unrestricted Fund balance designated to support the subsequent years budgets \$1,495,875 for the 2019-20 school year.

CAPITAL ASSETS

Capital Assets

As of June 30, 2020, in the General Fund, the Roseville Community Charter School had invested \$226,463 in a broad range of improvements, computers, audio-visual equipment and equipment, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements) and total General Fund depreciation expense for the year was \$9,266.

Table A-7
ROSEVILLE COMMUNITY CHARTER SCHOOL
Schedule of Capital Assets - School Wide
For the Fiscal Year Ended June 30, 2020

Furniture and Equipment	\$117,504
Improvements	108,959
Total - General Fund	<u>\$226,463</u>
Less: Accumulated Depreciation	(127,376)
Total - Net Capital Assets General Fund	<u><u>\$99,087</u></u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

FACTORS BEARING ON THE SCHOOL'S FUTURE

While many factors influence the Charter School's future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2019-20 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2020-2021.

CONTACTING THE ROSEVILLE COMMUNITY CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Roseville Community Charter School's finances and to demonstrate the Roseville Community Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Roseville Community Charter School, 540 Orange Street, Newark, New Jersey 07107.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Roseville Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

SCHOOL-WIDE FINANCIAL STATEMENTS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Position
As of June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,022,446	\$ 4,487	\$ 5,026,933
Receivables, net	880,924	8,511	889,435
Prepaid Expenses	79,083		79,083
Security deposit - Rental	33,724		33,724
Capital assets, net	98,087	-	98,087
Total Assets	<u>6,114,264</u>	<u>12,998</u>	<u>6,127,262</u>
Deferred outflows of resources			
Pension deferred outflows	714,096		714,096
Total assets and deferred outflows of resources	<u>\$ 6,828,360</u>	<u>\$ 12,998</u>	<u>\$ 6,841,358</u>
LIABILITIES			
Accounts payable	\$ 1,455	\$ -	\$ 1,455
Payable to school districts	21,845		21,845
Deferred revenue	10,000		10,000
Net pension liability - noncurrent	1,279,589		1,279,589
Total Liabilities	<u>1,312,889</u>	<u>-</u>	<u>1,312,889</u>
Deferred inflows of resources			
Pension deferred inflows	834,078	-	834,078
NET POSITION			
Invested in capital assets	98,087	-	98,087
Restricted for:			
Capital reserve	4,500,000		4,500,000
Unrestricted (Note 16)	83,306	12,998	96,304
Total Net Position	<u>\$ 4,681,393</u>	<u>\$ 12,998</u>	<u>\$ 4,694,391</u>
Total Liabilities, Deferred In Flows and Net Position	<u>\$ 6,828,360</u>	<u>\$ 12,998</u>	<u>\$ 6,841,358</u>
Fund Balance June 30, 2020 - B-1	\$5,982,877		
Cost of capital assets net accumulated depreciation	98,087		
Net position before pension adjustments	6,080,964		
Less pension adjustments net (Note 16)	(1,399,571)		
Total net position - June 30, 2020	<u>\$4,681,393</u>		

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ (3,426,520)		\$ (378,978)		\$ (3,047,542)	\$ (3,047,542)
Support services:						
General administration	(1,953,644)		-		\$ (1,953,644)	\$ (1,953,644)
School administrative services/ operations plant serv.	(696,090)				(696,090)	(696,090)
On - behalf TPAF / Social Security	(609,266)				(609,266)	(609,266)
Capital Outlay	(19,810)				(19,810)	(19,810)
Total governmental activities	<u>(6,705,330)</u>		<u>(378,978)</u>		<u>(6,326,352)</u>	<u>(6,326,352)</u>
Business-type activities:						
Food Service and After School Program	(256,263)	(256,263)			(256,263)	(256,263)
Total business-type activities	<u>(256,263)</u>	<u>(256,263)</u>			<u>(256,263)</u>	<u>(256,263)</u>
Total primary government	<u>(6,961,593)</u>	<u>\$ (256,263)</u>	<u>\$ (378,978)</u>		<u>\$ (6,326,352)</u>	<u>\$ (6,582,615)</u>
General revenues:						
					556,104	556,104
					3,180,924	3,182,884
					1,818,821	2,008,272
					18,089	18,089
					(9,266)	(9,266)
Total general revenues, special items,					<u>5,564,672</u>	<u>5,756,083</u>
Change in Net Position (Decrease)					(761,680)	(826,532)
Increase (Decrease) in Pension - Note 16					(159,576)	(159,576)
Net Position - July 1, 2019					5,602,648	5,680,496
Net Position - June 30, 2020					<u>\$ 4,681,392</u>	<u>\$ 4,694,388</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2020

	General Fund	Special Revenue Fund	Total Funds
ASSETS			
Cash and cash equivalents	\$ 5,012,446	\$ 10,000	\$ 5,022,446
Accounts Receivable	880,924	-	880,924
Prepaid Expense	79,083		79,083
Security deposit - Rental	33,724	-	33,724
Total assets	\$ 6,006,177	\$ 10,000	\$ - \$ 6,016,177
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,455	-	\$ 1,455
Deferred Revenue		10,000	10,000
Due to School Districts	21,845	-	21,845
Total liabilities	23,300	10,000	33,300
Fund Balances:			
Capital Reserve	4,500,000		4,500,000
Unassigned	1,482,877	-	1,482,877
Total Fund balances	5,982,877	-	5,982,877
Total liabilities and fund balances	\$ 6,006,177	\$ 10,000	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is	\$ 226,463	
and the accumulated depreciation	(128,376)	98,087
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)		
Deferred pension liability		(1,279,589)
Net position before pension adjustments - June 30, 2020	\$ 4,801,375	
Pension Deferred - Inflows (Note 16)		(834,078)
Pension Deferred - Outflows (Note 16)		714,096
Net Position of government activities - June 30, 2020	\$ 4,681,393	

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Share	\$ 556,104		\$ 556,104
State Share	3,180,924		3,180,924
Miscellaneous	18,089	-	18,089
Total - Local Sources	<u>3,755,117</u>		<u>3,755,117</u>
State Sources	1,818,821	-	1,818,821
Federal Sources		378,978	378,978
Total Revenues	<u>5,573,938</u>	<u>378,978</u>	<u>5,952,916</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 3,047,542	\$ 378,978	\$ 3,426,520
Support services- General Administrative	1,953,644	-	1,953,644
Support Services- School Admin/ operations plant serv	696,090		696,090
On-behalf TPAF Social Security, Pen and Med	609,266		609,266
Capital outlay	19,810		19,810
Total expenditures	<u>6,326,352</u>	<u>378,978</u>	<u>6,705,330</u>
Excess (Deficiency) of revenues over expenditures	<u>(752,414)</u>		<u>(752,414)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	<u>* -</u>		<u>-</u>
Net change in fund balances (Decrease)	(752,414)		(752,414)
Fund balance - July 1, 2019	6,735,291		6,735,291
Fund balance - June 30, 2020	<u>\$ 5,982,877</u>		<u>\$ 5,982,877</u>

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

**ROSEVILLE COMMUNITY 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 (Decrease) - governmental funds (from B-2) \$ (752,414)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (9,266)	
	Capital outlays	<u>-</u>	
			\$ (9,266)

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 0

Change in net position of governmental activities (Decrease) (A-2) \$ (761,680)

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

PROPRIETARY FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
As of June 30, 2020

		<u>Proprietary Funds</u>
		<u>Business-type</u>
		<u>Activities</u>
		<u>Enterprise funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	4,487
Accounts receivable		8,430
Other receivables		81
Total current assets		<u>12,998</u>
Total assets	\$	<u><u>12,998</u></u>
LIABILITIES		
Current liabilities:		
Total current liabilities		<u>2</u>
Total liabilities		<u>2</u>
NET POSITION		
Unrestricted		<u>12,996</u>
Total net position	\$	<u><u>12,996</u></u>

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Proprietary Funds
	Business-type
	Activities
	Enterprise
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ -
Total operating revenues	-
Operating expenses:	
Supplies, Materials and Other Expenses	(256,263)
Total Operating Expenses	(256,263)
Operating income (loss)	(256,263)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	1,960
Federal sources:	
National school lunch program	69,460
National School Snack Program	119,991
Total nonoperating revenues (expenses)	191,411
Income (loss) before contributions & transfers	(64,852)
Transfers in (out)	
Change in net position	(64,852)
Total net position - July 1, 2019	77,848
Total net position - June 30, 2020	\$ 12,996

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Proprietary Funds Business-type Activities Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	(267,581)
Net cash (used for) operating activities	(267,581)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	197,484
Net cash (used for) non-capital financing activities	197,484
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	(70,097)
Cash Balances and Cash Equivalent - beginning of year	74,584
Cash Balances and Cash Equivalent - end of year	\$ 4,487
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (64,852)
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities	
(Increase) decrease in accounts receivable, net	6,071
Increase in Accounts Payable	(11,316)
Total adjustments	(5,245)
Net cash provided by operating activities	\$ (70,097)

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

FIDUCIARY FUNDS

Exhibit B-7

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2020**

NOT APPLICABLE

Exhibit B-8

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

Roseville Community Charter School Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

A reporting entity is comprised primary government, component units and other organizations that are included to insure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities for the Charter School.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do no conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

The Charter School's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

GASB Pronouncements

Recent Accounting Pronouncements Not Yet Effective

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2019, could have significant effects on the entity's financial reporting and the provisions of this statement could require significant modifications to disclosure requirements.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, could have significant effects on the entity's financial reporting and the provisions of this statement could require significant modifications to disclosure requirements.

Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

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 that are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Charter School included 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Proprietary Funds - The focus of Proprietary Fund measurement is upon determination of net income, 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 fund of the Charter School:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were 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 education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds - Agency Funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds.

Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The Charter School receives a portion of the local tax levy and state aid from school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local Charter School revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available.

The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2020, the Charter School will have an accounts receivable or accounts payable based upon the current year final enrollment count.

In its accounting and final reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval.

Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the 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.

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2020

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

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, 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. 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 has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent 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.

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Furniture, Equipment and Improvements	10

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$0 at June 30, 2020.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, granters, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance – Governmental Funds

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

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The Charter School reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the Charter School's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The Charter School reports amounts Designated for Capital Project Fund encumbrances as Committed Fund Balance

Assigned - includes amounts that the Charter School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the Charter School's policy, amounts may be assigned by the Business Administrator. The Charter School reports Year End Encumbrances as Assigned Fund Balance.

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

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.

N. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2020, the Charter School's bank balance of was insured by the FDIC for \$250,000 and the remaining balance was subject to the provisions of GUDPA.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Charter School had no investments.

4 CAPITAL ASSETS

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2020:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

4 CAPITAL ASSETS (continued)

	Beginning Balance June 30, 2019	Net Additions (Deletions)	Ending Balance June 30, 2020
Governmental Activities			
Capital assets:			
Furniture, Equipment and Improvements	\$226,463		\$226,463
Total capital assets	\$226,463	\$0	\$226,463
Less accumulated depreciation for:			
Furniture, Equipment and Improvements	119,110	9,266	128,376
Total accumulated depreciation	\$119,110	\$9,266	\$128,376
Total capital assets - net	\$107,353	(\$9,266)	\$98,087

Depreciation expense of \$9,266 was charged to an unallocated function.

5. LONG-TERM LEASES

The school leases its premises under the terms of a non-cancelable lease which was renewed on January, 2020 for an additional three years ending on July 2023. Rent expense for the year ended June 30, 2020 amounted to \$362,960.

Future minimum rental payments due under the lease for the periods for the period ended are as follows:

	Year Ended June 30:
2021	\$437,915
2022	\$446,674
2023	\$460,074
Total:	\$1,344,643

A security rental deposit of \$33,724 is reflected on the statement of net position as June 30, 2020.

6 PENSION PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

6 PENSION PLANS (continued)

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan.

Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

6 PENSION PLANS (continued)

achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

Significant Legislation - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars.

Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

6 PENSION PLANS (continued)

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The School's contribution to PERS for the year ended June 30, 2020 was \$69,951.

In accordance with N.J.S.A 18A:66-66 the School received \$98,337 reimbursement for the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also the State paid into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions of \$372,041, TPAF Post-Retirement Medical Benefits Contributions of \$138,020 and \$868 of TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

7 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$9,006,809 as measured on June 30, 2019 and \$13,029,302 as measured on June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$531,246 and revenue of \$531,246 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

Collective Net Pension Liability

Component of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2019 were as follows:

Total pension liability	\$84,215,846,719
Plan fiduciary net position	<u>22,696,734,276</u>
Net pension liability	<u>\$61,519,112,443</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%

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:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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%
US 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 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% 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 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity 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 was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

At 1% decrease (4.60%)	At current discount rate (5.60%)	At 1% increase (6.60%)
\$72,544,649,801	61,519,112,443	52,371,397,951

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2019:

	Year of deferral	Amortization period	Beginning of year Balance	Additions	Deductions	End of year Balance
Deferred Outflows of Resources:						
Differences between expected and actual experience	2015	8.30 years	\$ 189,214,650	---	44,003,407	145,211,243
	2017	8.30 years	179,419,108	---	28,479,224	150,939,884
	2018	8.29 years	1,051,605,259	---	144,253,122	907,352,137
Subtotal			1,420,239,017	---	216,735,753	1,203,503,264
Changes of assumptions	2014	8.50 years	1,076,424,469	---	307,549,848	768,874,621
	2015	8.30 years	3,063,649,492	---	712,476,627	2,351,172,865
	2016	8.30 years	6,913,685,892	---	1,304,469,036	5,609,216,856
Subtotal			11,053,759,853	---	2,324,495,511	8,729,264,342
Total Deferred Outflows			\$ 12,473,998,870	---	2,541,231,264	9,932,767,606
Deferred Inflows of Resources:						
Differences between expected and actual experience	2014	8.50 years	10,252,211		2,929,202	7,323,009
	2016	8.30 years	85,977,601		16,222,189	69,755,412
	2019	8.04 years	---	155,621,840	19,355,950	136,265,890
Subtotal			96,229,812	155,621,840	38,507,341	213,344,311
Changes of assumptions	2017	8.30 years	10,084,192,916	---	1,600,665,542	8,483,527,374
	2018	8.29 years	5,994,557,085	---	822,298,640	5,172,258,445
	2019	8.04 years	---	4,005,548,119	498,202,502	3,507,345,617
Subtotal			16,078,750,001	4,005,548,119	2,921,166,684	17,163,131,436
Differences between projected on pension plan investments	2015	5 years	(192,642,062)	---	(192,642,062)	---
	2016	5 years	(863,710,385)	---	(431,855,193)	(431,855,192)
	2017	5 years	678,024,787	---	226,008,263	452,016,524
	2018	5 years	384,121,486	---	96,030,371	288,091,115
	2019	5 years	---	(181,103,464)	(36,220,693)	(144,882,771)
Subtotal			5,793,826	(181,103,464)	(338,679,314)	163,369,676
Total Deferred Inflows			\$ 16,180,773,639	3,980,066,495	2,620,994,711	17,539,845,423

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total pension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expense	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains or losses	338,679,314
Total pension expense	<u>\$3,628,561,693</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Public Employees’ Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2020, the Charter School reported a liability of \$1,279,589 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019. At June 30, 2019, the Charter School’s proportion was .007101%.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$206,830. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,967	\$ 5,653
Changes of assumptions	127,772	444,141
Net difference between projected and actual earnings on pension plan investments	0	20,199
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	493,706	364,385
Charter School contributions subsequent to the measurement date.	69,651	0
Total	\$714,096	\$834,378

The Charter School reported \$69,651 as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2020, the plan measurement date was June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020.

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

	Year Ended June 30:
2020	(\$19,344)
2021	(73,736)
2022	(66,020)
2023	(127,355)
2024	(249,324)
Total:	(\$535,779)

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Collective Net Pension Liability

Component of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2019 are as follows:

	State	Local	Total
Total pension liability	\$29,512,766,255	41,491,463,886	71,004,230,141
Plan fiduciary net position	6,500,345,915	23,347,631,751	29,847,977,666
Net pension liability	\$23,012,420,340	18,143,832,135	41,156,252,475

Actuarial Assumptions

The collective 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:

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

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

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
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7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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 in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

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

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 in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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%
US 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. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% 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.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
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7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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 70% of the actuarially determined contributions for the State employers and 100% of actuarially determined contributions for the local employers.

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
State	\$26,475,719,181	\$23,012,420,340	\$20,102,167,445
Local	22,918,608,260	18,143,832,135	14,120,406,763
Total	\$49,394,327,441	\$41,156,252,475	\$34,222,574,208

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2019:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	Year of deferral	Amortization period	Beginning of year			End of year
			Balance	Additions	Deductions	Balance
Deferred Outflows of Resources:						
State:						
Differences between expected and actual experience	2015	5.72 years	\$ 120,822,485	---	70,245,632	50,576,853
	2016	5.57 years	204,825,863	---	79,698,780	125,127,083
	2017	5.48 years	86,974,603	---	24,992,702	61,981,901
Subtotal			412,622,951	---	174,937,114	237,685,837
Changes of assumptions	2014	6.44 years	117,496,263	---	81,594,626	35,901,637
	2015	5.72 years	526,944,282	---	306,362,955	220,581,327
	2016	5.57 years	1,671,733,235	---	650,479,859	1,021,253,376
Subtotal			2,316,173,780	---	1,038,437,440	1,277,736,340
Differences between projected and actual investment earnings on pension plan investments						
	2015	5 years	85,258,264	---	85,258,264	---
	2016	5 years	267,616,692	---	133,808,347	133,808,345
	2017	5 years	(192,255,103)	---	(64,085,035)	(128,170,068)
	2018	5 years	(93,581,177)	---	(23,395,294)	(70,185,883)
	2019	5 years	---	108,525,199	21,705,040	86,820,159
Subtotal			67,038,676	108,525,199	153,291,322	22,272,553
Subtotal State			2,795,835,407	108,525,199	1,366,665,876	1,537,694,730
Local:						
Differences between expected and actual experience	2015	5.72 years	195,150,881	---	113,459,816	81,691,065
	2016	5.57 years	72,386,473	---	28,165,943	44,220,530
	2017	5.48 years	107,944,381	---	31,018,501	76,925,880
	2019	5.21 years	---	149,209,849	28,639,126	120,570,723
Subtotal			375,481,735	149,209,849	201,283,386	323,408,198
Changes of assumptions	2014	6.44 years	155,843,811	---	108,224,870	47,618,941
	2015	5.72 years	703,384,183	---	408,944,294	294,439,889
	2016	5.57 years	2,385,275,715	---	928,122,846	1,457,152,869
Subtotal			3,244,503,709	---	1,445,292,010	1,799,211,699
Subtotal Local			3,619,985,444	149,209,849	1,646,575,396	2,122,619,897
Total deferred outflows or resources			\$ 6,415,820,851	257,735,048	3,013,241,272	3,660,314,627

	Year of deferral	Amortization period	Beginning of year			End of year
			Balance	Additions	Deductions	Balance
Deferred Outflows of Resources:						
State:						
Differences between expected and actual experience	2018	5.63 years	197,745,433	---	42,709,597	155,035,836
	2019	5.21 years	---	12,049,899	2,312,840	9,737,059
Subtotal			197,745,433	12,049,899	45,022,437	164,772,895
Changes of assumptions	2017	5.48 years	2,820,321,235	---	810,437,137	2,009,884,098
	2018	5.63 years	1,950,565,161	---	421,288,372	1,529,276,789
	2019	5.21 years	---	1,331,575,936	255,580,794	1,075,995,142
Subtotal			4,770,886,396	1,331,575,936	1,487,306,303	4,615,156,029
Subtotal State			4,968,631,829	1,343,625,835	1,532,328,740	4,779,928,924
Local:						
Differences between expected and actual experience	2018	5.63 years	101,525,444	---	21,927,742	79,597,702
Subtotal			101,525,444	---	21,927,742	79,597,702
Changes of assumptions	2017	5.48 years	3,629,610,513	---	1,042,991,527	2,586,618,986
	2018	5.63 years	2,666,045,055	---	575,819,666	2,090,225,389
	2019	5.21 years	---	1,951,972,924	374,658,911	1,577,314,013
Subtotal			6,295,655,568	1,951,972,924	1,993,470,104	6,254,158,388
Differences between projected and actual investment earnings on pension plan investments						
	2015	5 years	(118,977,340)	---	(118,977,340)	---
	2016	5 years	(665,141,404)	---	(332,570,701)	(332,570,703)
	2017	5 years	598,659,958	---	199,553,320	399,106,638
	2018	5 years	370,147,142	---	92,536,786	277,610,356
	2019	5 years	---	(74,646,907)	(14,929,381)	(59,717,526)
Subtotal			184,688,356	(74,646,907)	(174,387,316)	284,428,765
Subtotal Local			6,581,869,368	1,877,326,017	1,841,010,530	6,618,184,855
Total deferred inflows of resources			11,550,501,197	3,220,951,852	3,373,339,270	11,398,113,779

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (continued)

	<u>State</u>	<u>Local</u>	<u>Total</u>
Year ending June 30:			
2020	\$(402,064,526)	(520,291,557)	(922,356,083)
2021	(1,156,909,505)	(1,687,816,332)	(2,844,725,837)
2022	(1,100,595,185)	(1,507,121,650)	(2,607,716,835)
2023	(528,507,313)	(707,671,269)	(1,236,178,582)
2024	(54,157,665)	(72,664,150)	(126,821,815)
Total	<u>\$(3,242,234,194)</u>	<u>(4,495,564,958)</u>	<u>(7,737,799,152)</u>

Changes in Proportion

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

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for State and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$526,757,589	\$803,761,000	\$1,330,518,589
Interest on total pension liability	1,701,980,100	2,382,273,210	4,084,253,310
Member contributions	(355,581,371)	(553,610,183)	(909,191,554)
Administrative expense	6,593,343	14,664,098	21,257,441
Expected investment return net of investment expenses	(446,287,688)	(1,478,181,305)	(1,924,468,993)
Pension expense related to specific liabilities of individual employers	(237,877)	(6,923,099)	(7,160,976)
Current period recognition (amortization) of deferred outflows and inflows of resources:			
Differences between expected and actual experience	129,914,677	179,355,644	309,270,321
Changes of assumptions	(448,868,863)	(548,178,094)	(997,046,957)
Differences between projected and actual investment earnings on pension plan investments	153,291,322	174,387,316	327,678,638
Total pension expense	<u>\$1,267,561,232</u>	<u>\$967,548,587</u>	<u>\$2,235,109,819</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

7 PENSION PLANS – GASB 68 DISCLOSURES (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 net pension liability measured as of June 30, 2019 and 2018, respectively, calculated using the discount rate of 5.60% and 5.66%, respectively, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Charter School’s proportionate share of the net pension liability	\$2,009,938	\$1,790,228	\$1,474,073
	2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Charter School’s proportionate share of the net pension liability	\$1,509,916	\$1,279,589	\$1,049,263

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

8 POST RETIREMENT BENEFITS

State Health Benefit Program Fund - Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

8 POST RETIREMENT BENEFITS (continued)

provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that have a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

8 POST RETIREMENT BENEFITS (continued)

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. 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:

Total Nonemployer OPEB Liability	\$41,729,081,045		
Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary increases:			
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%	Applied to all
	based on service years	based on service years	future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled 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, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 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 prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

8 POST RETIREMENT BENEFITS (continued)

(b) Discount rate

The discount rate for June 30, 2019 was 3.5%. 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 bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

(c) Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, 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:

At 1% decrease (2.50%)	At current rate (3.50%)	At 1% increase (4.50%)
\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

(d) Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2018 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:

1% decrease	Healthcare cost trend rate	1% increase
\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$248,454 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

8 POST RETIREMENT BENEFITS (continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$884,529 there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

9 COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days.

As of June 30, 2020, Charter School-wide compensated absences amounted to \$-0-.

10 DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan permits participants to defer a portion of their salaries until future years.

11 ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 CONTINGENT LIABILITIES

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

12 CONTINGENT LIABILITIES (continued)

material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School’s attorney’s letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School’s financial position.

13 RISK MANAGEMENT

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under that 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.

14 RECEIVABLES

Receivables as of June 30, 2020 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full.

A summary of the principal items of receivables are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Proprietary</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$880,924</u>	<u>\$0</u>	<u>\$8,511</u>	<u>\$889,435</u>
Gross Receivables	<u>\$880,924</u>	<u>\$0</u>	<u>\$8,511</u>	<u>\$889,435</u>

15. SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the financial statement date through December 22, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

ROSEVILLE COMMUNITY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

15. SUBSEQUENT EVENTS (continued)

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus has continued to spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Charter School's operations in Fiscal Year 2021 cannot be reasonably estimated at this time but may negatively affect revenues.

16. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds.

The reconciliation is as follows:

Fund balance per B-1	\$5,982,877
Cost of capital assets net of accumulated depreciation	98,087
Pension deferred outflows	714,096
Pension deferred inflows	(834,078)
Deferred pension liability as of June 30, 2020	(1,279,589)
Net position (per A-1) as of June 30, 2020	<u>\$4,681,393</u>

17. CAPITAL RESERVE

The Board of Trustees approved on October 24, 2017, the establishment of a Capital Reserve in the amount of \$4,500,000 exclusively to the future purchase of a new building for the school.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Share	\$ -	\$ -	\$ -	\$ 556,104	\$ (556,104)
State Share	4,469,481	0	4,469,481	3,180,924	1,288,557
Miscellaneous	-	-	0	18,089	(18,089)
Total - Local Sources	<u>4,469,481</u>	<u>-</u>	<u>4,469,481</u>	<u>3,755,117</u>	<u>714,364</u>
Security Aid	184,112	-	184,112	154,032	30,080
Special Education	116,596	-	116,596	82,023	34,573
Adjustment Aid	973,500	-	973,500	973,500	-
TPAF Pension (On-Behalf - Non-Budgeted)				372,041	(372,041)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-		-	138,020	(138,020)
TPAF . LTD (On-Behalf - Non-Budgeted)				868	(868)
TPAF Social Security (Reimbursed - Non-Budgeted)				98,337	(98,337)
Total State Sources	<u>1,274,208</u>	<u>-</u>	<u>1,274,208</u>	<u>1,818,821</u>	<u>(544,613)</u>
Total - Federal Sources					
Total Revenues	<u>5,743,689</u>	<u>-</u>	<u>5,743,689</u>	<u>5,573,938</u>	<u>169,751</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	1,947,225	(145,052)	1,802,173	1,795,966	\$ 6,207
Other Salaries	444,633	187,204	631,837	629,521	2,316
Prof/Tech Services	106,164	222,177	328,341	328,341	-
Other Purchased Services (400-500 series)	187,000	(144,441)	42,559	21,700	20,859
General Supplies	356,850	(91,209)	265,641	248,691	16,950
Textbooks	-	-	-	-	-
Other Objects	12,500	16,058	28,558	23,323	5,235
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,054,372</u>	<u>44,737</u>	<u>3,099,109</u>	<u>3,047,542</u>	<u>51,567</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	885,627	(328,375)	557,252	502,705	54,547
Salaries of Secretarial and Clerical Assistants	307,147	27,760	334,907	277,885	57,022
Cost of Benefits	670,718	57,735	728,453	646,950	81,503
Consultants	103,900	2,207	106,107	40,707	65,400
Other Purchased Services (400-500 series)	317,300	183,952	501,252	411,745	89,507
Communications/Telephone	46,500	(20,000)	26,500	19,861	6,639
Supplies and Materials	39,694	4,402	44,096	42,296	1,800
Other Objects	6,500	4,995	11,495	11,495	-
	<u>2,377,386</u>	<u>(67,324)</u>	<u>2,310,062</u>	<u>1,953,644</u>	<u>356,418</u>
Support Services - School Admin/Operation Plant Services					
Salaries	86,602	159,222	245,824	148,765	97,059
Purchased Professional and Technical Services	2,000	-	2,000	875	1,125
Other Purchased Services	88,000	(52,708)	35,292	34,102	1,190
Rental of Land and Building- other than Lease Purchase Agreements	429,329	7,972	437,301	362,960	74,341
Insurance	100,000	(36,098)	63,902	59,800	4,102
General Supplies	56,000	14,666	70,666	60,061	10,605
Transportation- Trips	-	-	-	-	-
Energy (Energy and Electricity)	95,000	(72,839)	22,161	22,161	-
Other Objects	5,000	2,372	7,372	7,366	6
	<u>861,931</u>	<u>22,587</u>	<u>884,518</u>	<u>696,090</u>	<u>188,428</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service					
Other Purchased Services	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Food Services					
On-behalf TPAF Pension Contributions (non-budgeted)				372,041	(372,041)
On-behalf TPAF Medical Contributions (non-budgeted)				138,020	(138,020)
On-behalf - LTD Contribution (non-budgeted)				868	(868)
Reimbursed TPAF Social Security Contributions (non-budgeted)				98,337	(98,337)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,266</u>	<u>(609,266)</u>
TOTAL ON-BEHALF CONTRIBUTIONS					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,266</u>	<u>(609,266)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>3,239,317</u>	<u>(44,737)</u>	<u>3,194,580</u>	<u>3,259,000</u>	<u>(64,420)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>6,293,689</u>	<u>-</u>	<u>6,293,689</u>	<u>6,306,542</u>	<u>(12,853)</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-		-	-	-
Building Improvements	300,000	-	300,000	19,810	280,190
Total Equipment	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>19,810</u>	<u>280,190</u>
TOTAL EXPENDITURES- GENERAL FUND	6,593,689	-	6,593,689	6,326,352	267,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(850,000)</u>	<u>-</u>	<u>(850,000)</u>	<u>(752,414)</u>	<u>(97,586)</u>
Other Financing Sources:					
Operating Transfer In:	850,000	-	850,000	-	850,000
Total Other Financing Sources:	<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>-</u>	<u>850,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	(752,414)	752,414
Fund Balance, July 1, 2019	-	-	6,735,291	6,735,291	
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,735,291</u>	<u>\$ 5,982,877</u>	<u>\$ 752,414</u>

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$ 378,978		\$ 398,779	\$ 398,779	
State Sources	-		-	-	
Federal Sources	-		-	-	
Total Revenues	<u>378,978</u>		<u>398,779</u>	<u>398,779</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	226,265		226,265	226,265	
Other Salaries for Instruction	-		-	-	
Purchased Professional and Technical Services	89,713		89,713	89,713	
Other Purchased Services (400-500 series)					
Textbooks					
General Supplies	-		-	-	
Personal Services- Employee Benefits	63,000		63,000	63,000	
Instructional Equipment					
Equipment- Non instructional					
Miscellaneous Expense					
Total Instruction	<u>378,978</u>	<u>-</u>	<u>378,978</u>	<u>378,978</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	7,500	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	-		-	-	
Supplies					
Communication					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	-		-	-	
Building Improvements					
Total Support Services	<u>-</u>		<u>-</u>	<u>7,500</u>	

ROSEVILLE COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	378,978		378,978	378,978	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

ROSEVILLE COMMUNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2020

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

ROSEVILLE COMMUNITY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*
(Unaudited)
Public Employees' Retirement System (PERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)	0.007101%	0.204810%	0.006827%	0.006440%	0.005267% #	0.002856%
Charter School Proportionate share of the net pension liability (asset)	1,279,589	1,790,228	1,589,306	1,908,375	1,182,282	534,711
Charter School Covered employee payroll	\$362,152	\$542,012	\$469,840	\$326,245	\$259,676	\$153,979
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	353.3%	330.2%	338.2%	585.0%	455.3%	347.2%
Plan fiduciary net position as a percentage of the total pension liability	28.3%	30.2%	34.1%	24.6%	27.6%	28.8%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

ROSEVILLE COMMUNITY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*
(Unaudited)
Public Employees' Retirement System (PERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$69,077	\$91,771	\$66,818	\$57,243	\$45,280	\$23,544
Contributions in relation to the contractually required contribution	<u>(69,077)</u>	<u>(91,771)</u>	<u>(66,818)</u>	<u>(57,243)</u>	<u>(45,280)</u>	<u>(23,544)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Charter School Covered employee payroll	362,152	542,012	469,840	326,245	259,676	153,979
Contributions as a percentage of covered employee payroll	19.07%	16.93%	14.22%	17.55%	17.43%	15.29%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	<u>9,006,809</u>	<u>13,029,302</u>	<u>11,448,257</u>	<u>11,281,746</u>	<u>8,770,256</u>	<u>3,720,360</u>
Total	<u>9,006,809</u>	<u>13,029,302</u>	<u>11,448,257</u>	<u>11,281,746</u>	<u>8,770,256</u>	<u>3,720,360</u>
Charter School Covered employee payroll	1,588,352	1,534,166	1,375,141	1,731,235	1,405,512	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.04%

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the charter school (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the charter school.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

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

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

**ROSEVILLE COMMUNITY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (TPAF AND PERS)
(UNAUDITED)
Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>The State of New Jersey's Total OPEB Liability</u>			
Service Cost	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms			
Difference Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	(\$4,381,751,937)	(\$7,529,008,876)	(\$4,191,942,326)
Total OPEB Liability - Beginning	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's total OPEB liability**	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$2,310,693	\$1,916,964	\$2,500,558
The Charter School's proportionate share of the total OPEB liability	0	0	0
Charter School's covered employee payroll	\$1,950,504	\$2,076,178	\$1,844,981
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None
State's covered employee payroll	\$13,929,083,479	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	300.00%	338.05%	397.53%

**Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*Until a full ten year trend is compiled, information will be presented for those years for which information is available.

SPECIAL REVENUE FUND

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

ROSEVILLE COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	TOTAL	Title I / Part A	IDEA Part B Basic	IDEA Part B Preschool
REVENUES				
Intergovernmental				
State				
Federal	\$378,978	\$311,644	\$65,123	\$2,211
Other Sources				
Miscellaneous				
Total Revenues	<u>378,978</u>	<u>311,644</u>	<u>65,123</u>	<u>2,211</u>
EXPENDITURES				
Instruction				
Salaries	226,265	226,265		
Other Purchased Services				
Purchased Prof. and Tech.and Edu Services	89,713	22,379	65,123	2,211
General Supplies	0	0		
Recruitment				
Personal Services - Employee Benefits	63,000	63,000		
Food Service Subsidy				
Textbooks				
Technology				
Instructional Equipment				
Equipment Non- Instructional				
Miscellaneous Expense				
Total Instruction	<u>378,978</u>	<u>311,644</u>	<u>65,123</u>	<u>2,211</u>
Support Services				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Prof. Staff				
Salaries of Secretarial and Clerical Ass't				
Personal Services - Employee Benefits				
Supplies and Materials				
Communication				
Purchased Professional/Educational Services				
Class- room Improvements				
Building Improvements				
Non instructional Equipment				
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u><u>\$378,978</u></u>	<u><u>\$311,644</u></u>	<u><u>\$65,123</u></u>	<u><u>\$2,211</u></u>

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2020

	Proprietary Fund Business-Type Activities Enterprise
ASSETS	
Current Assets	
Cash	\$4,487
Intergovernmental Receivable	
Federal	8,430
State	81
Total Current Assets	12,998
Total Assets	\$12,998
 LIABILITIES	
Total Current Liabilities	0
 Net Position	
Unrestricted	12,998
Total Net Position	\$12,998

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Proprietary Fund Business-Type Activities Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	
Total Operating Revenues	-
OPERATING EXPENSES	
Supplies, Materials & Other	(\$256,263)
Total Operating Expenses	(256,263)
Income (Loss) From Operations	(256,263)
Nonoperating Revenues	
State Sources	
State Sources	1,960
Federal Sources	
National Snack	
School Breakfast Program	69,460
National School Lunch Program	119,991
Total Nonoperating Revenues	191,411
Increase (Decrease) in Net Position	(64,852)
Total Net Position - July 1, 2019	77,848
Total Net Position - June 30, 2020	\$12,996

ROSEVILLE COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	
Cash Payments supplies, material and other	\$ (267,581)
Net Cash (Used) by Operating Activities	<u>(267,581)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>197,484</u>
Net Cash Provided by Noncapital Financing Activities	<u>197,484</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	<u>(70,097)</u>
Cash and Cash Equivalents, Beginning of Year	<u>74,584</u>
Cash and Cash Equivalents, End of Year	<u><u>\$4,487</u></u>
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income (Loss)	<u>(\$64,852)</u>
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	6,071
(Increase) Decrease in Accounts Receivable	
Change in Assets and Liabilities	<u>(11,316)</u>
Total Adjustment	<u>(5,245)</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>(\$70,097)</u></u>

FIDUCIARY FUNDS

ROSEVILLE COMMUNITY CHARTER SCHOOL
Combining Statement of Agency Funds Net Position
Fiduciary Funds
As of June 30, 2020

	Student Activity Fund	Agency Fund Payroll	Total
ASSETS			
Cash and cash equivalents	\$462	\$78,943	\$79,405
Total Assets	\$462	\$78,943	\$79,405
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll deductions and withholdings		78,943	78,943
Account payable - due to students group	462		462
Total Liabilities	462	78,943	79,405
Net Position			
Total Liabilities and Net Position	\$462	\$78,943	\$79,405

Exhibit H-2

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2020**

NOT APPLICABLE

Exhibit H-3

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

ROSEVILLE COMMUNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Cash and Cash Equivalents		\$3,419,323	\$3,419,323	
Total Liabilities		3,419,323	3,419,323	
LIABILITIES				
Payroll Deductions and Withholdings		1,277,266	1,277,266	
Net Payroll		2,142,057	2,142,057	
Total Liabilities		\$3,419,323	\$3,419,323	

Exhibit H-5

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Roseville Community Charter School comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

Contents

Exhibits

Financial Trends

J- 1 to J-5

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

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

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

Demographic and Economic Information

J-14 and J-15

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

Operating Information

J-16 to J-20

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

FINANCIAL TRENDS

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NET POSITION BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30
ACCURAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities						
Invested in capital assets, net	\$ 98,087	\$ 107,353	\$ 18,811	\$ 35,596	\$ 52,381	\$ 69,166
Restricted- Capital Reserve	4,500,000	4,500,000	4,500,000			
Unrestricted	1,482,877	2,235,291	975,846	4,689,906	3,299,951	2,854,691
Total governmental activities net position	<u>\$ 6,080,964</u>	<u>\$ 6,842,644</u>	<u>\$ 5,494,657</u>	<u>\$ 4,725,502</u>	<u>\$ 3,352,332</u>	<u>\$ 2,923,857</u>
Business-type activities						
Invested in capital assets, net						
Unrestricted	12,996	77,848	120,398	78,541	43,976	-
Total business-type activities net position	<u>\$ 12,996</u>	<u>\$ 77,848</u>	<u>\$ 120,398</u>	<u>\$ 78,541</u>	<u>\$ 43,976</u>	<u>\$ -</u>
School-wide						
Invested in capital assets, net	98,087	107,353	18,811	35,596	52,381	69,166
Restricted	-	-	-	-	-	-
Unrestricted	5,995,873	6,813,139	5,596,244	4,768,446	3,342,927	2,854,691
Total school net position	<u>\$ 6,093,960</u>	<u>\$ 6,920,492</u>	<u>\$ 5,615,055</u>	<u>\$ 4,804,042</u>	<u>\$ 3,395,308</u>	<u>\$ 2,923,857</u>

Source: School Financial Statements

**ROSEVILLE COMMUNITY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses						
Governmental activities						
Instruction						
Regular	3,426,520	2,442,947	2,772,607	2,139,542	2,472,370	2,201,075
Support Services:						
General administration	1,953,644	2,491,089	1,308,565	1,352,283	1,372,034	983,392
School Administrative Services	696,090	786,578	1,107,268	908,342	949,683	895,469
On-behalf TPAF Social Security / Pension / Medical	609,266	554,764	652,667	476,125	394,713	325,954
Capital outlay	19,810	109,845	0	0	0	0
Unallocated depreciation	-9,266	108,959	16,785	16,785	16,785	16,785
Total governmental activities expenses	<u>6,696,064</u>	<u>6,494,182</u>	<u>5,857,892</u>	<u>4,893,077</u>	<u>5,205,585</u>	<u>4,422,675</u>
Business-type activities:						
Food service	256,263	276,064	189,284	220,096	197,117	199,200
Total business-type activities expense	<u>256,263</u>	<u>276,064</u>	<u>189,284</u>	<u>220,096</u>	<u>197,117</u>	<u>199,200</u>
Total school expenses	<u><u>6,952,327</u></u>	<u><u>6,770,246</u></u>	<u><u>6,047,176</u></u>	<u><u>5,113,173</u></u>	<u><u>5,402,702</u></u>	<u><u>4,621,875</u></u>
Program Revenues						
Governmental activities:						
Operating grants and contributions	378,978	397,281	386,532	433,740	257,056	344,806
Total governmental activities program revenues	<u>378,978</u>	<u>397,281</u>	<u>386,532</u>	<u>433,740</u>	<u>257,056</u>	<u>344,806</u>
Business-type activities:						
Charges for services						
Proprietary Fund	191,411	233,514	231,141	185,531	223,133	204,107
Total business type activities program revenues	<u>191,411</u>	<u>233,514</u>	<u>231,141</u>	<u>185,531</u>	<u>223,133</u>	<u>204,107</u>
Total school program revenues	<u><u>570,389</u></u>	<u><u>630,795</u></u>	<u><u>617,673</u></u>	<u><u>619,271</u></u>	<u><u>480,189</u></u>	<u><u>548,913</u></u>
Net (Expense)/Revenue						
Governmental activities	(\$6,317,086)	(\$6,096,901)	(\$5,471,360)	(\$4,459,337)	(\$4,948,529)	\$4,077,869
Business-type activities	(64,852)	(42,550)	41,857	34,565	26,016	4,907
Total school-wide net expense	<u><u>(\$3,334,720)</u></u>	<u><u>(\$3,334,720)</u></u>	<u><u>(\$3,334,720)</u></u>	<u><u>(\$3,334,720)</u></u>	<u><u>(\$3,334,720)</u></u>	<u><u>(\$3,334,720)</u></u>
Governmental activities:						
Local Share	556,104	651,113	696,725	636,193	740,016	663,758
State Share	3,180,924	3,705,401	3,827,130	4,773,917	4,438,378	4,082,908
State and Federal Aid aid	1,818,821	1,851,544	1,830,350	661,148	709,724	549,125
Miscellaneous income	18,089	17,330	72,951	28,395	75,058	1,116
Increase in Net Capital Outlay	-9,266	108,959	0	0	0	0
Total activities	<u>5,564,672</u>	<u>6,334,347</u>	<u>6,427,156</u>	<u>6,099,653</u>	<u>5,963,176</u>	<u>5,296,907</u>
Business-type activities:						
Transfers	0	0	0	0	0	0
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u><u>5,564,672</u></u>	<u><u>6,334,347</u></u>	<u><u>6,427,156</u></u>	<u><u>6,099,653</u></u>	<u><u>5,963,176</u></u>	<u><u>5,296,907</u></u>
Change in Net Position						
Governmental activities	(\$752,414)	\$237,446	\$955,796	\$1,640,316	\$1,014,647	\$1,219,038
Business-type activities	(64,852)	(42,550)	\$41,857	\$34,565	\$26,016	\$4,907
Total school	<u><u>(\$817,266)</u></u>	<u><u>\$194,896</u></u>	<u><u>\$997,653</u></u>	<u><u>\$1,674,881</u></u>	<u><u>\$1,040,663</u></u>	<u><u>\$1,223,945</u></u>

Source: School Financial Statements

**ROSEVILLE COMMUNITY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund						
Capital Reserve	\$4,500,000	\$4,500,000	\$4,500,000			
Unreserved	1,482,877	2,235,291	1,997,845	\$5,525,263	\$3,868,163	\$2,854,691
Total General Fund	<u>\$5,982,877</u>	<u>\$6,735,291</u>	<u>\$6,497,845</u>	<u>\$5,525,263</u>	<u>\$3,868,163</u>	<u>\$2,854,691</u>
All Other Governmental Funds						
Unreserved, reported						
Total all other governmental funds						

Source: School Financial Statements

ROSEVILLE COMMUNITY CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues						
Local tax Levy	\$556,104	\$651,113	\$696,725	\$636,193	\$740,016	\$663,758
State Aid	3,180,924	3,705,401	3,827,130	4,773,917	4,438,378	4,082,908
State sources	1,818,821	1,851,544	1,830,350	661,148	712,652	551,573
Food Service	191,411	233,514	231,141	220,096	-	64,000
Miscellaneous revenue	18,089	17,330	72,951	53,145	79,342	8,105
Federal sources	378,978	397,281	386,532	408,990	472,977	475,476
Total revenue	<u>6,144,327</u>	<u>6,856,183</u>	<u>7,044,829</u>	<u>6,753,489</u>	<u>6,443,365</u>	<u>5,845,820</u>
Expenditures						
Instruction						
Regular Instruction	3,047,542	2,053,166	2,402,410	1,721,002	2,215,314	1,920,269
Support Services:	0	0	0	0		
General administration	1,953,644	2,483,589	1,292,230	1,337,083	1,372,034	919,392
School administrative services/Plant	696,090	786,578	1,107,268	908,342	949,683	895,469
TPAF Social Security / Pension / Medical	609,266	554,764	652,667	476,125	394,713	325,954
Capital Outlay	19,810	109,845				
Food Service	256,263	276,064	189,284	185,531	197,117	199,200
Special Revenue	378,978	397,281	386,532	433,740	257,056	344,806
Total expenditures	<u>6,961,593</u>	<u>6,661,287</u>	<u>6,030,391</u>	<u>5,061,823</u>	<u>5,385,917</u>	<u>4,605,090</u>
Excess (Deficiency) of revenues over (under) expenditures						
Other Financing sources (uses)						
Transfers in						
Transfers out						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance Increase (Decrease)	<u>\$ (817,266)</u>	<u>\$ 194,896</u>	<u>\$ 1,014,438</u>	<u>\$ 1,691,666</u>	<u>\$ 1,057,448</u>	<u>\$ 1,240,730</u>

Source: School Financial Statements

REVENUE CAPACITY

ROSEVILLE COMMUNITY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Years Ended June 30
(UNAUDITED)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Totals</u>
2015						1,116	1,116
2016						75,058	6,369
2017						28,395	28,595
2018						72,951	72,951
2019						17,330	17,330
2020						18,089	18,089

Source: School Financial Statements

Exhibit J-6

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-7

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-8

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-10

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-11

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-12

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

ROSEVILLE COMMUNITY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2020

NOT APPLICABLE

ROSEVILLE COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Years Ended June 30, 2020

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**ROSEVILLE COMMUNITY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

**Roseville Community Charter School
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30
(UNAUDITED)**

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction						
Regular	22	23	23	27	23	23.75
Special education	4	4	4	7	7	3
Other special education						
Vocational						
Other instruction	6	6	3	3	3	7
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services						
General administration	3	3	3	3	3	3.25
School administrative services						
Other administrative services	5	5	3	3	3	3
Central services						
Administrative Information Technology						
Plant operations and maintenance	3	3	3	2.5	2.5	2.5
Pupil transportation						
Other support services			4	4	4	1
Special Schools						
Food Service	1	1	1	1	1	1
Child Care						
Total	<u>44</u>	<u>45</u>	<u>44</u>	<u>51</u>	<u>47</u>	<u>45</u>

Source: School Personnel Records

ROSEVILLE COMMUNITY CHARTER SCHOOL
Operating Statistics
For the Fiscal Years Ended June 30
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)
						Elementary and Middle School	Senior High School		
2015	324	4,605,090	14,213	N/A	28	11:1	N/A	324.7	305.5
2016	348	5,381,633	15,464	N/A	33	10:1	N/A	348.3	328.1
2017	320	5,061,823	15,818	N/A	33	10:1	N/A	320	304.6
2018	326.2	6,072,248	18,570	17.4%	31	10:1	N/A	326.2	307.9
2019	323.8	6,385,223	17,119	7.80%	33	10:1	N/A	323.8	299.5
2020	269.4	6,352,503	23,580	37.00%	32	10:1	N/A	269.4	245.4

Sources: School records

ROSEVILLE COMMUNITY CHARTER SCHOOL
School Building Information
For the Fiscal Years Ended June 30
(UNAUDITED)

<u>School Building</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Main Campus						
Square Feet	26,700	26,700	26,700	26,700	26,700	26,700
Capacity (students)	352	352	352	352	352	330
Enrollment	269.4	324	326	348	348	325
Number of Schools at June 30						
Elementary	1	1	1	1	1	1

Source: School Office

Exhibit J-19

**ROSEVILLE COMMUNITY CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

**ROSEVILLE COMMUNITY CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 1,000
Accounts Receivable	\$ 250,000	\$ 1,000
Automobile Physical Damage	None	None
Electronic Data Processing Equipment	\$ 200,000	\$ 1,000
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 11,000,000	None
Automobile Liability	\$ 11,000,000	None
Employee Benefit Liability	\$ 11,000,000	\$ 1,000
Workers' Compension - NJSIG:		
Statutory Benefits	Included	
Employer's Liability	\$ 2,000,000	
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
School Leaders Errors & Omissions - NJSIG:		
Limit Each Loss	\$ 11,000,000	\$ 5,000
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 100,000	\$ 500
Computer Fraud	\$ 100,000	\$ 500
Forgery	\$ 100,000	\$ 500
Theft/Disappearance/Destruction:		
Inside	\$ 50,000	\$ 500
Outside	\$ 50,000	\$ 500
Public Official Bonds - NJSIG:		
Board Secretary	\$ 160,000	\$ 1,000

Source: Charter School Financial Reports.

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**ROSEVILLE COMMUNITY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Near Term Indicators**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	5,026,933	6,561,523	5,859,848	5,111,705	3,717,877	2,721,626
Current Assets	6,029,175	6,992,542	6,693,659	5,785,766	4,008,091	2,948,692
Capital Assets-Net	33,300	107,353	18,811	35,596	52,381	69,166
Total Assets	<u>6,062,475</u>	<u>7,099,895</u>	<u>6,712,470</u>	<u>5,821,362</u>	<u>4,060,472</u>	<u>3,017,858</u>
Current Liabilities	33,300	179,403	75,416	181,963	95,952	94,001
Long Term Liabilities						
Total Liabilities	<u>33,300</u>	<u>179,403</u>	<u>75,416</u>	<u>181,963</u>	<u>95,952</u>	<u>94,001</u>
Net Position	<u>6,029,175</u>	<u>6,920,492</u>	<u>6,637,054</u>	<u>5,639,399</u>	<u>3,964,520</u>	<u>2,923,857</u>
Total Revenue	6,135,061	6,856,183	7,044,829	6,753,489	6,443,365	5,845,820
Total Expenses	<u>(6,961,593)</u>	<u>(6,661,287)</u>	<u>(6,030,391)</u>	<u>(5,061,823)</u>	<u>(5,385,917)</u>	<u>(4,605,090)</u>
Change in Net Position	<u>(826,532)</u>	<u>194,896</u>	<u>1,014,438</u>	<u>1,691,666</u>	<u>1,057,448</u>	<u>1,240,730</u>
Depreciation	9,266	20,417	16,785	16,785	16,785	16,785
Principal Payments	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0
Final average daily enrollment	269.4	373	326	320	320	297
March 30th budgeted Enrollment	269.4	373	326	320	320	297
Near term indicators	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CURRENT RATIO	181	39	89	31.8	41.77	31.36
Unrestricted days cash	381.45	381.45	354.96	368.6	251.95	215.71
Enrollment variance	0%	0%	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A	N/A	N/A

**ROSEVILLE COMMUNITY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
(UNAUDITED)**

**Charter School Performance Framework Financial Indicators
Sustainability Indicators**

	2020	2019	2018	2017	2016	2015
Cash	5,026,933	6,561,523	5,859,848	5,111,705	3,717,877	2,721,626
Current Assets	6,029,175	6,992,542	6,693,659	5,785,766	4,008,091	2,948,692
Capital Assets-Net	33,300	107,353	18,811	35,596	52,381	69,166
Total Assets	6,062,475	7,099,895	6,712,470	5,821,362	4,060,472	3,017,858
Current Liabilities	33,300	179,403	75,416	181,963	95,952	94,001
Long Term Liabilities						
Total Liabilities	33,300	179,403	75,416	181,963	95,952	94,001
Net Position	6,029,175	6,920,492	6,637,054	5,639,399	3,964,520	2,923,857
Total Revenue	6,135,061	6,856,183	7,044,829	6,753,489	6,443,365	5,845,820
Total Expenses	(6,961,593)	(6,661,287)	(6,030,391)	(5,061,823)	(5,385,917)	(4,605,090)
Change in Net Position	(826,532)	194,896	1,014,438	1,691,666	1,057,448	1,240,730
Depreciation	9,266	20,417	16,785	16,785	16,785	16,785
Principal Payments	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0
Final average daily enrollment	269.4	373	326	320	320	297
March 30th budgeted Enrollment	269.4	373	326	320	320	297
Sustainability Indicators	2020	2019	2018	2017	2016	2015
Total margin	-13%	3%	14%	25%	16%	21%
Debt to Asset	N/A	N/A	N/A	N/A	N/A	N/A
cash flow	(1,534,590)	701,675	784,143	1,393,828	996,251	1,042,751
Debt Service Coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

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EXHIBIT K-1

INDEPENDENT AUDITORS' 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

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roseville Community Charter School ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the 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 my report thereon, dated December 22, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any

deficiencies in internal control that I 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 of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
December 22, 2020

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EXHIBIT K-2

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

The Honorable Chairman and
Members of the Board of Trustees
Roseville Community Charter School
County of Essex
Newark, New Jersey

Compliance

I have audited the Roseville Community Charter School, in the County of Essex, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2020. The Charter School's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

My responsibility is to express an opinion on-compliance for each of the Charter School's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of New Jersey Department of Treasury Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Those standards, and State of New Jersey Circular 15- 08-OMB, and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

Management of the 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 my audit of compliance, I considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Licensed Public School Accountant No. 20CS00206400

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo
Certified Public Accountant
December 22, 2020

ROSEVILLE COMMUNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

<u>Federal/Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Identification Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2019</u>	<u>Prior Carry-over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2020</u>	<u>Due to Grantor at June 30, 2020</u>
Enterprise Fund:												
U.S. Department of Agriculture Pass-Through Programs: Passed-Through New Jersey State Department of Agriculture												
National School Breakfast	10.553	191NJ304N1099	07/01/19-06/30/20	69,460	\$ (3,684)		\$ 69,890	\$ 69,460			(\$3,254)	
National Lunch	10.555	191NJ304N1099	07/01/19-06/30/20	119,992	(10,711)		125,526	119,992			(\$5,177)	
Total Enterprise Fund/US Dept. of Agriculture, Pass Through Programs					<u>\$ (14,395)</u>		<u>\$ 195,416</u>	<u>\$ 189,452</u>			<u>(\$8,431)</u>	
Special Revenue Fund:												
U.S. Department of Education Pass-Through Programs: Passed-Through New Jersey State Department of Education												
Title I PART A	84.010A	S010A190030	07/01/19-06/30/20	311,664	(339,510)	0	651,174	311,664		\$0	\$0	
IDEA BASIC PART B	84.027A	H027A190100	07/01/19-06/30/20	65,123			65,123	65,123			\$0	
IDEA PRE K	84.173A	H173A190114	07/01/19-06/30/20	2,211	0		2,211	2,211			\$0	
Total Special Revenue					<u>(339,510)</u>	<u>0</u>	<u>718,508</u>	<u>378,998</u>		<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures of Federal Awards					<u>(\$353,905)</u>	<u>\$0</u>	<u>\$913,924</u>	<u>\$568,450</u>		<u>\$0</u>	<u>(\$8,431)</u>	<u>0</u>

See accompanying notes to Schedules of Expenditures of Federal and State award programs.

ROSEVILLE COMMUNITY CHARTER SCHOOL
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2020

<u>State Grantor Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2019</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable) 2020</u>	<u>Due to Grantor at June 30, 2020</u>
STATE DEPT. OF EDUCATION										
GENERAL FUND:										
TPAF Social Security	20-495-034-5094-003	7/1/19-06/30/20	\$98,337		\$98,337	\$98,337				
Equalization School Aid - Local	20-495-034-5120-078	7/1/19-06/30/20	556,104		556,104	556,104				
Equalization School Aid - State	20-495-034-5120-078	7/1/19-06/30/20	3,180,924		3,180,924	3,180,924				
Security aid	20-495-034-5120-084	7/1/19-06/30/20	82,023		82,023	82,023				
Special Education	20-495-034-5120-089	7/1/19-06/30/20	154,032		154,032	154,032				
Adjustment Aid	20-495-034-5120-085	7/1/19-06/30/20	973,500		973,500	973,500				
On behalf TPAF Post Retirement Medical Cont.	20-495-034-5094-001	7/1/19-06/30/20			138,020	138,020				
On behalf TPAF Pension	20-495-034-5094-002	7/1/19-06/30/20			372,041	372,041				
On behalf TPAF LT D1	20-495-034-5094-004	7/1/19-06/30/20			868	868				
Total General Fund/Total State Dept. of Education					5,555,849	5,555,849				
NJ STATE DEPT. OF AGRICULTURE - DIRECT PROGRAMS										
ENTERPRISE FUND:										
State School Lunch	20-100-010-3350-023	7/1/19-06/30/20	1,960	(187)	2,066	1,960			(\$81)	\$
Total State Financial Assistance					(174)	\$5,557,915	\$5,557,809		(\$81)	\$ -
LESS:										
On behalf TPAF Post Retirement Medical Cont.	20-495-034-5094-001	7/1/19-06/30/20			(138,020)	(138,020)				
On behalf TPAF Pension	20-495-034-5094-002	7/1/19-06/30/20			(372,041)	(372,041)				
On behalf TPAF LT Disability	20-495-034-5094-004	7/1/19-06/30/20			(868)	(868)				
Total State Financial Assistance subject to Single Audit					\$5,046,986	\$5,046,880				

See accompanying notes to Schedules of Expenditures of Federal and State award programs.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1. GENERAL

The accompanying schedules of present the activity of all federal and state assistance programs of the Roseville Community Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with 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 the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**ROSEVILLE COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Federal	State	Total
General Fund	\$ -0-	\$ 5,555,849	\$ 5,555,849
Special Revenue Fund	378,998	-0-	378,998
Enterprise Fund	<u>189,452</u>	<u>1,960</u>	<u>191,412</u>
Total Awards and Financial Assistance	<u>\$ 568,450</u>	<u>\$ 5,557,809</u>	<u>\$ 6,126,259</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. OTHER INFORMATION

The amount reported as TPAF Pension Contributions, represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2020 Medical, and Long Term Disability amounted to \$510,929. TPAF Social Security Contributions of \$98,337 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 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions 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 schools basic financial statements and the amount subject to State single audit and major program determination.

NOTE 7. DE MINIMIS INDIRECT COST RATE

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

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:	X	
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Noncompliance material to financial statements noted?		X

Federal Awards

N/A

Internal control over compliance:

- Material weakness(es) identified?
- Significant deficiencies identified not considered to be material weakness(es)?

Type of auditor’s report on compliance for major programs:

Any audit findings disclosed that are required to be Reported in accordance with Uniform Guidance

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
None	None

Dollar threshold used to distinguish between type A and type B programs (.520)

Auditee qualified as low risk auditee:

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000	
Auditee qualified as low risk auditee:	X	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?		X None Reported
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X

Identification of major programs:

<u>State/Grant Program</u> <u>Number(s)</u>	<u>Name of State Program</u> <u>or Cluster</u>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-085	Adjustment Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-089	Special Education Aid

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND
QUESTIONED COSTS**

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

No federal and state award findings and questioned costs noted that are required to be reported in accordance of U.S. Uniform Guidance or with NJOMB Circular 15-08.

**ROSEVILLE COMMUNITY CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.