

Millville Public Charter School

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2020

MILLVILLE PUBLIC CHARTER SCHOOL
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INTRODUCTORY SECTION



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



Ann F. Garcia, Ed.D
Executive Director

Christina Murphy
Board Secretary/Business Administrator

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

Dear Board Members:

The comprehensive annual financial report of the Millville Public Charter School (District) for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: The Millville Public Charter School reports in accordance with GASB Statements No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14. Blended component units, although legally separate entities, are in-substance part of the government's operations. All funds and account groups of the School are included in this report.

The School provides a full range of educational services appropriate for students in Kindergarten through Grade 8. These services include general education, special education for students with disabilities, as well as basic skills instruction for students in need of intervention. The School completed the 2019-2020 fiscal year with an enrollment of 227.3 students in grades K-8. The following details the changes in the student enrollment of the District.

Student Fiscal Year	Enrollment as of June 30th	Percent Change
19-20	227.3	11.97%
18-19	203	-25.9%
17-18	274	-10%
16-17	304	18%
15-16	249	13.25%
14-15	216	19%
13-14	176	24%
12-13	134	27%
11-12	98	-----

2) ECONOMIC CONDITION AND OUTLOOK: Millville Public Charter School maximum enrollment is 473 students as set forth in the charter in the 2019-2020 school year. Current enrollment projections have the number closer to 250 students.

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

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

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

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

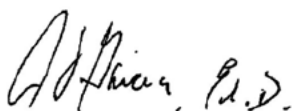
9) OTHER INFORMATION:

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

10) ACKNOWLEDGMENTS:

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

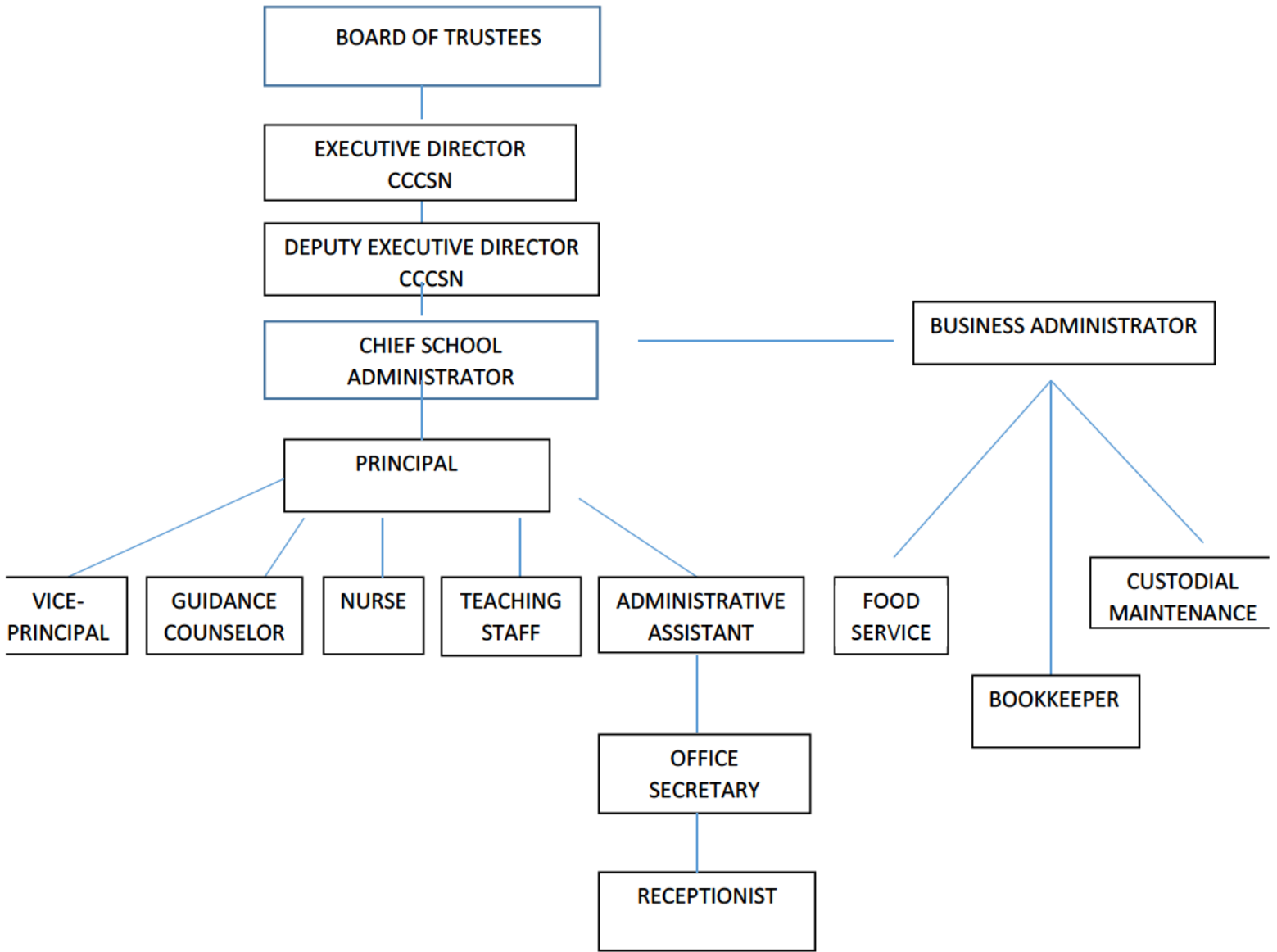
Respectfully submitted,



Ann F. Garcia, Ed.D
Executive Director



Christina Murphy
Board Secretary/Business Administrator



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

**ROSTER OF OFFICIALS
June 30, 2020**

Members of the Board of Trustees

Officers:

David Parkhill
Jaclyn Haas-Benner

President
Vice President

Board Members:

Ellen Booz
Rick Grablow
Joanne Carney

Staff:

Dr. Ann Garcia
Esteban J. Garcia III
Dr. Shay Richardson

Executive Director
Deputy Director
Board Secretary / Business Administrator

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

Consultants & Advisors

Audit Firm:

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

Attorney:

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

Official Depositories:

Ocean First Bank
1107 N. High Street
Millville, NJ 08332

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters*Required Supplementary Information*

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021 on our consideration of the Millville Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Millville Public Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Millville Public Charter School's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 4, 2021

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the Millville Public Charter School, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated February 4, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 4, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

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

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

Financial Highlights

Financial Highlights for fiscal year 2020:

- The total assets and deferred outflows of resources of the Charter School were under its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by (\$654,515.97) (net position).
- The Charter School's total net position decreased by \$27,342.79, from the prior fiscal year.
- As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$503,170.69, an increase of \$241,996.44 in comparison with the prior year.

Overview of the Financial Statements

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

1. Independent Auditor's Report
2. Required Supplementary Information, including the MD&A (this section)
3. Basic Financial Statements (Statement of Net Position and the Statement of Activities)
4. Supplementary Information

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

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

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

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

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

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

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

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

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Statement of Net Position and Statement of Activities

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

The Charter School as a Whole

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

The table on the following page provides a summary of the Charter School's net position for the fiscal year ending June 30, 2020.

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Table 1

Net Position

	June 30, 2020	June 30, 2019
Assets		
Cash and Cash Equivalents	\$ 1,029,291.88	\$ 650,788.08
Receivables, net	21,708.03	62,189.05
Inventory	8,804.70	5,024.68
Capital Assets, net (Note 5)	5,809,153.66	6,042,078.81
 Total Assets	 6,868,958.27	 6,760,080.62
Deferred Outflows of Resources:		
Related to Pensions (Note 9)	208,670.00	286,817.00
Liabilities		
Accounts Payable		
Related to Pensions	41,081.00	20,791.00
Other	31,294.97	18,438.70
Other Current Liabilities	461,581.91	377,706.01
Noncurrent Liabilities (Note 6):		
Due within One Year	5,323.32	25,930.73
Due beyond One Year	6,943,276.04	6,960,550.36
 Total Liabilities	 7,482,557.24	 7,403,416.80
Deferred Inflows of Resources:		
Related to Pensions (Note 9)	249,587.00	270,654.00
Net Position		
Net Investment in Capital Assets (Deficit)	(754,311.70)	(547,317.28)
Unrestricted (Deficit)	99,795.73	(79,855.90)
 Total Net Position (Deficit)	 \$ (654,515.97)	 \$ (627,173.18)

In total, liabilities of governmental activities increased \$79,140.44, primarily due to GASB 68, the expensing of pension liabilities. Cash and cash equivalents increased by \$378,503.80. The increase over the prior year is attributed to the results of operations.

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Table 2

Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 108,023.96	\$ 112,163.05
Operating Grants and Contributions	1,686,292.80	1,570,404.30
General Revenues:		
Local Levy	2,556,317.00	2,160,381.00
Other	13,429.34	23,926.17
Total Revenues	<u>4,364,063.10</u>	<u>3,866,874.52</u>
Program Expenses:		
Governmental Activities:		
Instruction:		
Regular	643,019.99	1,031,338.20
Special Education	216,729.00	
Support Services:		
Student and Instruction Related Services	288,235.33	224,569.90
School Administrative Services	662,964.48	606,992.36
General and Business Administrative Services	9,975.11	26,068.24
Plant Operations and Maintenance	611,753.93	511,885.91
Unallocated Benefits	933,261.74	569,968.79
Reimbursed TPAF and Social Security	398,249.73	508,218.72
Unallocated Depreciation	199,607.43	199,607.43
Total Expenses, Governmental Activities	<u>3,963,796.74</u>	<u>3,678,649.55</u>
Business-Type Activities:		
Food Service	427,609.15	445,497.10
After School Program	-	4,816.50
Total Expenses, Business-Type Activities	<u>427,609.15</u>	<u>450,313.60</u>
Total Expenses	<u>4,391,405.89</u>	<u>4,128,963.15</u>
Change in Net Position	<u>\$ (27,342.79)</u>	<u>\$ (262,088.63)</u>

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Governmental Activities

The local levy and federal and state aid made up 97.2% of revenues for governmental activities for the Charter School in fiscal year 2020.

The Statement of Activities shows the cost of the governmental activities' program services and the changes for services and grants offsetting those services. It also shows the activities of the blended component unit, Friends of Millville Public Charter School. Table 3 below shows the total cost of services and the net cost of services for fiscal year 2020. The table shows the cost of these services supported by general revenues.

Table 3

	Total Cost of services	Net Cost of services
Governmental Activities:		
Instruction:		
Regular	\$ 643,019.99	\$ 535,034.43
Special Education	216,729.00	216,729.00
Support Services:		
Student and Instruction Related Services	288,235.33	102,628.89
School Administrative Services	662,964.48	595,674.10
General and Business Administrative Services	9,975.11	9,975.11
Plant Operations and Maintenance	611,753.93	611,753.93
Unallocated Benefits	933,261.74	(64,188.99)
Reimbursed TPAF and Social Security	398,249.73	398,249.73
Unallocated Depreciation	199,607.43	199,607.43
 Total Government Activities	 \$ 3,963,796.74	 \$ 2,605,463.63

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

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

Support Services are expenditures for the maintenance of the plant.

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

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

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The Charter School's Funds

The Charter School's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$3,261,588.07 and expenditures of \$3,019,591.63. The fund balance in the General Fund was \$503,170.69 for 2020, a net increase of \$241,996.44 over the prior fiscal period. The Enterprise Fund has an unrestricted net position of \$26,186.92 at June 30, 2020.

General Fund Budgeting Highlights

The Charter School's budget is prepared in accordance with New Jersey Law. The most significant budgeted fund is the General Fund. During the course of the 2020 fiscal year, the Charter School modified its General Fund budget to accommodate revised revenue calculations provided from the State of New Jersey. Revenue calculations are based on enrollment counts performed during the fiscal year and are dependent on the sending district the student's residency is reported in.

For the General Fund, the final budget basis revenue was \$2,556,317.00. The original budgeted estimate was \$4,004,145.00.

Source	Final Budget
Local Levy - Local Share	\$ 436,915.00
Local Levy - State Share	1,983,069.00
Categorical Aid:	
Special Education Aid	43,300.00
Security Aid	<u>93,033.00</u>
	<u><u>\$ 2,556,317.00</u></u>

Enterprise Funds

The Charter School's food service is managed by Nutri-Serve Food Management, Inc. In the Enterprise Fund, revenues exceeded expenditures by \$8,374.50 for fiscal year 2020.

Capital Assets

The Charter School has capital assets consisting of a building and equipment with a balance net of related debt in the amount of (\$754,311.70). The building is owned by the blended component unit, Friends of Millville Public Charter School.

**MILLVILLE PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Debt Administration

At June 30, 2020, the Charter School has no debt outside of capital leases. Friends of Millville Public Charter School has a mortgage in the amount of \$6,551,488.00 for the building.

Economic Factors and Next Year's Budget

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

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

The Charter School expects to maximize its enrollment for the 2020-21 fiscal year.

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MILLVILLE PUBLIC CHARTER SCHOOL

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,029,291.88		\$ 1,029,291.88
Receivables, net	8,911.87	\$ 12,796.16	21,708.03
Internal Balances	(17,804.07)	17,804.07	
Inventory		8,804.70	8,804.70
Capital Assets, net (Note 5)	5,809,153.66		5,809,153.66
Total Assets	6,829,553.34	39,404.93	6,868,958.27
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	208,670.00	-	208,670.00
LIABILITIES:			
Accounts Payable			
Related to Pensions	41,081.00		41,081.00
Other	18,076.96	13,218.01	31,294.97
Payable to Local Government	461,581.91		461,581.91
Noncurrent Liabilities (Note 6):			
Due within One Year	5,323.32		5,323.32
Due beyond One Year	6,943,276.04		6,943,276.04
Total Liabilities	7,469,339.23	13,218.01	7,482,557.24
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	249,587.00	-	249,587.00
NET POSITION:			
Net Investment in Capital Assets (Deficit)	(754,311.70)		(754,311.70)
Unrestricted	73,608.81	26,186.92	99,795.73
Total Net Position (Deficit)	\$ (680,702.89)	\$ 26,186.92	\$ (654,515.97)

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

MILLVILLE PUBLIC CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Regular Instruction	\$ 643,019.99		\$ 107,985.56		\$ (535,034.43)		\$ (535,034.43)
Special Education Instruction	216,729.00				(216,729.00)		(216,729.00)
Student and Instruction Related Services	288,235.33		185,606.44		(102,628.89)		(102,628.89)
School Administrative Services	662,964.48	\$ 67,290.38			(595,674.10)		(595,674.10)
Other Administrative Services	9,975.11				(9,975.11)		(9,975.11)
Plant Operations and Maintenance	611,753.93				(611,753.93)		(611,753.93)
Unallocated Benefits	933,261.74		997,450.73		64,188.99		64,188.99
Reimbursed TPAF Pension and Social Security	398,249.73				(398,249.73)		(398,249.73)
Unallocated Depreciation	199,607.43				(199,607.43)		(199,607.43)
Total Governmental Activities	3,963,796.74	67,290.38	1,291,042.73	-	(2,605,463.63)	-	(2,605,463.63)
Business-Type Activities:							
Food Service	427,609.15	40,733.58	395,250.07			\$ 8,374.50	8,374.50
Total Business-Type Activities	427,609.15	40,733.58	395,250.07	-	-	8,374.50	8,374.50
Total Government	\$ 4,391,405.89	\$ 108,023.96	\$ 1,686,292.80	-	(2,605,463.63)	8,374.50	(2,597,089.13)
General Revenues:							
Local Levy					2,556,317.00		2,556,317.00
Miscellaneous Income					13,429.34		13,429.34
Total General Revenues and Transfers					2,569,746.34	-	2,569,746.34
Change in Net Position					(35,717.29)	8,374.50	(27,342.79)
Net Position (Deficit) -- July 1					(644,985.60)	17,812.42	(627,173.18)
Net Position (Deficit) -- June 30					\$ (680,702.89)	\$ 26,186.92	\$ (654,515.97)

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

FUND FINANCIAL STATEMENTS

MILLVILLE PUBLIC CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2020

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 991,721.76			\$ 991,721.76
Interfund Accounts Receivable:				
Special Revenue Fund	3,885.00			3,885.00
Internal Service Fund	1,781.57			1,781.57
Intergovernmental Accounts Receivable:				
State	3,245.30			3,245.30
Federal		\$ 3,885.00		3,885.00
Total Assets	\$ 1,000,633.63	\$ 3,885.00	-	\$ 1,004,518.63
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfund Accounts Payable				
Enterprise Fund	\$ 17,804.07			17,804.07
Fiduciary Fund	18,076.96			18,076.96
General Fund		\$ 3,885.00		3,885.00
Intergovernmental Accounts Payable:				
Payable to Local Government	461,581.91			461,581.91
Total Liabilities	497,462.94	3,885.00	-	501,347.94
Fund Balances:				
Assigned:				
Year-End Encumbrances	49,538.75			49,538.75
Unassigned:				
General Fund	453,631.94			453,631.94
Total Fund Balances	503,170.69	-	-	503,170.69
Total Liabilities and Fund Balances	\$ 1,000,633.63	\$ 3,885.00	-	

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 \$6,846,334.05, and the accumulated depreciation is \$1,037,180.39.

\$ 5,809,153.66

Result of blending the component unit, Friends of MPCS

37,570.12

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

(6,563,465.36)

Net Pension Liability

(385,134.00)

Accounts Payable related to the April 1, 2021 Required PERS pension contribution that is not to be liquidated with current financial resources.

(41,081.00)

Deferred Outflows of Resources - Related to Pensions

208,670.00

Deferred Inflows of Resources - Related to Pensions

(249,587.00)

Net position of governmental activities

\$ (680,702.89)

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

MILLVILLE PUBLIC CHARTER SCHOOL
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Levy:				
Local Share	\$ 436,915.00			\$ 436,915.00
State Share	1,983,069.00			1,983,069.00
State Sources	534,582.73			534,582.73
Revenue from Other Sources	13,429.34			13,429.34
Federal Sources		\$ 293,592.00		293,592.00
Total Revenues	<u>2,967,996.07</u>	<u>293,592.00</u>	<u>-</u>	<u>3,261,588.07</u>
EXPENDITURES:				
Current:				
Regular Instruction	507,601.65	107,985.56		615,587.21
Special Education Instruction	216,729.00			216,729.00
Support Services and Undistributed Costs:				
Student and Instruction Related Services	92,426.94	185,606.44		278,033.38
School Administrative Services	630,596.64			630,596.64
Plant Operations and Maintenance	611,753.93			611,753.93
Unallocated Benefits	268,641.74			268,641.74
Reimbursed TPAF Pension and Social Security	398,249.73			398,249.73
Total Expenditures	<u>2,725,999.63</u>	<u>293,592.00</u>	<u>-</u>	<u>3,019,591.63</u>
Net Change in Fund Balances	241,996.44	-	-	241,996.44
Fund Balance -- July 1	<u>261,174.25</u>	<u>-</u>	<u>-</u>	<u>261,174.25</u>
Fund Balance -- June 30	<u>\$ 503,170.69</u>	<u>-</u>	<u>-</u>	<u>\$ 503,170.69</u>

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	241,996.44
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is normally allocated over their estimated useful lives as depreciation expense.		
Depreciation Expense	\$	(232,925.15)
Capital Outlays		<u>-</u>
		(232,925.15)
The adoption of GASB 80 requires the reporting of the Charter School's component unit, Friends of MPCS, as a blended component unit on the statement of activities. Revenue and Expenditure activity is not reported in the governmental funds.		
		(5,300.31)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		25,930.73
Governmental funds report Charter School pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Charter School's pension contributions in the current period.		
		<u>(65,419.00)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(35,717.29)</u></u>

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Statements of Net Position
 June 30, 2020

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Shared Services</u>
ASSETS:		
Current Assets:		
Interfund Accounts Receivable:		
General Fund	\$ 17,804.07	
Intergovernmental Accounts Receivable:		
State	118.36	
Federal	12,677.80	
Other Local Governments		\$ 1,781.57
Inventory	8,804.70	
Total Current Assets	39,404.93	1,781.57
Current Liabilities:		
Accounts Payable	13,218.01	
Interfund Accounts Payable:		
Due General Fund		1,781.57
Total Current Liabilities	13,218.01	1,781.57
NET POSITION:		
Unrestricted	26,186.92	-
Total Net Position	\$ 26,186.92	-

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Statements of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Shared Services</u>
OPERATING REVENUES:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 17,337.40	
Daily Sales - Non-Reimbursable Programs	23,396.18	
Services Provided to Other Governments		\$ 67,290.38
Total Operating Revenues	<u>40,733.58</u>	<u>67,290.38</u>
OPERATING EXPENSES:		
Salaries	179,077.57	56,860.00
Employee Benefits	15,580.10	
Purchased Professional and Technical Services	35,441.73	10,201.95
Other Purchased Services	4,998.49	
Cost of Sales - Reimbursable Programs	158,710.58	
Cost of Sales - Non-Reimbursable Programs	6,513.92	
Supplies and Materials	21,736.60	228.43
Miscellaneous	3,790.22	
Other Objects	1,759.94	
Total Operating Expenses	<u>427,609.15</u>	<u>67,290.38</u>
Operating Income / (Loss)	<u>(386,875.57)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program	4,140.29	
Federal Sources:		
National School Lunch Program	190,213.01	
National School Breakfast Program	93,365.28	
Seamless Summer Option	61,590.17	
Food Distribution Program	45,941.32	
Total Nonoperating Revenues (Expenses)	<u>395,250.07</u>	<u>-</u>
Change in Net Position	8,374.50	-
Net Position -- July 1	<u>17,812.42</u>	<u>-</u>
Net Position -- June 30	<u>\$ 26,186.92</u>	<u>-</u>

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

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

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Food Service	Shared Services
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 40,733.58	\$ 65,508.81
Payments to Employees	(179,077.57)	(56,860.00)
Payments for Employee Benefits	(15,580.10)	
Payments to Suppliers	(177,572.17)	(10,430.38)
Net Cash Provided by (used for) Operating Activities	<u>(331,496.26)</u>	<u>(1,781.57)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Sources	361,621.45	
Federal Sources	4,388.94	
Operating Subsidies and Transfers to other Funds	(34,514.13)	1,781.57
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>331,496.26</u>	<u>1,781.57</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
Balances -- July 1	<u>-</u>	<u>-</u>
Balances -- June 30	<u>-</u>	<u>-</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (386,875.57)	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Food Distribution Program	45,941.32	
Increase (Decrease) in Accounts Payable	13,218.01	
(Increase) Decrease in Inventories	(3,780.02)	
(Increase) Decrease in Accounts Receivable, net		\$ (1,781.57)
Net Cash Provided by (used for) Operating Activities	<u>\$ (331,496.26)</u>	<u>\$ (1,781.57)</u>

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

	Private-Purpose Trust Fund	Agency Funds	
	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 6,495.30	\$ 1,470.97	\$ 3,817.15
Interfund Accounts Receivable			
Due from General Fund	7,960.97		10,115.99
Due from Payroll Agency Account	<u>5,957.98</u>		
Total Assets	<u>20,414.25</u>	<u>\$ 1,470.97</u>	<u>\$ 13,933.14</u>
LIABILITIES:			
Payroll Deductions and Withholdings Payable to Student Groups		\$ 1,470.97	\$ 7,975.16
Interfund Accounts Payable:			
Due to Unemployment Trust Fund			<u>5,957.98</u>
Total Liabilities	<u>-</u>	<u>\$ 1,470.97</u>	<u>\$ 13,933.14</u>
NET POSITION:			
Held in Trust for Unemployment Claims	<u>20,414.25</u>		
Total Net Position	<u>\$ 20,414.25</u>		

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Fiduciary Funds
 Statement of Net Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Fund
	Unemployment Compensation
ADDITIONS:	
Contributions:	
Board Contribution	\$ 6,497.62
Employee Contributions	3,374.99
Investment Earnings:	
Interest	9.56
Total Additions	9,882.17
DEDUCTIONS:	
Program Expenditures	6,287.99
Total Deductions	6,287.99
Change in Net Position	3,594.18
Net Position, July 1	16,820.07
Net Position, June 30	\$ 20,414.25

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

MILLVILLE PUBLIC CHARTER SCHOOL
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The Charter School is a K-10 charter school located in the County of Cumberland, State of New Jersey. The school opened in September of 2012 through the approval of its New Jersey Charter School Application by the State of New Jersey, Department of Education. As a charter school, the Millville Public Charter School functions independently through a Board of Trustees (the "Board"). The Board is comprised of five appointed officials. An Executive Director is appointed by the Board and is responsible for the administrative control of the school. The purpose of the Charter School is to educate students in grades K-10 at its school located in Millville. The Charter School has an approximate enrollment at June 30, 2020 of 227.

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

Component Units

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

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

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

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

Based upon the application of these criteria, the Charter School has determined that the following organization is considered a component unit:

Friends of Millville Public Charter School A NJ Nonprofit Corporation
1101 Wheaton Ave.
Millville, NJ 08332

In the accompanying consolidated financial statements, the component unit has been blended with Millville Public Charter School, the sole member of Friends of Millville Public Charter School A NJ Nonprofit Corporation ("Friends of MPCS"). Intercompany transactions and balances have been eliminated in the blended government-wide financial statements.

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Charter School reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Charter School reports the following major proprietary funds:

Enterprise Funds

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

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one charter school to another on a cost reimbursement basis. The Charter School maintains two internal service funds, for sharing administrative expenses with two other charter schools.

Additionally, the Charter School reports the following fund type:

Fiduciary funds are used to account for assets held by the Charter School on behalf of outside related organizations or on behalf of other funds within the Charter School. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Charter School maintains the following fiduciary funds:

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

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

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

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

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

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

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue and are submitted to the New Jersey Department of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the budget line account system promulgated by the State of New Jersey Department of Education for Charter Schools and based on the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Revenues from District of Residence, Region of Residence and Non-Resident Districts (Cont'd)**

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2020.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Building	30 Years
General Equipment	3 - 10 Years

The Charter School does not possess any infrastructure assets.

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

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

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

Unearned Revenue

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

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

The Charter School's classifications, and policies for determining such classifications, are as follows (cont'd):

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

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

Interfund Activity

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

Accounting Estimates

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

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

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

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

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

The GASB has issued the following Statements that will become effective for the Charter School for fiscal years ending after June 30, 2020 (cont'd):

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Charter School in the fiscal year ending June 30, 2022. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

Note 2: CASH AND CASH EQUIVALENTS

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

All of the Charter School's bank balances of \$1,059,689.90 as of June 30, 2020 were insured and collateralized.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	<u>Governmental Funds</u>		<u>Total</u> <u>Governmental</u> <u>Activities</u>	<u>Proprietary</u> <u>Funds</u>		<u>Total</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>		<u>Food</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Business-</u> <u>Type Activities</u>	
Federal Awards		\$ 3,885.00	\$ 3,885.00	\$ 12,677.80	\$ 12,677.80	\$ 16,562.80
State Awards	\$ 3,245.30		3,245.30	118.36	118.36	3,363.66
	<u>\$ 3,245.30</u>	<u>\$ 3,885.00</u>	<u>\$ 7,130.30</u>	<u>\$ 12,796.16</u>	<u>\$ 12,796.16</u>	<u>\$ 19,926.46</u>

Note 4: INVENTORY

Inventory recorded at June 30, 2020 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 7,170.30
Supplies	1,634.40
	<u>\$ 8,804.70</u>

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land (Friends of MPCs)	\$ 646,725.00			\$ 646,725.00
Total Capital Assets not being Depreciated	646,725.00	-	-	646,725.00
Capital Assets, being Depreciated:				
Building (Friends of MPCs)	5,932,023.00			5,932,023.00
General Equipment	267,586.05			267,586.05
Total Capital Assets, being Depreciated	6,199,609.05	-	-	6,199,609.05
Less: Accumulated Depreciation:				
Building (Friends of MPCs)	(596,040.29)	\$ (199,607.43)		(795,647.72)
General Equipment	(208,214.95)	(33,317.72)		(241,532.67)
Total Accumulated Depreciation	(804,255.24)	(232,925.15) *	-	(1,037,180.39)
Total Capital Assets, being Depreciated, Net	5,395,353.81	(232,925.15)	-	5,162,428.66
Governmental Activities Capital Assets, Net	\$ 6,042,078.81	\$ (232,925.15)	-	\$ 5,809,153.66

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

Instruction - Regular	\$ 27,432.78
Support - School Administrative Services	3,014.83
Support - General and Business Admin Services	2,870.11
Unallocated	199,607.43
Total Depreciation Expense	\$ 232,925.15

For the fiscal year ended June 30, 2020 depreciation expense of the component unit, Friends of MPCs was \$199,607.43 and was charged to Unallocated Depreciation.

Note 6: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Friends of MPCS Mortgage	\$ 6,551,488.00			\$ 6,551,488.00	
Net Pension Liability	397,085.00	\$ 524,455.00	\$ 536,406.00	385,134.00	
Capital Leases	37,908.09		25,930.73	11,977.36	\$ 5,323.32
Governmental Activities					
Long-term Liabilities	<u>\$ 6,986,481.09</u>	<u>\$ 524,455.00</u>	<u>\$ 562,336.73</u>	<u>\$ 6,948,599.36</u>	<u>\$ 5,323.32</u>

The obligations under capital lease and the net position liability are liquidated by the general fund. The mortgage, held by the Friends of MPCS does not have principal payments due per an amortization schedule. Interest payments due on the mortgage are funded by Millville Public Charter School through rental payments made to the Friends of MPCS from the general fund.

Obligations under Capital Lease - The Charter School is leasing computer equipment, instructional materials and appliances with a total cost of \$149,889.85 under capital leases. The capital leases are over a four to five-year term.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020.

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,323.32	\$ 1,661.40	\$ 6,984.72
2022	5,323.32	1,661.40	6,984.72
2023	1,330.72	415.46	1,746.18
	<u>\$ 11,977.36</u>	<u>\$ 3,738.26</u>	<u>\$ 15,715.62</u>

Net Pension Liability - For details on the net pension liability, refer to note 9. The Charter School's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Postemployment Benefits - For details on other postemployment benefits, refer to note 10. The Charter School's contributions to the postemployment benefits plan are budgeted and paid from the general fund.

Mortgage Payable - On July 15, 2016, the Friends of MPCS entered into a Mortgage Agreement with Education Capital Solutions, LLC and MPCS Project Development, LLC for financing the acquisition of a building and land in the amount of \$6,551,488.00. The principal balance is payable in full on December 31, 2036 with interest payments being made over the life of the mortgage. Prepayment is permitted after five years from the first scheduled payment date and after years seven, ten, fifteen and twenty. This Mortgage Agreement is secured by real estate, contents and other property of the Friends of MPCS and the Millville Public Charter School.

Note 6: LONG-TERM LIABILITIES (CONT'D)

Mortgage Payable (Cont'd) – Millville Project Development, LLC has allowed Friends of MPCCS to pay a reduced monthly interest payment in the amount of \$30,000.00. A formal forbearance agreement has not been reached.

The future minimum debt payments under this agreement are as follows:

Fiscal Year			
Ended June 30,	Principal	Interest	Total
2021		\$ 690,090.07	\$ 690,090.07
2022		703,793.60	703,793.60
2023		718,152.28	718,152.28
2024		732,565.55	732,565.55
2025		746,978.82	746,978.82
2026-30		3,966,325.43	3,966,325.43
2031-35		4,377,049.13	4,377,049.13
2036-37	\$ 6,551,488.00	1,333,937.55	7,885,425.55
	<u>\$ 6,551,488.00</u>	<u>\$ 13,268,892.43</u>	<u>\$ 19,820,380.43</u>

Note 7: SHORT-TERM OBLIGATIONS

Working Capital Loan – In July 2020, the Charter School drew on a \$100,000.00 working capital loan at seven percent (7.00%), fixed interest from the Community Loan Fund of New Jersey, Inc. The Charter School drew on the loan for the purpose of paying on-going operational costs of the school during the summer and early months of the school year when per pupil payments from local and state sources are unavailable. The term of the loan is not to exceed twelve (12) months.

The following represents short-term debt activity for the fiscal year ended June 30, 2020:

	Balance			Balance
	July 1, 2019	Additions	Reductions	June 30, 2020
Working Capital Loan	-	\$ 100,000.00	\$ 100,000.00	-

Note 8: OPERATING LEASES

At June 30, 2020, the Charter School had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year	
<u>Ending June 30,</u>	<u>Amount</u>
2021	\$ 6,595.20
2022	6,595.20
2023	6,595.20
2024	6,595.20
	<hr/>
	\$ 26,380.80

Rental payments under operating leases for the fiscal year ended June 30, 2020 were \$7,730.02.

Note 9: PENSION PLANS

A substantial number of the Charter School's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several Charter School employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier Definition

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

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

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

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

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

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

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

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 34.73% of the Charter School's covered payroll, of which 0.00% of payroll was required from the Charter School and 100.00% of payroll was required from the State of New Jersey. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Charter School, to the pension plan for the fiscal year ended June 30, 2020 was \$304,477.00, and was paid by April 1, 2020. Charter School employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$74,025.70.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 14.63% of the Charter School's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Charter School's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$41,081.00, and was paid by April 1, 2020. Charter School employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$24,261.47.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial no later than the fifth business day after the date on which the employee is paid for that pay period.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program (Cont'd) - For the fiscal year ended June 30, 2020, employee contributions totaled \$11.12, and the Charter School recognized pension expense, which equaled the required contributions, of \$15.09. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2020, the Charter School was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of Net Pension Liability	\$	-
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Charter School		9,293,572.00
		<u>9,293,572.00</u>
	\$	<u>9,293,572.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2019 measurement date, the Charter School proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0151432767%, which was an increase of 0.0064580004% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the Charter School recognized \$548,160.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

Public Employees' Retirement System

Pension Liability - At June 30, 2020, the Charter School reported a liability of \$385,134.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Charter School's proportion was 0.0021374405%, which was an increase of 0.0001207053% from its proportion measured as of June 30, 2018.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Pension Expense - For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$86,212.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 6,913.00	\$ 1,701.00
Changes of Assumptions	38,457.00	133,679.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,079.00
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	122,219.00	108,128.00
Charter School Contributions Subsequent to the Measurement Date	41,081.00	-
	<u>\$ 208,670.00</u>	<u>\$ 249,587.00</u>

Deferred outflows of resources in the amount of \$41,081.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 30,798.00
2022	(37,328.00)
2023	(46,372.00)
2024	(54,885.00)
2025	25,789.00
	<u>\$ (81,998.00)</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, 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.

For PERS, 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.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2019 measurement date 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%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate -

Teachers' Pension and Annuity Fund - 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 the June 30, 2019 measurement date 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 would be based on 70% of the actuarially determined contributions for the State. 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.

Public Employees' Retirement System - 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 the June 30, 2019 measurement date 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 would be based on 70% of the actuarially determined contributions for the State. 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.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the Plan's measurement date, attributable to the Charter School is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the Charter School, calculated using the discount rate of 5.60% 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:

	TPAF		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Charter School	10,959,178.00	9,293,572.00	7,911,645.00
	<u>\$ 10,959,178.00</u>	<u>\$ 9,293,572.00</u>	<u>\$ 7,911,645.00</u>

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 489,872.00	\$ 385,134.00	\$ 301,815.00

Pension Plan Fiduciary Net Position

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms - At June 30, 2019, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,943</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the statement of net position.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the Charter School as of June 30, 2020 was \$1,489,129.00. Since the OPEB liability associated with the Charter School is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the Charter School was 0.0035685641%, which was an increase of 0.0004298331% from its proportion measured as of June 30, 2018.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Experience Studies - 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.

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%.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

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

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School:

Balance at June 30, 2019		\$ 1,447,295.00
Changes for the Year:		
Service Cost	\$ 316,246.00	
Interest Cost	67,399.00	
Difference Between Expected and Actual Experience	(319,657.00)	
Changes in Assumptions	22,203.00	
Gross Benefit Payments	(45,712.00)	
Member Contributions	1,355.00	
	<u>41,834.00</u>	
Net Changes		<u>41,834.00</u>
Balance at June 30, 2020		<u>\$ 1,489,129.00</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

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

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Charter School, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	<u>\$ 1,759,250.00</u>	<u>\$ 1,489,129.00</u>	<u>\$ 1,274,560.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Charter School, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School	\$ 1,226,976.00	\$ 1,489,129.00	\$ 1,836,166.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense - For the fiscal year ended June 30, 2020, the Charter School recognized \$382,844.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the Charter School's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Charter School. However, at June 30, 2020, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with Charter School, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 700,001.00	\$ -
Difference Between Expected and Actual Experience	-	374,163.00
Changes of Assumptions	-	302,669.00
	<u>\$ 700,001.00</u>	<u>\$ 676,832.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the Charter School, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2021	\$	(4,491.00)
2022		(4,491.00)
2023		(4,491.00)
2024		(4,491.00)
2025		(4,491.00)
Thereafter		45,624.00
		<u>45,624.00</u>
	\$	<u>23,169.00</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and long-term disability insurance were \$241,528.00, \$89,602.00 and \$673.00 , respectively.

Note 12: RISK MANAGEMENT

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

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

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

Note 12: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of the activity of the Charter School's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2020	\$ 6,497.62	\$ 3,374.99	\$ 9.56	\$ 6,287.99	\$ 20,414.25
2019	30,893.70	3,314.80	6.19	17,394.62	16,820.07
2018	20,402.68	3,761.83	10.44	41,205.13	-

Note 13: DEFERRED COMPENSATION

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

The OMNI Group (OMNI)**Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfunds - The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 5,666.57	\$ 35,881.03
Special Revenue		3,885.00
Proprietary	17,804.07	1,781.57
Fiduciary	24,034.94	5,957.98
	<u>\$ 47,505.58</u>	<u>\$ 47,505.58</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the Charter School expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: CONTINGENCIES

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

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

Note 16: CONCENTRATIONS

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

Note 17: FUND BALANCES**ASSIGNED**

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

Other Purposes - As of June 30, 2020, the Charter School had \$49,538.75 of encumbrances outstanding for purchase orders and contracts signed by the Charter School, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2020, \$453,631.94 of general fund balance was unassigned.

Note 18: SUBSEQUENT EVENTS

Working Capital Loan – Beginning in July of 2020, the Charter School drew on a \$100,000.00 working capital loan at seven and a half percent (7.50%), fixed interest from the Community Loan Fund of New Jersey, Inc. The Charter School drew on the loan for the purpose of paying on-going operational costs of the school during the summer and early months of the school year when per pupil payments from local and state sources are unavailable. The term of the loan is twelve (12) months not to exceed June 30, 2021.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
State Sources:					
Charter School Aid:					
Local Levy/Equalization Aid:					
Local Share		\$ 436,915.00	\$ 436,915.00	\$ 436,915.00	
State Share	\$ 3,751,113.00	(1,768,044.00)	1,983,069.00	1,983,069.00	
Total - Local Levy/Equalization Aid	3,751,113.00	(1,331,129.00)	2,419,984.00	2,419,984.00	-
Categorical Aid:					
Special Education Aid	117,424.00	(74,124.00)	43,300.00	43,300.00	
Security Aid	135,608.00	(42,575.00)	93,033.00	93,033.00	
Total Categorical Aid	253,032.00	(116,699.00)	136,333.00	136,333.00	-
Total Charter School Aid	4,004,145.00	(1,447,828.00)	2,556,317.00	2,556,317.00	-
Other State Sources:					
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				89,602.00	\$ 89,602.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				241,528.00	241,528.00
On-Behalf T.P.A.F. Pension Contributions - Long-term Disability Insurance Premium (non-budgeted)				673.00	673.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				66,446.73	66,446.73
Total - Other State Sources	-	-	-	398,249.73	398,249.73
Total - State Sources	4,004,145.00	(1,447,828.00)	2,556,317.00	2,954,566.73	398,249.73
Revenue from Other Sources:					
Miscellaneous				13,429.34	13,429.34
Total	-	-	-	13,429.34	13,429.34
Total Revenues	4,004,145.00	(1,447,828.00)	2,556,317.00	2,967,996.07	411,679.07

(Continued)

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten		\$ 31,385.40	\$ 31,385.40	\$ 30,385.40	\$ 1,000.00
Grades 1-5	\$ 1,425,000.00	(1,149,273.15)	275,726.85	177,343.52	98,383.33
Grades 6-8		150,000.00	150,000.00	150,000.00	
Grades 9-12		50,000.00	50,000.00	50,000.00	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	50,750.00	(1,473.01)	49,276.99	48,960.25	316.74
Purchased Technical Services	50,000.00	(40,705.00)	9,295.00	9,295.00	
Other Purchased Services (400-500 Series)	65,000.00	(44,630.28)	20,369.72	20,369.72	
General Supplies	50,000.00	(43,196.38)	6,803.62	6,486.81	316.81
Textbooks	50,000.00	(35,239.05)	14,760.95	14,760.95	
Other Objects	1,000.00	(1,000.00)			
Total Regular Programs	<u>1,691,750.00</u>	<u>(1,084,131.47)</u>	<u>607,618.53</u>	<u>507,601.65</u>	<u>100,016.88</u>
Special Education - Instruction:					
Resource Room / Resource Center:					
Salaries of Teachers		220,000.00	220,000.00	216,729.00	3,271.00
Total Resource Room / Resource Center	<u>-</u>	<u>220,000.00</u>	<u>220,000.00</u>	<u>216,729.00</u>	<u>3,271.00</u>
Total Instruction	<u>1,691,750.00</u>	<u>(864,131.47)</u>	<u>827,618.53</u>	<u>724,330.65</u>	<u>103,287.88</u>

(Continued)

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries		\$ 54,461.94	\$ 54,461.94	\$ 54,461.94	
Total Undistributed Expenditures - Health Services	-	54,461.94	54,461.94	54,461.94	
Undistributed Expenditures - Speech, OT, PT and Related Services					
Salaries		4,000.00	4,000.00	3,439.00	\$ 561.00
Total Undistributed Expenditures - Speech, OT, PT and Related Services	-	4,000.00	4,000.00	3,439.00	561.00
Undistributed Expenditures - Child Study Team					
Salaries		35,000.00	35,000.00	34,526.00	474.00
Total Undistributed Expenditures - Child Study Team	-	35,000.00	35,000.00	34,526.00	474.00
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 250,000.00	(29,666.96)	220,333.04	217,199.92	3,133.12
Legal Services	15,000.00	(1,000.00)	14,000.00	13,034.42	965.58
Audit Fees		17,000.00	17,000.00	17,000.00	
Purchased Technical Services	166,000.00	(97,610.00)	68,390.00	53,583.75	14,806.25
Communications / Telephone	52,000.00	(10,795.37)	41,204.63	38,394.37	2,810.26
Miscellaneous Purchased Services	19,000.00	471.36	19,471.36	19,471.36	
Supplies and Materials	5,000.00	(3,903.10)	1,096.90	1,096.90	
Miscellaneous Expenditures	16,500.00	(2,395.63)	14,104.37	9,955.45	4,148.92
Total Undistributed Expenditures - Support Services - General Administration	523,500.00	(127,899.70)	395,600.30	369,736.17	25,864.13

(Continued)

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	\$ 245,000.00	\$ (62,215.93)	\$ 182,784.07	\$ 176,228.37	\$ 6,555.70
Salaries of Secretarial and Clerical Assistants	70,000.00	(70,000.00)			
Purchased Professional and Technical Services	50,000.00	(10,774.26)	39,225.74	39,225.74	
Other Purchased Services	120,000.00	(60,764.94)	59,235.06	45,406.36	13,828.70
	<u>485,000.00</u>	<u>(203,755.13)</u>	<u>281,244.87</u>	<u>260,860.47</u>	<u>20,384.40</u>
Total Undistributed Expenditures - Support Services - School Administration					
Undistributed Expenditures - Custodial Services of Plant Services:					
Rental of Land and Building Other than Lease Purchase	350,000.00	10,000.00	360,000.00	330,000.00	30,000.00
Other Purchased Property Services		102,017.44	102,017.44	96,932.60	5,084.84
Insurance	60,000.00	(21,683.00)	38,317.00	38,317.00	
General Supplies	20,000.00	8,640.06	28,640.06	27,415.51	1,224.55
Energy (Electricity)	215,000.00	(97,135.12)	117,864.88	108,405.55	9,459.33
Energy (Natural Gas)		7,000.00	7,000.00	6,318.29	681.71
Other Objects	3,500.00	864.98	4,364.98	4,364.98	
	<u>648,500.00</u>	<u>9,704.36</u>	<u>658,204.36</u>	<u>611,753.93</u>	<u>46,450.43</u>
Total Undistributed Expenditures - Custodial Services					

(Continued)

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits:					
TPAF/PERS Special Assessments		\$ 37,000.00	\$ 37,000.00	\$ 36,907.50	\$ 92.50
Other Retirement Contributions - PERS		22,000.00	22,000.00	21,119.00	881.00
Unemployment Compensation		7,000.00	7,000.00	6,502.62	497.38
Health Benefits	\$ 650,000.00	(439,208.00)	210,792.00	186,829.34	23,962.66
Other Employee Benefits		18,000.00	18,000.00	17,283.28	716.72
Total Unallocated Benefits	650,000.00	(355,208.00)	294,792.00	268,641.74	26,150.26
On-behalf T.P.A.F. Pension Contributions -					
Post-Retirement Medical (non-budgeted)				89,602.00	(89,602.00)
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				241,528.00	(241,528.00)
On-behalf T.P.A.F. Pension Contributions -					
Long-term Disability Insurance Premium (non-budgeted)				673.00	(673.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				66,446.73	(66,446.73)
Total On-behalf Contributions	-	-	-	398,249.73	(398,249.73)
Total Undistributed Expenditures	2,307,000.00	(583,696.53)	1,723,303.47	2,001,668.98	(278,365.51)
Total Current Expense	3,998,750.00	(1,447,828.00)	2,550,922.00	2,725,999.63	(175,077.63)

(Continued)

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Total Expenditures	\$ 3,998,750.00	\$ (1,447,828.00)	\$ 2,550,922.00	\$ 2,725,999.63	\$ (175,077.63)
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,395.00	-	5,395.00	241,996.44	236,601.44
Fund Balances, July 1	<u>261,174.25</u>	<u>-</u>	<u>261,174.25</u>	<u>261,174.25</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 266,569.25</u>	<u>-</u>	<u>\$ 266,569.25</u>	<u>\$ 503,170.69</u>	<u>\$ 236,601.44</u>
Recapitulation:					
Assigned Fund Balance:					
Year-End Encumbrances				\$ 49,538.75	
Unassigned Fund Balance				<u>453,631.94</u>	
				<u>\$ 503,170.69</u>	

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I	\$ 142,020.00		\$ 142,020.00	\$ 142,019.00	\$ (1.00)
Title IIA	8,046.00		8,046.00	8,046.00	
Title IV	10,000.00		10,000.00	10,000.00	
I.D.E.A. Basic	44,221.00		44,221.00	44,221.00	
I.D.E.A. Preschool	1,426.00		1,426.00	1,426.00	
Charter Expansion Grant	88,000.00		88,000.00	88,000.00	
Education Stabilization Fund (CARES Act)	84,084.00		84,084.00		(84,084.00)
Total - Federal Sources	<u>377,797.00</u>	<u>-</u>	<u>377,797.00</u>	<u>293,712.00</u>	<u>(84,085.00)</u>
Total Revenues	<u>377,797.00</u>	<u>-</u>	<u>377,797.00</u>	<u>293,712.00</u>	<u>(84,085.00)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	106,592.00		106,592.00	106,592.00	
Purchased Professional and Technical Services	13,790.00		13,790.00		13,790.00
Instructional Supplies	51,079.00	\$ (3,606.44)	47,472.56	1,393.56	46,079.00
Total Instruction	<u>171,461.00</u>	<u>(3,606.44)</u>	<u>167,854.56</u>	<u>107,985.56</u>	<u>59,869.00</u>
Support Services:					
Salaries of Other Professional Staff	88,000.00		88,000.00	88,000.00	
Personal Services - Employee Benefits	37,307.00		37,307.00	37,307.00	
Purchased Professional and Technical Services	59,029.00	2,609.55	61,638.55	51,422.55	10,216.00
Supplies and Materials	22,000.00	996.89	22,996.89	8,996.89	14,000.00
Total Support Services	<u>206,336.00</u>	<u>3,606.44</u>	<u>209,942.44</u>	<u>185,726.44</u>	<u>24,216.00</u>
Total Expenditures	<u>377,797.00</u>	<u>-</u>	<u>377,797.00</u>	<u>293,712.00</u>	<u>84,085.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,967,996.07	\$ 293,712.00
Differences - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(120.00)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,967,996.07	\$ 293,592.00
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,725,999.63	\$ 293,712.00
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(120.00)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 2,725,999.63	\$ 293,592.00

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's Proportion of the Net Pension Liability	0.0021374405%	0.0020167352%	0.0027602750%	0.0022167173%	0.0021349681%
Charter School's Proportionate Share of the Net Pension Liability	\$ 385,134.00	\$ 397,085.00	\$ 642,548.00	\$ 656,528.00	\$ 479,258.00
Charter School's Covered Payroll (Plan Measurement Period)	\$ 153,360.00	\$ 162,364.00	\$ 152,436.00	\$ 118,032.00	\$ 143,536.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	251.13%	244.56%	421.52%	556.23%	333.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%
	<u>2014</u>	<u>2013</u>			
Charter School's Proportion of the Net Pension Liability	0.0008784724%	0.0000000000%			
Charter School's Proportionate Share of the Net Pension Liability	\$ 164,474.00	\$ -			
Charter School's Covered Payroll (Plan Measurement Period)	\$ 60,752.00	\$ 6,668.00			
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	270.73%	0.00%			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%			

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

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

	<u>Fiscal Year Ended June 30,</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 41,081.00	\$ 20,791.00	\$ 20,060.00	\$ 25,571.00	\$ 19,693.00
Contributions in Relation to the Contractually Required Contribution	<u>(41,081.00)</u>	<u>(20,791.00)</u>	<u>(20,060.00)</u>	<u>(25,571.00)</u>	<u>(19,693.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's Covered Payroll (Fiscal Year)	\$ 280,855.00	\$ 173,563.00	\$ 115,257.00	\$ 124,534.00	\$ 98,824.00
Contributions as a Percentage of Charter School's Covered Payroll	14.63%	11.98%	17.40%	20.53%	19.93%
	<u>2015</u>	<u>2014</u>			
Contractually Required Contribution	\$ 18,355.00	\$ 7,242.00			
Contributions in Relation to the Contractually Required Contribution	<u>(18,355.00)</u>	<u>(7,242.00)</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
Charter School's Covered Payroll (Fiscal Year)	\$ 114,682.00	\$ 132,665.00			
Contributions as a Percentage of Charter School's Covered Payroll	16.01%	5.46%			

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

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

	Measurement Date Ending June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's Proportion of the Net Pension Liability	0.00%	0 00%	0 00%	0 00%	0.00%
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100 00%</u>	<u>100 00%</u>	<u>100 00%</u>	<u>100 00%</u>
	<u><u>100.00%</u></u>	<u><u>100 00%</u></u>	<u><u>100 00%</u></u>	<u><u>100 00%</u></u>	<u><u>100 00%</u></u>
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>9,293,572.00</u>	<u>5,525,386.00</u>	<u>6,594,340.00</u>	<u>6,448,402.00</u>	<u>3,296,664.00</u>
	<u><u>\$ 9,293,572.00</u></u>	<u><u>\$ 5,525,386.00</u></u>	<u><u>\$ 6,594,340.00</u></u>	<u><u>\$ 6,448,402.00</u></u>	<u><u>\$ 3,296,664.00</u></u>
Charter School's Covered Payroll (Measurement Period)	\$ 1,556,972.00	\$ 1,744,428.00	\$ 1,177,356.00	\$ 1,191,600.00	\$ 903,760.00
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0 00%	0 00%	0 00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	596.90%	316.74%	560.10%	541.15%	364.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22 33%	28.71%
	<u>2014</u>	<u>2013</u>			
Charter School's Proportion of the Net Pension Liability	0.00%	0 00%			
State's Proportion of the Net Pension Liability Associated with the Charter School	<u>100.00%</u>	<u>100 00%</u>			
	<u><u>100.00%</u></u>	<u><u>100 00%</u></u>			
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -			
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>-</u>	<u>-</u>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>			
Charter School's Covered Payroll (Measurement Period)	\$ 521,756.00	\$ 80,000.00			
Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0 00%			
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0 00%			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%			

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

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

This schedule is not applicable.

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

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

MILLVILLE PUBLIC CHARTER SCHOOL
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017, 4.86% 2018 and 5.60% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, 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 was used. For healthy retirees and beneficiaries, 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 was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- June 30, 2015 experience study.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 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 was used. For healthy retirees and beneficiaries, 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 was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

MILLVILLE PUBLIC CHARTER SCHOOL
 Required Supplementary Information
 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios
 Last Three Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Charter School			
Changes for the Year:			
Service Cost	\$ 316,246.00	\$ 241,873.00	\$ 292,699.00
Interest Cost	67,399.00	53,399.00	42,224.00
Difference Between Expected and Actual Experience	(319,657.00)	87,225.00	
Changes in Assumptions	22,203.00	(166,084.00)	(241,286.00)
Gross Benefit Payments	(45,712.00)	(38,700.00)	(29,375.00)
Member Contributions	1,355.00	1,338.00	1,082.00
Net Change in Total Non-Employer OPEB Liability	41,834.00	179,051.00	65,344.00
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	1,447,295.00	1,268,244.00	1,202,900.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 1,489,129.00</u>	<u>\$ 1,447,295.00</u>	<u>\$ 1,268,244.00</u>
Charter School's Covered Payroll (Plan Measurement Period)	<u>\$ 1,059,463.00</u>	<u>\$ 1,383,101.00</u>	<u>\$ 1,308,216.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Charter School as a Percentage of Covered Payroll	140.56%	104.64%	96.94%

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

MILLVILLE PUBLIC CHARTER SCHOOL
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2020

Changes of Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	E.S.S.A.			I.D.E.A.		Charter Expansion Grant	Total
	Title I	Title II A	Title IV	Basic	Preschool		
REVENUES:							
Federal Sources	\$ 142,019.00	\$ 8,046.00	\$ 10,000.00	\$ 44,221.00	\$ 1,426.00	\$ 88,000.00	\$ 293,712.00
Total Revenues	142,019.00	8,046.00	10,000.00	44,221.00	1,426.00	88,000.00	293,712.00
EXPENDITURES:							
Instruction:							
Salaries of Teachers	86,592.00			20,000.00			106,592.00
Instructional Supplies	1,393.56						1,393.56
Total Instruction	87,985.56	-	-	20,000.00	-	-	107,985.56
Support Services:							
Salaries of Other Professional Staff						88,000.00	88,000.00
Personal Services - Employee Benefits	30,307.00			7,000.00			37,307.00
Purchased Professional and Technical Services	17,226.44	8,046.00	7,820.00	16,904.11	1,426.00		51,422.55
Supplies and Materials	6,500.00		2,180.00	316.89			8,996.89
Total Support Services	54,033.44	8,046.00	10,000.00	24,221.00	1,426.00	88,000.00	185,726.44
Total Expenditures	142,019.00	8,046.00	10,000.00	44,221.00	1,426.00	88,000.00	293,712.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

PROPRIETARY FUNDS

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statement of Net Position
 June 30, 2020

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Interfund Accounts Receivable:	
General Fund	\$ 17,804.07
Intergovernmental Accounts Receivable:	
State	118.36
Federal	12,677.80
Inventory	<u>8,804.70</u>
Total Current Assets	<u>39,404.93</u>
Total Assets	<u>39,404.93</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>13,218.01</u>
Total Current Liabilities	<u>13,218.01</u>
NET POSITION:	
Unrestricted	<u>26,186.92</u>
Total Net Position	<u><u>\$ 26,186.92</u></u>

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Breakfast Program	\$ 4,509.72
School Lunch Program	12,827.68
Daily Sales - Non-Reimbursable Programs	23,396.18
Total Operating Revenues	40,733.58
OPERATING EXPENSES:	
Salaries	179,077.57
Employee Benefits	15,580.10
Purchased Professional and Technical Services	35,441.73
Other Purchased Services	4,998.49
Cost of Sales - Reimbursable Programs	158,710.58
Cost of Sales - Non-Reimbursable Programs	6,513.92
Supplies and Materials	21,736.60
Miscellaneous	3,790.22
Other Objects	1,759.94
Total Operating Expenses	427,609.15
Operating Income / (Loss)	(386,875.57)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	4,140.29
Federal Sources:	
National School Lunch Program	190,213.01
School Breakfast Program	93,365.28
Seamless Summer Option	61,590.17
Food Distribution Program	45,941.32
Total Nonoperating Revenues (Expenses)	395,250.07
Change in Net Position	8,374.50
Net Position -- July 1	17,812.42
Net Position -- June 30	\$ 26,186.92

MILLVILLE PUBLIC CHARTER SCHOOL
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 40,733.58
Payments to Employees	(179,077.57)
Payments for Employee Benefits	(15,580.10)
Payments to Suppliers	<u>(177,572.17)</u>
Net Cash Provided by (used for) Operating Activities	<u>(331,496.26)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	361,621.45
Federal Sources	4,388.94
Operating Subsidies, Transfers to Other Funds and Refunds	<u>(34,514.13)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>331,496.26</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents -- July 1	<u>-</u>
Cash and Cash Equivalents -- June 30	<u><u>-</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (386,875.57)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Food Distribution Program	45,941.32
(Increase) Decrease in Inventories	(3,780.02)
Increase (Decrease) in Accounts Payable	<u>13,218.01</u>
Total Adjustments	<u>55,379.31</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (331,496.26)</u></u>

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Governmental Activities - Internal Service Funds
 Combining Statement of Net Position
 June 30, 2020

	<u>Vineland Public Charter School</u>	<u>Bridgeton Public Charter School</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Accounts Receivable:			
Other Local Governments	-	\$ 1,781.57	\$ 1,781.57
Total Current Assets	-	1,781.57	1,781.57
Total Assets	-	1,781.57	1,781.57
LIABILITIES:			
Current Liabilities:			
Interfund Accounts Payable:			
Due General Fund	-	1,781.57	1,781.57
Total Current Liabilities	-	1,781.57	1,781.57
Total Liabilities	-	1,781.57	1,781.57
NET POSITION:			
Unrestricted	-	-	-
Total Net Position	-	-	-

MILLVILLE PUBLIC CHARTER SCHOOL
 Proprietary Funds
 Governmental Activities - Internal Service Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	Vineland Public Charter School	Bridgeton Public Charter School	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Services Provided to Other Governments	\$ 10,201.95	\$ 57,088.43	\$ 67,290.38
Total Operating Revenues	<u>10,201.95</u>	<u>57,088.43</u>	<u>67,290.38</u>
OPERATING EXPENSES:			
Salaries		56,860.00	56,860.00
Purchased Professional Services	10,201.95		10,201.95
Miscellaneous		228.43	228.43
Total Operating Expenses	<u>10,201.95</u>	<u>57,088.43</u>	<u>67,290.38</u>
Operating Income / (Loss)	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -- July 1	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -- June 30	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

FIDUCIARY FUNDS

MILLVILLE PUBLIC CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2020

	Private-Purpose Trust Fund	Agency Funds		
	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,495.30	\$ 1,470.97	\$ 3,817.15	\$ 11,783.42
Interfund Accounts Receivable				
Due from General Fund	7,960.97		10,115.99	18,076.96
Due from Payroll Agency Fund	<u>5,957.98</u>			<u>5,957.98</u>
Total Assets	<u>20,414.25</u>	<u>\$ 1,470.97</u>	<u>\$ 13,933.14</u>	<u>35,818.36</u>
LIABILITIES:				
Payroll Deductions and Withholdings Payable to Student Groups		\$ 1,470.97	\$ 7,975.16	7,975.16 1,470.97
Interfund Accounts Payable:				
Due to Unemployment Trust Fund			<u>5,957.98</u>	<u>5,957.98</u>
Total Liabilities	<u>-</u>	<u>\$ 1,470.97</u>	<u>\$ 13,933.14</u>	<u>15,404.11</u>
NET POSITION:				
Held in Trust for Unemployment Claims	<u>20,414.25</u>			<u>20,414.25</u>
Total Net Position	<u>\$ 20,414.25</u>			<u>\$ 20,414.25</u>

MILLVILLE PUBLIC CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Fund
	Unemployment Compensation
ADDITIONS:	
Contributions:	
Board Contribution	\$ 6,497.62
Employee Contributions	3,374.99
Investment Earnings:	
Interest	9.56
Total Additions	9,882.17
DEDUCTIONS:	
Program Expenditures	6,287.99
Total Deductions	6,287.99
Change in Net Position	3,594.18
Net Position -- July 1	16,820.07
Net Position -- June 30	\$ 20,414.25

MILLVILLE PUBLIC CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Total Charter School	\$ 3,348.63	\$ 2,642.07	\$ 4,519.73	\$ 1,470.97

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and Cash Equivalents	\$ 1,770.01	\$ 1,542,678.12	\$ 1,540,630.98	\$ 3,817.15
Interfund Receivable:				
Due General Fund	<u>10,487.29</u>	<u> </u>	<u>371.30</u>	<u>10,115.99</u>
Total Assets	<u><u>\$ 12,257.30</u></u>	<u><u>\$ 1,542,678.12</u></u>	<u><u>\$ 1,541,002.28</u></u>	<u><u>\$ 13,933.14</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 6,299.32	\$ 573,640.15	571,964.31	\$ 7,975.16
Net Payroll		965,662.98	965,662.98	
Interfund Accounts Payable:				
Due Unemployment Trust Fund	<u>5,957.98</u>	<u>3,374.99</u>	<u>3,374.99</u>	<u>5,957.98</u>
Total Liabilities	<u><u>\$ 12,257.30</u></u>	<u><u>\$ 1,542,678.12</u></u>	<u><u>\$ 1,541,002.28</u></u>	<u><u>\$ 13,933.14</u></u>

LONG-TERM DEBT

MILLVILLE PUBLIC CHARTER SCHOOL
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2020

<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2019</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2020</u>
				<u>Principal</u>	<u>Interest</u>				
Textbooks, Furniture, and Teaching Supplies	10/2/2015	6/2/2020	2.41%	\$ 80,000.00	\$ 4,663.04	\$ 17,907.60		\$ 17,907.60	
Laptops and Charging Carts	9/1/2016	9/1/2019	6.37%	48,596.69	4,921.63	2,699.81		2,699.81	
Appliances	10/1/2018	9/30/2022	14.02%	21,293.17	6,645.71	<u>17,300.68</u>		<u>5,323.32</u>	<u>\$ 11,977.36</u>
						<u>\$ 37,908.09</u>	<u>-</u>	<u>\$ 25,930.73</u>	<u>\$ 11,977.36</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

	Fiscal Year Ended								
	<u>June 30 2020</u>	<u>June 30 2019</u>	<u>June 30 2018</u>	<u>June 30 2017</u>	<u>June 30 2016</u>	<u>June 30 2015 (2)</u>	<u>June 30 2014</u>	<u>June 30 2013</u>	<u>June 30 2012 (1)</u>
Governmental Activities									
Net Investment in Capital Assets (Deficit)	\$ (754,311.70)	\$ (547,317.28)	\$ 22,507.50	\$ 14,257.32	\$ 23,588.83	\$ 29,090.57	\$ 32,245.17	\$ 26,161.28	\$ 2,235.97
Restricted						941.00	13,911.51	22,876.02	19,977.43
Unrestricted (Deficit)	<u>73,608.81</u>	<u>(97,668.32)</u>	<u>(413,053.49)</u>	<u>(324,884.26)</u>	<u>(75,277.16)</u>	<u>18,363.70</u>	<u>26,589.26</u>	<u>18,056.50</u>	<u>21,633.56</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (680,702.89)</u>	<u>\$ (644,985.60)</u>	<u>\$ (390,545.99)</u>	<u>\$ (310,626.94)</u>	<u>\$ (51,688.33)</u>	<u>\$ 48,395.27</u>	<u>\$ 72,745.94</u>	<u>\$ 67,093.80</u>	<u>\$ 43,846.96</u>
Business-type Activities									
Unrestricted	<u>\$ 26,186.92</u>	<u>\$ 26,186.92</u>	<u>\$ 25,461.44</u>	<u>\$ 22,001.74</u>	<u>\$ 3,695.49</u>				<u>\$ 6,167.07</u>
Total Business-type Activities Net Position	<u>\$ 26,186.92</u>	<u>\$ 26,186.92</u>	<u>\$ 25,461.44</u>	<u>\$ 22,001.74</u>	<u>\$ 3,695.49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 6,167.07</u>
Government-wide									
Net Investment in Capital Assets (Deficit)	\$ (754,311.70)	\$ (547,317.28)	\$ 22,507.50	\$ 14,257.32	\$ 23,588.83	\$ 29,090.57	\$ 32,245.17	\$ 26,161.28	\$ 2,235.97
Restricted						941.00	13,911.51	22,876.02	19,977.43
Unrestricted (Deficit)	<u>99,795.73</u>	<u>(71,481.40)</u>	<u>(387,592.05)</u>	<u>(302,882.52)</u>	<u>(71,581.67)</u>	<u>18,363.70</u>	<u>26,589.26</u>	<u>18,056.50</u>	<u>27,800.63</u>
Total Government-wide Net Position (Deficit)	<u>\$ (654,515.97)</u>	<u>\$ (618,798.68)</u>	<u>\$ (362,084.55)</u>	<u>\$ (288,625.20)</u>	<u>\$ (47,992.84)</u>	<u>\$ 48,395.27</u>	<u>\$ 72,745.94</u>	<u>\$ 67,093.80</u>	<u>\$ 50,014.03</u>

Source: Charter School's Records

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

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

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

	Fiscal Year Ended								
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015 (2)	June 30, 2014	June 30, 2013	June 30, 2012 (1)
Expenses									
Governmental Activities									
Regular Instruction	\$ 643,019.99	\$ 1,031,338.20	\$ 1,322,766.57	\$ 1,497,296.85	\$ 1,198,804.91				
Special Education Instruction	216,729.00				4,251.50				
Support Services and Undistributed Costs:									
Student and Instruction Related Services	288,235.33	224,569.90	142,716.29	256,883.00	126,403.84				
School Administrative Services	662,964.48	606,992.36	357,703.36	500,073.97	293,841.96				
Other Administrative Services	9,975.11	26,068.24	183,659.59	104,816.53	104,861.93				
Plant Operations and Maintenance	611,753.93	511,885.91	819,671.15	685,884.10	467,441.31				
Unallocated Benefits	933,261.74	569,968.79	950,910.62	750,896.08	626,241.23				
Reimbursed TPAF Pension and Social Security	398,249.73	508,218.72	310,774.54	302,025.62	223,141.92				
Unallocated Depreciation	199,607.43	199,607.43	199,607.43	196,825.43					
Instruction						\$ 1,219,713.57	\$ 914,731.89	\$ 673,632.75	\$ 417,524.42
Administration						605,215.11	555,422.57	383,276.39	200,848.78
Support Services						718,706.81	568,943.61	500,570.94	335,072.30
Unallocated Benefits						27,281.00	10,978.00	3,121.00	
Total Governmental Activities Expenses	3,963,796.74	3,678,649.55	4,287,809.55	4,294,701.58	3,044,588.60	2,570,916.49	2,050,076.07	1,560,601.08	953,445.50
Business-type Activities:									
Food Service	427,609.15	427,609.15	100,690.64	113,363.56	123,855.60	117,318.56	87,125.74	58,600.00	33,020.82
Before & After School Program			12,032.61	7,689.30	20,282.21			1,202.00	1,430.68
Total Business-type Activities Expense	427,609.15	427,609.15	112,723.25	121,052.86	144,137.81	87,125.74	87,125.74	59,802.00	34,451.50
Total District Expenses	\$ 4,391,405.89	\$ 4,106,258.70	\$ 4,400,532.80	\$ 4,415,754.44	\$ 3,188,726.41	\$ 2,658,042.23	\$ 2,137,201.81	\$ 1,620,403.08	\$ 987,897.00
Program Revenues									
Governmental Activities:									
Charges for Services	\$ 67,290.38	\$ 41,895.13	\$ 77,999.11	\$ 77,286.14					
Operating Grants and Contributions	1,291,042.73	1,183,883.39	1,137,703.54	997,435.62	\$ 576,941.27	\$ 319,794.14	\$ 204,799.56	\$ 232,273.95	\$ 39,006.50
Total Governmental Activities Program Revenues	1,358,333.11	1,225,778.52	1,215,702.65	1,074,721.76	576,941.27	319,794.14	204,799.56	232,273.95	39,006.50
Business-type activities:									
Charges for services									
Food Service	40,733.58	40,733.58	18,047.89	16,068.50	17,773.10	13,978.99	12,258.65	7,891.97	7,045.59
Before & After School Program			10,513.50	24,453.67	23,977.70			2,034.93	10,197.75
Operating Grants and Contributions	395,250.07	395,250.07	87,621.56	98,836.94	83,453.93	75,946.94	68,479.92	40,171.60	22,108.68
Total Business-type Activities Program Revenues	435,983.65	435,983.65	116,182.95	139,359.11	125,204.73	89,925.93	80,738.57	50,098.50	39,352.02
Total District Program Revenues	\$ 1,794,316.76	\$ 1,661,762.17	\$ 1,331,885.60	\$ 1,214,080.87	\$ 702,146.00	\$ 409,720.07	\$ 285,538.13	\$ 282,372.45	\$ 78,358.52
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Local Levy and Charter School Aid	\$ 2,556,317.00	\$ 2,160,381.00	\$ 2,981,863.00	\$ 2,955,700.00	\$ 2,389,529.00	\$ 2,241,227.37	\$ 1,850,340.56	\$ 1,339,077.92	\$ 951,117.85
Miscellaneous Income	13,429.34	23,926.17	10,324.85	5,341.21	663.30	12,936.94	588.09	5,496.05	8,434.66
Transfers	-	-	-	-	(22,628.57)	(27,392.63)	-	7,000.00	(1,266.55)
Total Governmental Activities	2,569,746.34	2,184,307.17	2,992,187.85	2,961,041.21	2,367,563.73	2,226,771.68	1,850,928.65	1,351,573.97	958,285.96
Business-type activities:									
Transfers	-	-	-	-	22,628.57	27,392.63	-	3,536.43	1,266.55
Total Business Activities	-	-	-	-	22,628.57	27,392.63	-	3,536.43	1,266.55
Total Government-wide	\$ 2,569,746.34	\$ 2,184,307.17	\$ 2,992,187.85	\$ 2,961,041.21	\$ 2,390,192.30	\$ 2,254,164.31	\$ 1,850,928.65	\$ 1,355,110.40	\$ 959,552.51
Net (Expense)/Revenue									
Governmental Activities	\$ (35,717.29)	\$ (254,439.61)	\$ (79,919.05)	\$ (258,938.61)	\$ (100,083.60)	\$ (24,350.67)	\$ 5,652.14	\$ 23,246.84	\$ 43,846.96
Business-type Activities	8,374.50	(7,649.02)	3,459.70	18,306.25	3,695.49			(6,167.07)	6,167.07
Total Government-wide Net (Expense)/Revenue	\$ (27,342.79)	\$ (262,088.63)	\$ (76,459.35)	\$ (240,632.36)	\$ (96,388.11)	\$ (24,350.67)	\$ 5,652.14	\$ 17,079.77	\$ 50,014.03

Source: Charter School's Records

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

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

	Fiscal Year Ended								
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012 (1)
General Fund									
Committed								\$ 22,876.02	
Assigned	\$ 49,538.75		\$ 83,293.58	\$ 1,850.00	\$ 460.00	\$ 941.00	\$ 13,911.51		\$ 19,977.43
Unassigned	453,631.94	\$ 247,050.00	163,488.16	29,318.17	32,987.84	45,644.70	26,589.26	18,056.50	21,633.56
Total General Fund	<u>\$ 503,170.69</u>	<u>\$ 247,050.00</u>	<u>\$ 246,781.74</u>	<u>\$ 31,168.17</u>	<u>\$ 33,447.84</u>	<u>\$ 46,585.70</u>	<u>\$ 40,500.77</u>	<u>\$ 40,932.52</u>	<u>\$ 41,610.99</u>

Source: Charter School's Records

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

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012 (1)</u>
Revenues									
Local Levy	\$ 2,419,984.00	\$ 2,047,136.00	\$ 2,605,981.00	\$ 2,747,486.00	\$ 2,291,206.00	\$ 2,038,154.00	\$ 1,719,319.00	\$ 1,258,706.00	\$ 863,374.00
Revenue From Other Sources	13,429.34	23,926.17	10,324.85	5,341.21	663.30	12,936.94	588.09	5,496.05	8,434.66
State Sources	534,582.73	621,463.72	687,466.54	510,239.62	321,464.92	231,272.37	131,021.56	80,371.92	87,743.85
Local Sources			4,185.00				1,000.00		
Federal Sources	293,592.00	486,225.67	229,172.00	322,345.00	218,137.35	319,794.14	203,799.56	232,273.95	39,006.50
Total Revenue	3,261,588.07	3,178,751.56	3,537,129.39	3,585,411.83	2,831,471.57	2,602,157.45	2,055,728.21	1,576,847.92	998,559.01
Expenditures									
Regular Instruction	615,587.21	998,505.79	1,288,798.32	1,453,311.00	1,168,463.48				
Special Education Instruction	216,729.00				4,251.50				
Support Services and Undistributed Costs:									
Student and Instruction Related Services	278,033.38	180,159.93	137,384.75	256,883.00	126,403.84				
School Administrative Services	630,596.64	646,334.60	325,941.85	540,592.59	318,281.65				
Other Administrative Services		838.56	183,659.59	84,571.21	104,861.93				
Plant Operations and Maintenance	611,753.93	528,955.91	816,294.15	686,734.00	467,441.31				
Unallocated Benefits	268,641.74	315,469.79	244,477.62	263,574.08	409,135.23				
Reimbursed TPAF Pension and Social Security	398,249.73	508,218.72	310,774.54	302,025.62	223,141.92				
Instruction						1,209,743.97	898,008.34	673,632.75	417,524.42
Administration						605,215.11	555,422.57	383,276.39	200,848.78
Support Services						746,905.81	581,791.05	494,470.25	333,273.52
Capital Outlay		21,293.17	14,185.00	48,596.69	84,295.00	19,815.00	20,938.00	33,147.00	7,901.30
Total Expenditures	3,019,591.63	3,199,776.47	3,321,515.82	3,636,288.19	2,906,275.86	2,581,679.89	2,056,159.96	1,584,526.39	959,548.02
Excess (Deficiency) of Revenues Over (Under) Expenditures	241,996.44	(21,024.91)	215,613.57	(50,876.36)	(74,804.29)	20,477.56	(431.75)	(7,678.47)	39,010.99
Other Financing Sources (Uses)									
Transfers In								7,000.00	2,600.00
Capital Leases (Non-Budgeted)		21,293.17		48,596.69	84,295.00	13,000.00			
Transfers Out					(22,628.57)	(27,392.63)			
Total Other Financing Sources (Uses)	-	21,293.17	-	48,596.69	61,666.43	(14,392.63)	-	7,000.00	2,600.00
Net Change in Fund Balances	\$ 241,996.44	\$ 268.26	\$ 215,613.57	\$ (2,279.67)	\$ (13,137.86)	\$ 6,084.93	\$ (431.75)	\$ (678.47)	\$ 41,610.99
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School's Records

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	*	<u>2012</u>
Donations								\$ 852 00		N/A
E-Rate Reimbursements		\$ 15,135.92	\$ 6,444.00							
Miscellaneous	\$ 13,429.34	8,790.25	3,880.85	\$ 5,341.21	\$ 663.30	\$ 12,936.94	\$ 588.09	152.16		
Vendor Refunds								3,863.22		
Closed Operations - Before & After Care								628.67		
	<u>\$ 13,429.34</u>	<u>\$ 23,926.17</u>	<u>\$ 10,324.85</u>	<u>\$ 5,341.21</u>	<u>\$ 663.30</u>	<u>\$ 12,936.94</u>	<u>\$ 588.09</u>	<u>\$ 5,496.05</u>		<u>\$ -</u>

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

Source: District Records.

Debt Capacity Information

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

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

Fiscal Year <u>June 30.</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Total Charter School	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds	Mortgages Payable	Capital Leases	Loan Payable	Capital Leases				
2020	N/A	\$ 6,551,488.00	\$ 11,977.36	N/A	N/A	\$ 6,563,465.36	Unavailable	Unavailable	
2019	N/A	6,551,488.00	37,908.09	N/A	N/A	6,589,396.09	Unavailable	Unavailable	
2018	N/A	6,551,488.00	54,287.79	N/A	N/A	6,605,775.79	0.595%	\$ 40,289.00	
2017	N/A	6,551,488.00	89,103.33	N/A	N/A	6,640,591.33	0.621%	38,630.00	
2016	N/A	N/A	75,160.98	N/A	N/A	75,160.98	0.007%	37,515.00	
2015	N/A	N/A	15,505.67	N/A	N/A	15,505.67	0.001%	36,891.00	
2014	N/A	N/A	14,394.11	N/A	N/A	14,394.11	0.001%	35,486.00	
2013	N/A	N/A	27,241.55	N/A	N/A	27,241.55	0.003%	34,454.00	
2012 (1)	N/A	N/A	4,047.36	\$ 5,000.00	N/A	9,047.36	0.001%	35,413.00	

Note: The Charter School does not have outstanding debt.

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (2)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2020	Unavailable	Unavailable	Unavailable	Unavailable
2019	27,391	Unavailable	Unavailable	5.50%
2018	27,578	\$ 1,111,090,042.00	\$ 40,289.00	6.40%
2017	27,672	1,068,969,360.00	38,630.00	6.90%
2016	27,902	1,046,743,530.00	37,515.00	7.40%
2015	28,100	1,036,637,100.00	36,891.00	8.80%
2014	28,323	1,005,069,978.00	35,486.00	9.50%
2013	28,518	982,559,172.00	34,454.00	11.90%
2012	28,583	976,966,940.00	34,180.00	14.30%

Source:

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

MILLVILLE PUBLIC CHARTER SCHOOL

Principal Employers

Current Year and Nine Years Ago

Unaudited

<u>Employer (1)</u>	<u>2020</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>
Durand Glass Mfg Co	800	1	6.2%	1,100	1	8.5%
Walmart	350	2	2.7%	295	5	2.3%
Texas Roadhouse	300	3	2.3%			
Seb Groupe	250	4	1.9%	200	7	1.5%
Millville City Supt's Office	205	5	1.6%			
T-Fal	200	6	1.5%			
Lowe's Home Improvement	200	7	1.5%			
Shop Rite	183	8	1.4%			
Target	150	9	1.2%			
Memorial High School	130	10	1.0%			
Dallas Airmotive, Inc.				300	2	2.3%
Silverton Marine Corporation				300	3	2.3%
The Prudential Insurance Company of America				300	4	2.3%
Bemis Company, Inc.				250	6	1.9%
Cumberland County Homemaker-Home Health				200	8	1.5%
Genesis Eldercare National Centers, Inc.				200	9	1.5%
Cumberland County Guidance Center				190	10	1.5%
	<u>2,768</u>		<u>21.4%</u>	<u>1,595</u>		<u>12.3%</u>

(1) Source: ReferenceUSA.org

Operating Information

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

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

Function/Program	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>
Instruction	16.0	18.0	25.0	30.0	20.0	18.0	15.0	11.0	8.0
Administration	5.0	3.0	3.0	4.0	3.5	3.5		2.5	1.4
Support Services	3.0	3.5	5.0	6.0	6.5	5.3	4.8	4.2	2.5
Total	24.0	24.5	33.0	40.0	30.0	26.8	19.8	17.7	11.9

Source Charter School Personnel Records

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

MILLVILLE PUBLIC CHARTER SCHOOL
 Operating Statistics
 Last Nine Fiscal Years
 Unaudited

<u>Fiscal Year Ended June 30, (4)</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff (2)</u>	<u>Pupil/Teacher Ratio Elementary (K-8)</u>	<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	227	\$ 3,019,591.63	\$ 13,302.17	16	14 : 1	227.3	216.6	11.8%	95.3%
2019	203	3,178,483.30	15,657.55	18	13.5 : 1	203.1	189.6	-25.9%	93.3%
2018	274	3,307,330.82	12,070.55	25	11 : 1	273.8	256.7	-10.2%	93.7%
2017	305	3,587,691.50	11,762.92	30	10 : 1	305.0	288.8	22.5%	94.7%
2016	249	2,821,980.86	11,333.26	20	12 : 1	248.7	236.4	15.3%	95.1%
2015	216	2,561,864.89	11,860.49	18	12 : 1	216.5	198.2	10.8%	91.6%
2014	195	2,035,221.96	10,437.04	15	12 : 1	179.7	168.0	37.3%	93.5%
2013	142	1,551,379.82	10,925.21	11	12 : 1	134.0	126.9	31.5%	94.7%
2012	108	951,646.72	8,811.54	8	12 : 1	98.0	92.6	N/A	94.5%

Sources: Charter School Records

Note: Enrollment based on End of Year enrollment count.

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

MILLVILLE PUBLIC CHARTER SCHOOL
 School Building Information
 Last Nine Fiscal Years
 Unaudited

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>District Building</u>									
<u>All Grades</u>									
Millville Public Charter School (2017)									
Square Feet	66,566	66,566	66,566	66,566	N/A	N/A	N/A	N/A	N/A
Capacity (students)	475	475	475	475	N/A	N/A	N/A	N/A	N/A
Enrollment	227	203	274	305	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2020
 All grades = 1

Source: District records

Note: Fiscal year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions (if any). Enrollment is based as of the end of the fiscal year.

MILLVILLE PUBLIC CHARTER SCHOOL

Insurance Schedule

June 30, 2020

Unaudited

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

Source: District Records

Charter School Performance Framework – Financial Indicators

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

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

	2018	2019	2020	Source
	Audit	Audit	Audit	
Cash	\$ 270,057.67	\$ 650,788.08	\$ 1,029,291.88	Audit: Exhibit A-1
Current Assets	569,568.33	696,275.49	1,050,999.91	Audit: Exhibit A-1
Total Assets	6,828,678.76	6,768,455.12	6,868,958.27	Audit: Exhibit A-1
Current Liabilities	305,074.90	424,427.74	507,986.23	Audit: Exhibit A-1
Total Liabilities	7,519,718.31	7,403,416.80	7,482,557.24	Audit: Exhibit A-1
Net Position	(365,084.55)	(618,798.68)	(654,515.97)	Audit: Exhibit A-1
Total Revenue	4,324,073.45	3,846,069.34	4,364,063.10	Audit: Exhibit A-2
Total Expenses	4,400,532.80	4,106,258.70	4,391,405.89	Audit: Exhibit A-2
Change in Net Position	(76,459.35)	(260,189.36)	(27,342.79)	Audit: Exhibit A-2
Depreciation Expense	240,357.79	238,324.79	232,925.15	Financial Statements/Audit Workpapers
Interest Expense	654,258.83	344,410.80	362,169.30	Financial Statements/Audit Workpapers
Principal Payments	34,815.54	37,672.87	25,930.73	Financial Statements/Audit Workpapers
Interest Payments	654,258.83	344,410.80	362,169.30	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	274	203	227	DOE Enrollment Reports
March 30th Budgeted Enrollment	373	473	347	Charter School Budget

RATIOS ANALYSIS

Near Term Indicators	2018	2019	2020	3 YR CUM	Source:
1a. Current Ratio	1.9	1.6	2.1	1.9	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	22.4	57.8	85.6	55.3	Cash/(Total Expenses/365)
1c. Enrollment Variance	73.5%	42.9%	65.5%	60.6%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
2a. Total Margin	-1.8%	-6.8%	-0.6%	-3.1%	Change in Net Position/Total Revenue
2b. Debt to Asset	1.1	1.1	1.1	1.1	Total Liabilities/Total Assets
2c.** Cash Flow	76,022.55	456,752.96	759,234.21	430,669.91	Net change in cash flow from prior years (Change in Net Position+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	1.2	0.8	1.5	1.2	

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

** 2020 = 2020 Cash - 2019 Cash; 2019 = 2019 Cash - 2018 Cash; 2018 = 2018 Cash - 2017 Cash

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Millville Public Charter School's, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Millville Public Charter School's, in the County of Cumberland, State of New Jersey, compliance.

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 4, 2021

MILLVILLE PUBLIC CHARTER SCHOOL
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2020

<u>Federal Grantor/ Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Thru Entity ID Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30 2019</u>
					<u>From</u>	<u>To</u>	
Special Revenue Fund:							
U.S. Department of Education							
Passed-through by Cumberland County Charter School Network:							
Charter Expansion Grant	84.282E	U282E180007	Unavailable	\$ 88,000.00	10/1/2019	9/30/2020	_____
Total Charter Expansion Grant							-
Passed-through State Department of Education:							
E.S.S.A.:							
Title I Grants to Local Educational Agencies - SIA, Part A	84.010	S010A190030	NCLB606920	35,899.00	7/1/2019	9/30/2020	
Title I Grants to Local Educational Agencies	84.010	S010A180030	NCLB606919	134,573.00	7/1/2018	6/30/2019	\$ (22,789 00)
Title I Grants to Local Educational Agencies	84.010	S010A190030	NCLB606920	106,120.00	7/1/2019	9/30/2020	_____
Total Title I Grants to Local Educational Agencies							(22,789 00)
Supporting Effective Instruction State Grants (Title II)	84.367	S367A180029	NCLB606919	18,256.00	7/1/2018	6/30/2019	(811 00)
Supporting Effective Instruction State Grants (Title II)	84.367	S367A190029	NCLB606920	8,046.00	7/1/2019	9/30/2020	_____
Total Supporting Effective Instruction State Grants (Title II)							(811 00)
Student Support and Academic Enrichment (Title IV)	84.424	S424A180031	NCLB606919	10,000.00	7/1/2018	6/30/2019	(4,022 00)
Student Support and Academic Enrichment (Title IV)	84.424	S424A190031	NCLB606920	10,000.00	7/1/2019	9/30/2020	_____
Total Student Support and Academic Enrichment (Title IV)							(4,022 00)
Total E.S.S.A.							(27,622 00)
Individuals with Disabilities Education Act (IDEA)							
Special Education Cluster (IDEA):							
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180030	IDEA606919	52,941.00	7/1/2018	6/30/2019	(1,220 00)
Special Education - Grants to States (IDEA, Part B)	84.027	H027A190030	IDEA606920	44,221.00	7/1/2019	9/30/2020	
Special Education - Preschool Grants	84.173	H173A180030	IDEA606919	1,556.00	7/1/2018	6/30/2019	(638 00)
Special Education - Preschool Grants	84.173	H173A190030	IDEA606920	1,426.00	7/1/2019	9/30/2020	_____
Total Special Education Cluster (DEA)							(1,858 00)
Education Stabilization Fund (CARES Act)	84.425	S425D200027	Unavailable	84,084.00	3/13/2020	9/30/2022	_____
Total U.S. Department of Education							(29,480 00)
Total Special Revenue Fund							(29,480 00)
Enterprise Fund:							
U.S. Department of Agriculture							
Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
National School Lunch Program	10.555	191NJ304N1099	Unavailable	248,315.84	7/1/2018	6/30/2019	(20,065 90)
National School Lunch Program	10.555	201NJ304N1099	Unavailable	226,841.98	7/1/2019	6/30/2020	
National School Lunch Program - Commodities (Noncash)	10.555	201NJ304N1099	Unavailable	45,941.32	7/1/2019	6/30/2020	
School Breakfast Program	10.553	191NJ304N1099	Unavailable	105,800.28	7/1/2018	6/30/2019	(9,064 89)
School Breakfast Program	10.553	201NJ304N1099	Unavailable	118,326.48	7/1/2019	6/30/2020	_____
Total Child Nutrition Cluster							(29,130.79)
Total Enterprise Fund							(29,130.79)
Total Federal Financial Assistance							\$ (58,610.79)

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

These funds were not audited in accordance with the *Uniform Guidance* since the total of all grant award expenditures were less than \$750,000.00.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30 2020		Due to Grantor at June 30 2020
		Pass- Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	
	\$ 83,995.00	\$ (88,000.00)		\$ (88,000.00)				\$ (4,005 00)		
-	83,995.00	(88,000.00)	-	(88,000.00)	-	-	-	(4,005 00)	-	-
	35,899.00	(35,899.00)		(35,899.00)						
	22,789.00									
	106,120.00	(106,120.00)		(106,120.00)						
-	164,808.00	(142,019.00)	-	(142,019.00)	-	-	-	-	-	-
	811.00									
	8,046.00	(8,046.00)		(8,046.00)				-		
-	8,857.00	(8,046.00)	-	(8,046.00)	-	-	-	-	-	-
	4,022.00									
	10,000.00	(10,000.00)		(10,000.00)				-		
-	14,022.00	(10,000.00)	-	(10,000.00)	-	-	-	-	-	-
-	187,687.00	(160,065.00)	-	(160,065.00)	-	-	-	-	-	-
	1,220.00									
	44,221.00	(44,221.00)		(44,221.00)				-		
	638.00									
	1,426.00	(1,426.00)		(1,426.00)				-		
-	47,505.00	(45,647.00)	-	(45,647.00)	-	-	-	-	-	-
-	319,187.00	(293,712.00)	-	(293,712.00)	-	-	-	(4,005 00)	-	-
-	319,187.00	(293,712.00)	-	(293,712.00)	-	-	-	(4,005 00)	-	-
	20,065.90									
	219,309.98	(226,841.98)		(226,841.98)				(7,532 00)		
	45,941.32	(45,941.32)		(45,941.32)						
	9,064.89									
	113,180.68	(118,326.48)		(118,326.48)				(5,145 80)		
-	407,562.77	(391,109.78)	-	(391,109.78)	-	-	-	(12,677 80)	-	-
-	407,562.77	(391,109.78)	-	(391,109.78)	-	-	-	(12,677 80)	-	-
-	\$ 726,749.77	\$ (684,821.78)	-	\$ (684,821.78)	-	-	-	\$ (16,682 80)	-	-

MILLVILLE PUBLIC CHARTER SCHOOL
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2020

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30 2019</u>
			<u>From</u>	<u>To</u>	<u>Unearned Revenue / (Accounts Receivable)</u>
General Fund:					
New Jersey Department of Education:					
Current Expense:					
State Aid - Public Cluster:					
Equalization Aid	495-034-5120-078	\$ 2,419,984.00	7/1/2019	6/30/2020	\$ 321,175 00
Special Education Aid	495-034-5120-089	43,300.00	7/1/2019	6/30/2020	
Security Aid	495-034-5120-084	93,033.00	7/1/2019	6/30/2020	
Total State Aid - Public Cluster					<u>321,175 00</u>
Reimbursed TPAF Social Security Contributions	495-034-5094-003	94,090.54	7/1/2018	6/30/2019	(3,211 25)
Reimbursed TPAF Social Security Contributions	495-034-5094-003	66,446.73	7/1/2019	6/30/2020	
Total Reimbursed TPAF Social Security Contributions					<u>(3,211 25)</u>
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	241,528.00	7/1/2019	6/30/2020	
On-Behalf Teachers' Pension and Annuity Fund					
- Post Retirement Medical	495-034-5094-001	89,602.00	7/1/2019	6/30/2020	
On-Behalf Teachers' Pension and Annuity Fund					
- Non-contributory Insurance	495-034-5094-004	673.00	7/1/2019	6/30/2020	
Total On-Behalf TPAF Pension Contributions (non-budgeted)					<u>-</u>
Total General Fund					<u>317,963.75</u>
Enterprise Fund:					
New Jersey Department of Agriculture:					
National School Lunch Program (State Share)	100-010-3350-023	4,602.70	7/1/2018	6/30/2019	(367 01)
National School Lunch Program (State Share)	100-010-3350-023	4,140.29	7/1/2019	6/30/2020	
Total Enterprise Fund					<u>(367 01)</u>
Total State Financial Assistance					<u>\$ 317,596.74</u>
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:					
General Fund (Non-Cash Assistance):					
New Jersey Department of the Treasury:					
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	241,528.00	7/1/2019	6/30/2020	
On-Behalf Teachers' Pension and Annuity Fund					
- Post Retirement Medical	495-034-5094-001	89,602.00	7/1/2019	6/30/2020	
On-Behalf Teachers' Pension and Annuity Fund					
- Non-contributory Insurance	495-034-5094-004	673.00	7/1/2019	6/30/2020	
Total State Financial Assistance subject to Major Program Determination for State Single Audit					

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

Carryover / (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Passed- Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30 2020			Memo	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/2020	Budgetary Receivable 6/30/2020	Cumulative Total Expenditures
	\$ 2,535,450.80	\$ (2,419,984 00)						\$ 436,641 80		\$ 2,419,984.00
	43,300.00	(43,300 00)								43,300.00
	93,033.00	(93,033 00)								93,033.00
-	2,671,783.80	(2,556,317 00)	-	-	-	-	-	436,641 80	-	2,556,317.00
	3,211.25									94,090.54
	63,201.43	(66,446.73)				\$ (3,245.30)				66,446.73
-	66,412.68	(66,446.73)	-	-	-	(3,245.30)	-	-	-	160,537.27
	241,528.00	(241,528 00)								241,528.00
	89,602.00	(89,602 00)								89,602.00
	673.00	(673 00)								673.00
-	331,803.00	(331,803 00)	-	-	-	-	-	-	-	331,803.00
-	3,069,999.48	(2,954,566.73)	-	-	-	(3,245.30)	-	436,641 80	-	3,048,657.27
	367.01									4,602.70
	4 021.93	(4 140 29)				(118.36)				4 140.29
-	4,388.94	(4,140 29)	-	-	-	(118.36)	-	-	-	8,742.99
-	\$ 3,074,388.42	(2,958,707 02)	-	-	-	\$ (3,363.66)	-	\$ 436,641 80	-	\$ 3,057,400.26
		(241,528 00)								
		(89,602 00)								
		(673 00)								
		\$ (2,626,904 02)								

MILLVILLE PUBLIC CHARTER SCHOOL

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Millville Public Charter School (hereafter referred to as the “Charter School”). The Charter School is defined in note 1 to the Charter School’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position and changes in operations of the Charter School.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$120.00 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

Awards and financial assistance revenues reported in the Charter School's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,954,566.73	\$ 2,954,566.73
Special Revenue	\$ 293,592.00		293,592.00
Food Service	391,109.78	4,140.29	395,250.07
	<u>684,701.78</u>	<u>2,958,707.02</u>	<u>3,643,408.80</u>
GAAP Basis Revenues			
GAAP Adjustments:			
Encumbrances	120.00		120.00
Total Awards and Financial Assistance Expended	<u>\$ 684,821.78</u>	<u>\$ 2,958,707.02</u>	<u>\$ 3,643,528.80</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: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2020, the Charter School was the recipient of federal and state assistance that represented either a reimbursement to the Charter School or payments made on-behalf of the Charter School. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the Charter School's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 6: MAJOR PROGRAMS

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

MILLVILLE PUBLIC CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported
Noncompliance material to financial statements noted? ___ yes X no

Federal Awards Not Applicable.

Internal control over major programs:
Material weakness(es) identified? ___ yes ___ no
Significant deficiency(ies) identified? ___ yes ___ none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? ___ yes ___ no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Includes multiple blank rows for data entry.

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? ___ yes ___ no

MILLVILLE PUBLIC CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 2- Schedule of Financial Statement Findings

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

None.

MILLVILLE PUBLIC CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

Not applicable.

MILLVILLE PUBLIC CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

