

***THE BENJAMIN BANNEKER PREPARATORY
CHARTER SCHOOL***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2020

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

***The Benjamin Banneker Preparatory Charter School
Board of Trustees
Willingboro, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2020***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Prepared by
The Benjamin Banneker Preparatory Charter School
Finance Department**

**And
Barre & Company LLC, CPAs**

STATE BOARD OF EDUCATION

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Kevin Dehmer, Commissioner
Secretary, State Board of Education

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INTRODUCTORY SECTION

***THE BENJAMIN BANNEKER PREPARATORY CHARTER
SCHOOL
1000 SALEM ROAD, SUITE D
WILLINGBORO, NEW JERSEY 08046***

February 12, 2021

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
Willingboro, New Jersey 08046

Dear Board Members:

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

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

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

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

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

The Benjamin Banneker Preparatory Charter School, in its sixth year of operation, provided a full range of services appropriate to Grades 6th through 8th. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2019-2020 school year with an enrollment of 358 students. The following details the student enrollment of the Charter School for the five most recent years:

Average Daily Enrollment (ADE)

| <u>Fiscal Year</u> | <u>Actual Student Enrollment</u> | <u>Percent Change - ADE</u> |
|--------------------|----------------------------------|-----------------------------|
| 2019-2020 | 358 | 0.00% |
| 2018-2019 | 358 | 100.56% |
| 2017-2018 | 197 | 17.04% |
| 2016-2017 | 181 | 1.00% |
| 2015-2016 | 155 | 0.80% |

2. MISSION AND GOALS: The mission of The Benjamin Banneker Preparatory Charter School is to develop the next generation of outstanding leaders who will be equipped with the academic excellence, self-management skills and character necessary for them to positively influence their world. The vision of the Benjamin Banneker Preparatory Charter School is an educational environment, which supports student engagement and empowers all students to identify and utilize their own leadership abilities and gifts. The school has just completed its first year of operation. Every student in sixth and seventh grades is given the state mandated NJ ASK test. Our school did make AYP – the state criteria for achievement.

3. FACILITY CONDITION AND OUTLOOK: We are located at 300 Willingboro Way, Willingboro, New Jersey. Our school shares a building with Strayer University, who is a tenant in a separate part of the building. The school is also located next to the Willingboro Public Library. Our administrative team is at a facility offsite, located at 1000 Salem Road, Suite D, Willingboro, New Jersey. On June 29, 2017, the Charter School closed on the purchase of a new building to be used as our new school location, beginning in September, 2017. The new building is located at 315 Bridge Street, Westhampton, New Jersey.

4. MAJOR INITIATIVES: The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

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

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

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

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

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

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

7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to Basic Financial Statement" Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires

governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

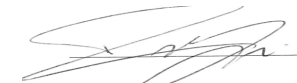
9. OTHER INFORMATION:

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

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

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

Respectfully submitted,



Richard L. Wilson, Jr., MA
Lead Administrator/CEO



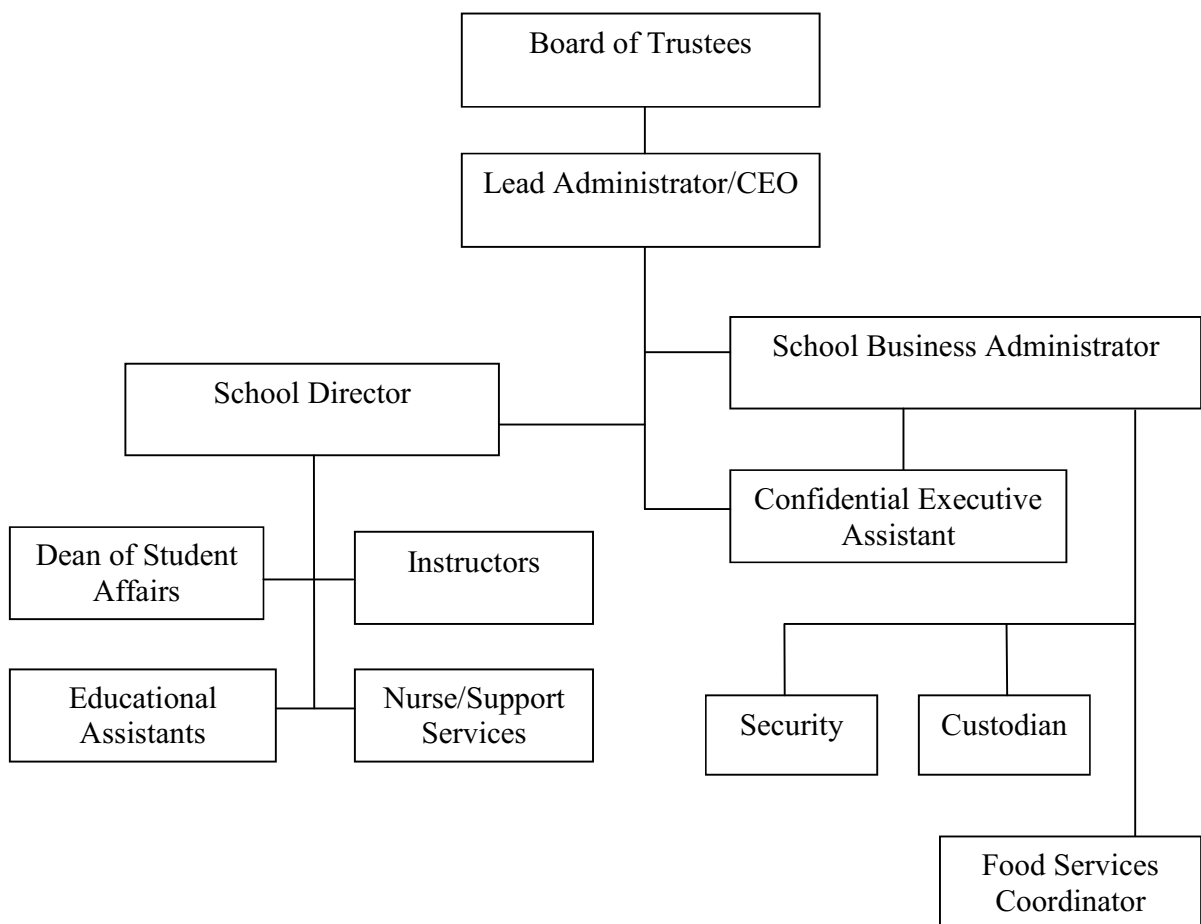
Glenn A. Richardson
Business Administrator

POLICY

BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL BOARD OF TRUSTEES

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 24 September 2013
Revised: 21 November 2013



**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2020**

MEMBERS OF THE BOARD OF TRUSTEES

POSITION

Dejon Barbown

President

Shanigue Taliferro

Trustee

Kim Murray

Trustee

Andaiye Al-Uqotah

Trustee

OTHER OFFICIALS

Richard L. Wilson, Jr.

Lead Administrator

Glenn A. Richardson

Business Administrator/Bd. Sec'y

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

Weiner Law Group LLP
629 Parsippany Road
P.O. Box 438
Parsippany, NJ 07054

Official Depository

TD Bank
13 Levitt Parkway
Willingboro, NJ 08046

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
Willingboro, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-4, and M-1, and the related notes and budgetary comparison information in Exhibits C-1 through C-3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


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

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 12, 2021 on our consideration of The Benjamin Banneker Preparatory Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Benjamin Banneker Preparatory Charter School's internal control over financial reporting or on compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 12, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

The discussion and analysis of The Benjamin Banneker Preparatory Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2019-2020) and the prior year (2017-2018) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ❖ General revenues accounted for \$5,951,584 in revenue or 98% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$128,625 or 2% of total revenues of \$6,080,209.
- ❖ The Charter School had \$5,704,767 in expenses; only \$128,625 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,951,584 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$5,929,981 in revenues and \$5,747,403 in expenditures. The General Fund's fund balance increased \$182,578 in its fifth year of operation. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

Governmental Funds (Continued)

accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Position was \$638,276 for 2020 and \$262,834 for 2019

Governmental Activities

The Charter School's total revenues were \$6,080,209 for the year ended June 30, 2020 and \$6,018,904 for 2019. This includes \$523,702 for 2020 and \$434,750 for 2019 of state reimbursed TPAF social security contributions, and TPAF On-Behalf pension, post-retirement medical and Long-Term Disability Insurance contributions.

The total cost of all program and services was \$5,704,767 for 2020 and \$5,173,662 for 2019. Instruction comprises 63% for 2020 and 59% for 2019 of Charter School expenses.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

Governmental Activities (Continued)

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

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

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

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

Business-Type Activity

Revenues for the Charter School's business-type activity (food service program) are comprised of charges for services and federal and state reimbursements. The balances below are merely carryover amounts from the prior year as the Board of Education of the Borough of Willingboro has taken over the Food Service for the charter school.

FOOD SERVICE

- ❖ Expenses exceeded revenues by \$0 for 2020 and by \$767 for 2019.
- ❖ Charges for services represent \$0 for 2020 and \$0 for 2019.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$- for 2020 and \$- for 2019.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,080,209 for 2020 and \$6,018,904 for 2019, and expenditures were \$5,897,631 for 2020 and \$5,271,744 for 2019. The net change in fund balance for the year was most significant in the general fund, with a increase of \$182,578 in 2020 and a decrease of \$1,008,124 in 2019.

As demonstrated by the various statements and schedules included on the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020, and the amounts and percentages of increases and decreases in relation to prior year amounts.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

The Charter School's Funds (Continued)

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2020, and the amounts and percentages of increases in relation to prior year amounts.

| Expenditures | Amount | Percent of Total | Increase/ (Decrease) From 2019 | Percent of Increase/ (Decrease) |
|------------------|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Instruction | \$ 2,467,525 | 38.43% | \$ 333,981 | 15.65% |
| Administration | 2,621,708 | 40.83% | 860,641 | 48.87% |
| Support Services | 1,088,898 | 16.96% | 217,523 | 24.96% |
| Capital Outlay | 243,202 | 3.78% | (1,592) | -0.65% |
| Total | \$ 6,421,333 | 100.00% | \$ 1,410,553 | |

Changes in expenditures were the results of varying factors.

General Fund Budgeting Highlights

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

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY**

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

Capital Assets (Net of Depreciation)

The Charter School had \$2,565,588 invested in capital assets at the end of the fiscal year 2020 and \$2,616,855 invested in capital assets at the end of fiscal year 2019.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Richard L. Wilson, Chief Education Officer at The Benjamin Banneker Preparatory Charter School, 1000 Salem Road, Suite D, Willingboro, New Jersey 08046. Please visit our website at <http://bbprep.com>.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Statement of Net Position
June 30, 2020
(Initial Year)

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents: | | | |
| Cash and Cash Equivalents | \$ 1,720,977 | \$ 1,287 | \$ 1,722,264 |
| Investments | 35,397 | | 35,397 |
| Receivables | 138,090 | 3,743 | 141,833 |
| Security Deposit | 12,818 | | 12,818 |
| Capital Assets, Net | 2,565,588 | | 2,565,588 |
| Total Assets | 4,472,870 | 5,030 | 4,477,900 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pensions | 419,648 | | 419,648 |
| Total Deferred Outflows of Resources | 419,648 | | 419,648 |
| LIABILITIES: | | | |
| Internal Balances | 2,725 | (2,725) | - |
| Payable to District | 80,486 | | 80,486 |
| Accounts Payable | | | - |
| Loans Payable | 589,025 | | 589,025 |
| Accrued Expenses (Interest) | 162,439 | | 162,439 |
| Unearned Revenue | (61,938) | | (61,938) |
| Noncurrent Liabilities: | | | |
| Due Within One Year | | | - |
| Due Beyond One Year | 2,383,269 | | 2,383,269 |
| Net Pension Liability | 659,111 | | 659,111 |
| Total Liabilities | 3,815,117 | (2,725) | 3,812,392 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pensions | 446,880 | | 446,880 |
| Total Deferred Inflows of Resources | 446,880 | | 446,880 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 182,319 | | 182,319 |
| Unassigned | 448,202 | 7,755 | 455,957 |
| Total Net Position | \$ 630,521 | \$ 7,755 | \$ 638,276 |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2020

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position | | Total |
|--------------------------------------|------------------|------------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| Instruction | \$ 2,925,043 | \$ 646,036 | \$ - | \$ 128,625 | \$ - | \$ (3,442,454) | \$ - | \$ (3,442,454) |
| Administration | 947,276 | 326,350 | | | | (1,273,626) | | (1,273,626) |
| Support Services | 565,196 | | | | | (565,196) | | (565,196) |
| Capital Outlay | 81,160 | | | | | (81,160) | | (81,160) |
| Interest on Long-Term Debt | 162,439 | | | | | (162,439) | | (162,439) |
| Unallocated Depreciation | 51,267 | | | | | (51,267) | | (51,267) |
| Total Governmental Activities | 4,732,381 | \$ 972,386 | - | 128,625 | - | (5,576,142) | - | (5,576,142) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| Food Service and School Store | - | | | | | | | |
| Total Business-Type Activities | - | | | | | | | |
| Total Primary Government | \$ 4,732,381 | | \$ - | \$ 128,625 | \$ - | (5,576,142) | - | (5,576,142) |
| GENERAL REVENUES | | | | | | | | |
| General Purposes | | | | | | 2,394,934 | - | 2,394,934 |
| Federal and State Aid Not Restricted | | | | | | 3,532,669 | | 3,532,669 |
| Miscellaneous Income | | | | | | 23,981 | | 23,981 |
| Transfers | | | | | | | | |
| Total General Revenues | | | | | | 5,951,584 | - | 5,951,584 |
| Change in Net Position | | | | | | 375,442 | - | 375,442 |
| Net Position - Beginning of Year | | | | | | 255,079 | 7,755 | 262,834 |
| Net Position - Ending | | | | | | \$ 630,521 | \$ 7,755 | \$ 638,276 |

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Governmental Funds
Balance Sheet
June 30, 2020

| | General Fund | Special Revenue Fund | Total |
|--|----------------------------|----------------------------|----------------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,720,974 | \$ - | \$ 1,720,974 |
| Escrow Account | 35,400 | | 35,400 |
| Interfund Receivables | 70,179 | | 70,179 |
| Receivables from Other Governments | 67,911 | 70,179 | 138,090 |
| Security Deposit | 12,818 | | 12,818 |
| Total Assets | <u>\$ 1,907,282</u> | <u>\$ 70,179</u> | <u>\$ 1,977,461</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Interfund Payables | \$ 2,725 | \$ 70,179 | \$ 72,904 |
| Payables to District | 80,486 | | 80,486 |
| Accounts Payable | | | |
| Other Liabilities | 589,025 | | 589,025 |
| Total Liabilities | <u>672,236</u> | <u>70,179</u> | <u>742,415</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| Unassigned - General Fund | 1,235,046 | | 1,235,046 |
| Restricted - Escrow Fund | 35,400 | | 35,400 |
| Total Fund Balances | <u>1,270,446</u> | <u>-</u> | <u>1,270,446</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,942,682</u> | <u>\$ 70,179</u> | |

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

| | |
|---|--------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$2,719,388 and the accumulated depreciation is \$153,800. | 2,565,588 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (2,681,212) |
| Net pension liability of \$659,111, deferred inflows of resources of \$446,880 less deferred outflows of resources of \$419,648 related to pensions are not reported in the governmental funds | (686,343) |
| Repayment of capital lease principal is an expenditure in the governmental fund but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | 162,042 |
| Net Position of Governmental Activities | <u>\$ 630,521</u> |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2020

| | General Fund | Special Revenue Fund | Total |
|-----------------------------|-----------------|----------------------------|--------------|
| REVENUES: | | | |
| Local Sources: | | | |
| Local Tax Levy | \$ 2,394,934 | \$ - | \$ 2,394,934 |
| Interest on Investments | | | - |
| Miscellaneous | 23,981 | | 23,981 |
| Total Local Sources | 2,418,915 | - | 2,418,915 |
| State Sources | 3,511,066 | | 3,511,066 |
| Federal Sources | | 150,228 | 150,228 |
| Total Revenues | 5,929,981 | 150,228 | 6,080,209 |
| EXPENDITURES: | | | |
| Instruction | 2,401,341 | 66,184 | 2,467,525 |
| Administration | 2,098,006 | | 2,098,006 |
| Support Services | 1,004,854 | 84,044 | 1,088,898 |
| Capital Outlay | 243,202 | | 243,202 |
| Total Expenditures | 5,747,403 | 150,228 | 5,897,631 |
| NET CHANGE IN FUND BALANCES | 182,578 | - | 182,578 |
| FUND BALANCES, JULY 1 | 1,052,468 | - | 1,052,468 |
| FUND BALANCES, JUNE 30 | \$ 1,235,046 | \$ - | \$ 1,235,046 |

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

THE BENJAMIN BANNEKER PREPARATORY 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 (B-2) | | \$ 182,578 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p> | | |
| Capital Asset Addition | 162,042 | |
| Depreciation Expense | (51,267) | 110,775 |
| <p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is normally a deduction in the reconciliation.</p> | | |
| | | (162,439) |
| <p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized</p> | | |
| | | (108,014) |
| <p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p> | | |
| | | 352,542 |
| | | \$ 375,442 |
| Change in net position of governmental activities | | \$ 375,442 |

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

PROPRIETARY FUNDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2020

| | | Business-Type Activities Enterprise Funds Food Service |
|---|-----------|---|
| | | |
| ASSETS: | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ | 1,287 |
| Due From Other Funds | | 2,725 |
| Other Receivables | | 3,743 |
| | | 7,755 |
| Total Assets | \$ | 7,755 |
| | | |
| LIABILITIES AND NET ASSETS: | | |
| Net Position: | | |
| Unrestricted | | 7,755 |
| | | 7,755 |
| Total Net Position | | 7,755 |
| | | |
| Total Liabilities and Net Position | \$ | 7,755 |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2020

| | Business-Type Activities Enterprise Fund |
|--------------------------------------|---|
| | Food Service |
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales Non-reimbursable Program | |
| Total Operating Revenues | - |
| OPERATING EXPENSES: | |
| Supplies and Materials | |
| Total Operating Expenses | - |
| OPERATING INCOME (LOSS) | - |
| CHANGE IN NET POSITION | - |
| TOTAL NET POSITION, JULY 1 | 7,755 |
| TOTAL NET POSITION, JUNE 30 | \$ 7,755 |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2020

| | Business-Type Activities Enterprise Fund Food Service |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash Received from Customers | \$ - |
| Cash Payments to Suppliers and Employees | - |
| Net Cash Provided By (Used In) Operating Activities | - |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Cash Received From State And Federal Reimbursements Transfers In | - |
| Net Cash Provided By Noncapital Financing Activities | - |
| Net Increase (Decrease) In Cash And Cash Equivalents | - |
| Cash And Cash Equivalents, Beginning Of Year | 1,287 |
| Cash And Cash Equivalents, End Of Year | \$ 1,287 |
| Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities: | |
| Operating Income (Loss) Used in Operating Activities | \$ - |
| Increase In Due From Other Funds | - |
| Increase in Receivables From Other Governments | - |
| Decrease In Accounts Payable | - |
| Net Cash Provided By (Used In) Operating Activities | \$ - |

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

FIDUCIARY FUNDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

| | <u>Agency Fund</u> |
|-------------------------------|------------------------|
| ASSETS: | |
| Cash and Cash Equivalents | \$ 5,461 |
| Total Assets | <u>\$ 5,461</u> |
| LIABILITIES: | |
| Accrued Salaries and Benefits | \$ 29 |
| Other Current Liabilities | <u>5,432</u> |
| Total Liabilities | <u>\$ 5,461</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of The Benjamin Banneker Preparatory Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The Benjamin Banneker Preparatory Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

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

B. Basis of Presentation, Basis of Accounting

The Charter School's basic financial statements consist of Charter School-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The statement of net position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds.

Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable 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 which are 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. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Not Applicable.

Debt Service Fund: Not Applicable.

The Charter School reports the following proprietary funds:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others which includes Net Payroll Fund, Payroll Agency Fund and an HRA Choice Account for certain medical expenses. The Charter School does not maintain an Unemployment Compensation Trust Fund since it is enrolled in the State reimbursement plan relative to unemployment claims.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Charter Schools also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to November 30, 1989.

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

There being no special revenue funds during the first year of operation for the Charter School, there is no presentation of a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting.

D. Encumbrances Accounting

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School - 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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------|-----------------------------------|
| Office & Computer Equipment | 10-15 |
| Instructional Equipment | 10 |
| Grounds Equipment | 15 |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are 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. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

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

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

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

F. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value. Due to the age of the Charter School, this will have application in the upcoming school year, i.e., 2016-2017.

G. IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES

During fiscal year 2019, the District adopted the following GASB statements as required:

Other accounting standards that the Charter School is currently reviewing for applicability and potential impact on the financial statements include:

There are no recently issued and adopted accounting pronouncements for fiscal year ended June 30, 2019

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPACT OF RECENTLY ISSUED ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as Investment GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

As a result of GASB 40, effective June 15, 2004, custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The previous GASB Statement No. 3 disclosures generally referred to as Category 1 and Category 2 deposits and investments are eliminated. However, GASB No.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

40 does not change the required disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements, and it maintains, with modification, the level-of-detail disclosure requirements of GASB Statement No. 3.

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2020, cash and cash equivalents of the Charter School consisted of the following:

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Proprietary Fund</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|----------------------|-------------------------|----------------------------|-----------------------------|----------------------------|--------------|
| Operating Account | \$ 1,756,374 | \$ - | \$ 1,287 | \$ 5,461 | \$ 1,763,122 |

The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$1,763,122 and the bank balance was \$932,915. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. Although GASB Statement No. 40 eliminated Categories 1 and 2 as previously established by GASB Statement No. 3, it maintained, with modification, the level-of-disclosure requirements of GASB Statement No. 3.

As of June 30, 2020, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2020, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: RECEIVABLES

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

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

| | Governmental Funds | | | Proprietary Fund | | Fiduciary Funds | Total |
|------------------------------------|--------------------|----------------------|-------------------------------|-------------------|--------------------------------|-----------------|------------|
| | General Fund | Special Revenue Fund | Total Governmental Activities | Food Service Fund | Total Business Type Activities | | |
| State Aid | \$ 69,911 | \$ - | \$ 69,911 | \$ - | \$ - | | \$ 69,911 |
| Federal Aid | - | 70,179 | 70,179 | - | - | | 70,179 |
| Other | (2,000) | - | (2,000) | 6,468 | 6,468 | | 4,468 |
| Gross Receivables | 67,911 | 70,179 | 138,090 | 6,468 | 6,468 | | 144,558 |
| Less: Allowance for Uncollectibles | - | - | - | - | - | | - |
| Total Receivables, Net | \$ 67,911 | \$ 70,179 | \$ 138,090 | \$ 6,468 | \$ 6,468 | | \$ 144,558 |

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2020:

| Fund | Interfund Receivable | Interfund Payable |
|----------------------|----------------------|-------------------|
| General Fund | \$ 70,179 | \$ 2,725 |
| Special Revenue Fund | | 70,179 |
| Proprietary Fund | 2,725 | |
| Fiduciary Fund | | |
| Total | \$ 72,904 | \$ 72,904 |

NOTE 5: CAPITAL ASSETS

On June 29, 2017, the Charter School closed on the purchase of a building located at 315 Bridge Street, Westhampton, NJ. The future plan is for the Charter School to move into this building as its principal school location for the 2017-2018 school year, and thus be able to add more grades each year due to the increased space of this particular facility. On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2)

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: CAPITAL ASSETS (CONTINUED)

the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| <i>Capital Assets Not Being Depreciated:</i> | | | | |
| Land and Land Improvements | \$ 720,000 | \$ - | \$ - | \$ 720,000 |
| Total Capital Assets Not Being Depreciated | <u>720,000</u> | <u>-</u> | <u>-</u> | <u>720,000</u> |
| <i>Capital Assets Being Depreciated:</i> | | | | |
| Building and Building Improvements | \$ 1,999,388 | - | - | \$ 1,999,388 |
| Totals at Historical Cost | <u>1,999,388</u> | <u>-</u> | <u>-</u> | <u>1,999,388</u> |
| Less Accumulated Depreciation For: | | | | |
| Building and Building Improvements | 102,533 | \$ 51,267 | - | \$ 153,800 |
| Total Accumulated Depreciation | <u>102,533</u> | <u>51,267</u> | <u>-</u> | <u>153,800</u> |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | 1,896,855 | (51,267) | - | 1,845,588 |
| Government Activity Capital Assets, Net | <u>\$ 2,616,855</u> | <u>\$ (51,267)</u> | <u>\$ -</u> | <u>\$ 2,565,588</u> |

NOTE 6: RENTAL LEASES

The Charter School entered into a lease agreement, dated May 12, 2014, as a sub-tenant with Strayer University, for premises located at 300 Willingboro Parkway, Suite 125, Willingboro, New Jersey, to be used for additional classroom space. The term of this lease runs until August 31, 2021, with a schedule of rents which is set forth in the lease agreement.

In addition, the school entered into a separate lease agreement for space at 1000 Salem Road, Suite D, Willingboro, New Jersey, to be used for Administrative Offices. The term of this lease was for a period of three (3) years, commencing August 15, 2013, and with a monthly rental of \$2,500. This Lease was extended for an additional three (3) years by way of Agreement dated July 1, 2016, for a monthly rental of \$2,600. Lastly, an additional lease with D&D College Properties was entered into on May 28, 2014, for additional classroom space, at the same location that is shared with Strayer University. The term of this lease is for seven (7) years.

Total rental payments amounted to \$224,843 for the year ended June 30, 2020. Future minimum lease payments are as follows:

| Fiscal Year | Amount |
|------------------------------|-------------------------|
| 2021 | <u>285,898</u> |
| Total minimum lease payments | <u><u>\$285,898</u></u> |

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Basis of Presentation

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

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019 measurement date, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Charter School contributions to PERS amounted to \$ 35,175 for fiscal year ended June 30, 2020.

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

At June 30, 2020, the Charter School reported a liability of \$ 643,582 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Charter School's proportion was 0.0035717905% which was a decrease of 0.00067014% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the Charter School recognized pension expense of \$ 28,862 . At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows related to pensions from the following sources:

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Changes in Assumptions | \$ 64,264 | \$ 226,228 |
| Changes in Proportion | 338,176 | 236,837 |
| Difference between Expected and Actual Experience | 11,551 | - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | - | - |
| | <u>\$ 413,991</u> | <u>\$ 463,065</u> |

Changes in Proportion

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------|
| 2021 | \$ (5,682.08) |
| 2022 | (18,433) |
| 2023 | (16,437) |
| 2024 | (7,728) |
| 2025 | (793) |
| | <u>\$ (49,074)</u> |

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table::

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.58% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through June 30, 2057. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percent-point higher than the current rate:

| Measurement Date June 30, 2019 | | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
| Charter School proportionate share of the Net Pension Liability | \$ 818,605 | \$ 648,060 | \$ 504,351 |

| Measurement Date June 30, 2018 | | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
| Charter School's proportionate share of the Net Pension Liability | \$ 718,369 | \$ 571,320 | \$ 447,955 |

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

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

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2019 measurement date. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Allocation Methodology (Continued)

presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2017, the State's pension contribution was less than the actuarially determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2020, the State of New Jersey contributed \$ 18,542 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of 206,120 .

The employee contribution rate was 6.92% effective June 30, 2019. Subsequent increases/decreases after October 11, 2011 are being phased on over 7 years effective July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2019..

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the Charter School was \$ 6,291,404 . 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 June 30, 2018, which was rolled forward to June 30, 2019.

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

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

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Charter School's proportion was 0.0102514376% which was an increase of 0.00135705% from its proportion measured as of June 30, 2018.

| | |
|---|----------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the District | <u>6,291,404</u> |
| Total | <u><u>\$ 6,291,404</u></u> |

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the Charter School in the amount of \$ 206,120 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

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

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------|
| 2021 | \$ (272,405,510) |
| 2022 | (704,260,700) |
| 2023 | (630,562,767) |
| 2024 | (1,216,378,743) |
| 2025 | (2,381,316,232) |
| Thereafter | (2,402,153,865) |
| | \$ (7,607,077,817) |

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 01, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
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Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2019 is 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% | 10.82% |

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate – TPAF

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 3.87 of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contributions rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contribution and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

| Measurement Date June 30, 2019 | | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (4.60%) | Current Discount Rate (5.60%) | 1% Increase (6.60%) |
| Charter School's proportionate share of the Net Pension Liability | \$ 7,436,870 | \$ 6,306,593 | \$ 5,368,821 |
| Measurement Date June 30, 2018 | | | |
| | 1% Decrease (3.86%) | Current Discount Rate (4.86%) | 1% Increase (5.86%) |
| Charter School's proportionate share of the Net Pension Liability | \$ 6,707,963 | \$ 5,675,186 | \$ 4,819,040 |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended 2020 June 30, 2020. There were no employee contributions to DCRP for the fiscal year ended June 30, 2020.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Employees covered by benefit terms.

At June 30, 2018, the following employees were covered by the benefit terms:

| | |
|--|---------|
| Active plan member | 216,892 |
| Inactive plan members entitled to but not yet receiving benefits | 148,051 |
| | - |
| Total | 364,943 |

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

| | | | | |
|----------------------------------|-------|---|---|--|
| Inflation Rate | 2.50% | | | |
| | | TPAF/ABP | PERS | PFRS |
| Salary Increases Through 2026 | | 1.55% to 3.05% based on service years | 2.00% to 6.00% based on service years | 3.25% to 15.25% based on service years |
| Rate thereafter | | 1.55% to 3.05% based on service years | 3.00% to 7.00% based on service years | Applied to all future years |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively

Health Care Trend Assumptions

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

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal 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 State's Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| Balance at June 30, 2019 | \$ 948,308 |
| Service cost | 181,679 |
| Interest on Total OPEB Liability | 43,045 |
| Difference between expected and actual experience | 45,882 |
| Effect of Changes of Assumptions | 17,908 |
| Contributions - Employee | 1,093 |
| Gross Benefits Paid by the State | <u>(36,869)</u> |
| Net Changes | <u>252,738</u> |
| Balance at June 30, 2020 | <u>1,201,046</u> |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan (continued)

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

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

| | Measurement Date Ended June 30, 2019 | | |
|----------------------|--------------------------------------|-----------------------|------------------|
| | At 1% | At current | At 1% |
| | Decrease (2.50%) | Discount rate (3.50%) | Increase (4.50%) |
| Total OPEB Liability | \$ 1,418,907 | \$ 1,201,046 | \$ 1,027,987 |

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

The following presents the total nonemployer OPEB liability as of June 30, 2019 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

| | Measurement Date Ended June 30, 2019 | | |
|----------------------|--------------------------------------|--------------|--------------|
| | At 1% | Trend Rate | At 1% |
| | decrease | | Increase |
| Total OPEB Liability | \$ 989,608 | \$ 1,201,046 | \$ 1,480,946 |

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

For the fiscal year ended June 30, 2020 the Charter School recognized OPEB expense of \$1,269,970 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At the measurement date June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows Of Resources | Deferred Inflows Of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between Actual and Expected Experience | \$ - | \$ (301,778) |
| Net Difference between Expected and Actual Earnings on OPEB Plan Investments | - | - |
| Assumption Changes | | (244,115) |
| Sub Total | - | (545,893) |
| Contributions Made in Fiscal Year 2018 after June 30, 2017 Measurement Date | N/A | N/A |
| Total | - | (545,893) |

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

| Fiscal Year ending June 30 | |
|----------------------------|--------------|
| 2021 | \$ (73,294) |
| 2022 | \$ (73,294) |
| 2023 | \$ (73,294) |
| 2024 | \$ (73,294) |
| 2025 | \$ (73,294) |
| Total Thereafter | \$ (179,423) |
| | \$ (545,893) |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9: 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.

NOTE 10: FUND BALANCE

General Fund

Of the \$1,235,046 fund balance total in General Fund at June 30, 2020, \$1,235,046 is unreserved and undesignated.

NOTE 11: SUBSEQUENT EVENTS

The Benjamin Banneker Preparatory Charter School's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

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 Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|--------------------|---------------------|------------------|------------------|---|
| REVENUES: | | | | | |
| Local Levy Budget: | | | | | |
| District Equalization - Charter School Aid | \$ 5,878,436 | \$ - | \$ 5,878,436 | \$ 2,394,934 | \$ (3,483,502) |
| Total Local Levy | 5,878,436 | - | 5,878,436 | 2,394,934 | (3,483,502) |
| Categorical Aid: | | | | | |
| Equalization - Local Levy Aid | 2,766,918 | | 2,766,918 | 2,766,918 | - |
| Special Education Aid | 128,625 | | 128,625 | 128,625 | - |
| Categorical Security Aid | 91,821 | | 91,821 | 91,821 | - |
| Total Categorical Aid | 2,987,364 | - | 2,987,364 | 2,987,364 | - |
| Revenues From Other Sources: | | | | | |
| Miscellaneous Revenue | | | | 23,981 | 23,981 |
| On-Behalf TPAF Pension Aid (Non - Budgeted) | | | | 263,724 | 263,724 |
| On-Behalf TPAF Post Retirement Medical Aid (Non-Budgeted) | | | | 97,837 | 97,837 |
| On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted) | | | | 678 | 678 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 161,463 | 161,463 |
| Total Revenues From Other Sources | - | - | - | 547,683 | 547,683 |
| Total Revenues | 8,865,800 | - | 8,865,800 | 5,929,981 | (2,935,819) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 1,697,419 | 79,490 | 1,776,909 | 1,774,166 | 2,743 |
| Other Salaries for Instruction | 229,767 | 61,166 | 290,933 | 290,933 | - |
| General Supplies | 250,000 | (8,172) | 241,828 | 241,828 | - |
| Textbooks | 75,000 | (65,765) | 9,235 | 9,235 | - |
| Miscellaneous | 150,000 | (110,000) | 40,000 | 32,849 | 7,151 |
| Total Instruction | 2,552,186 | (138,241) | 2,413,945 | 2,401,341 | 12,604 |
| Administration: | | | | | |
| Salaries - General Administration | 674,003 | 40,205 | 714,208 | 714,208 | - |
| Salaries of Secretarial/Clerical Assistants | 385,255 | 14,543 | 399,798 | 328,993 | 70,805 |
| Total Benefits Cost | 466,700 | 155,000 | 621,700 | 547,676 | 74,024 |
| Purchases Prof/Tech Services | 302,300 | 6,122 | 308,422 | 228,373 | 80,049 |
| Other Purchased Services | 224,400 | 14,871 | 239,271 | 224,903 | 14,368 |
| Communications/Telephone | 75,000 | | 75,000 | 36,763 | 38,237 |
| Supplies and Materials | 100,000 | (75,001) | 24,999 | 11,945 | 13,054 |
| Miscellaneous Expenses | 27,626 | | 27,626 | 5,145 | 22,481 |
| Total Administration | 2,255,284 | 155,740 | 2,411,024 | 2,098,006 | 313,018 |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|---------------------|---|
| (Continued from Prior Page) | | | | | |
| Support Services: | | | | | |
| Rental of Land and Buildings | 203,724 | 21,119 | 224,843 | 224,843 | - |
| Other Purchased Services | 10,000 | | 10,000 | | 10,000 |
| Insurance for Property, Liability and Fidelity | 125,600 | 4,649 | 130,249 | 121,249 | 9,000 |
| Supplies and Materials | 25,000 | 2,500 | 27,500 | 21,079 | 6,421 |
| Energy Costs (Heat and Electricity) | 125,000 | (29,649) | 95,351 | 81,574 | 13,777 |
| Miscellaneous Expenses | 100,000 | (16,119) | 83,881 | 32,407 | 51,474 |
| Total Support Services | 589,324 | (17,500) | 571,824 | 481,152 | 90,672 |
| Capital Outlay: | | | | | |
| Instructional Equipment | 125,000 | (3,481) | 121,519 | | 121,519 |
| Non-Instructional Equipment | | | | | |
| Miscellaneous Expenses | 244,521 | 3,481 | 248,002 | 243,202 | 4,800 |
| Total Capital Outlay | 369,521 | - | 369,521 | 243,202 | 126,319 |
| On-Behalf TPAF Pension Contributions (Non Budgeted) | | | | 263,724 | (263,724) |
| On-Behalf TPAF Post Retirement Medical Contributions (Non-Budgeted) | | | | 97,837 | (97,837) |
| On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted) | | | | 678 | (678) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | - | 161,463 | (161,463) |
| Total Expenditures | 5,766,315 | (1) | 5,766,314 | 5,747,403 | 380,472 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,099,485 | 1 | 3,099,486 | 182,578 | (2,916,908) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 3,099,485 | 1 | 3,099,486 | 182,578 | (2,916,908) |
| FUND BALANCE, JULY 1 | 1,052,468 | - | 1,052,468 | 1,052,468 | - |
| FUND BALANCE, JUNE 30 | \$ 4,151,953 | \$ 1 | \$ 4,151,954 | \$ 1,235,046 | \$ (2,916,908) |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance | \$ 4,151,953 | \$ 1 | \$ 4,151,954 | \$ 1,235,046 | \$ (2,916,908) |
| Total | \$ 4,151,953 | \$ 1 | \$ 4,151,954 | \$ 1,235,046 | \$ (2,916,908) |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020
(Initial Year)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| REVENUE SOURCES: | | | | | |
| Federal | \$ 150,228 | \$ - | \$ 150,228 | \$ 150,228 | \$ - |
| Total Revenues | <u>150,228</u> | <u>-</u> | <u>150,228</u> | <u>150,228</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | 9,400 | | 9,400 | 9,400 | - |
| Purchased Prof/Tech Services | 14,500 | | 14,500 | 14,500 | - |
| Other Purchased Services | 28,188 | | 28,188 | 28,188 | - |
| General Supplies | 14,096 | | 14,096 | 14,096 | - |
| Total Instruction | <u>66,184</u> | <u>-</u> | <u>66,184</u> | <u>66,184</u> | <u>-</u> |
| Support Services: | | | | | |
| Purchased Technical Services | 80,049 | | 80,049 | 80,049 | - |
| Total Support Services | <u>84,044</u> | <u>-</u> | <u>84,044</u> | <u>84,044</u> | <u>-</u> |
| Total Expenditures | <u>150,228</u> | <u>-</u> | <u>150,228</u> | <u>150,228</u> | <u>-</u> |
| Total Outflows | <u>150,228</u> | <u>-</u> | <u>150,228</u> | <u>150,228</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2020

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

| | General Fund | Special Revenue Fund |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Sources/Inflows of Resources | | |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules | [C-1] \$ 5,929,981 | [C-2] \$ 150,228 |
| Difference - Budget to GAAP | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized | <u> </u> | <u> </u> |
| | | - |
| Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds. | [B-2] <u>\$ 5,929,981</u> | [B-2] <u>\$ 150,228</u> |
| Uses/Outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] \$ 5,747,403 | [C-2] \$ 150,228 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes. | | - |
| Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes. | | |
| Net Transfers (Outflows) to/from general fund. | <u> </u> | <u> </u> |
| | - | |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] <u>\$ 5,747,403</u> | [B-2] <u>\$ 150,228</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | |
|--|-----------------------------|-------------|---------------|---------------|
| | 2017 | 2018 | 2019 | 2020 |
| Charter School's proportion of the net pension liability | 0.00351784% | 0.00233227% | 0.0029016457% | 0.0035717905% |
| Charter School's proportionate share of the net pension liability | \$ 1,041,884 | \$ 542,915 | \$ 571,320 | \$ 643,582 |
| Charter School's covered payroll (plan measurement date) | \$ 187,735 | \$ 249,022 | \$ 249,022 | \$ 458,392 |
| Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll | 555% | 218% | 229% | 140% |
| Plan fiduciary net position as a percentage of the total pension liability | 45.35% | 51.55% | 51.55% | 53.60% |

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 UNAUDITED**

| | Fiscal Year Ending June 30, | | | |
|--|-----------------------------|-------------|-------------|-------------|
| | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | \$ 31,252 | \$ 21,606 | \$ 28,862 | \$ 35,175 |
| Contributions in relation to the contractually required contribution | (31,252) | (21,606) | (28,862) | (35,175) |
| Contribution deficiency/(excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Charter School's covered payroll (fiscal year) | \$ 187,735 | \$ 249,022 | \$ 249,022 | \$ 458,392 |
| Contributions as a percentage of covered employee payroll | 16.65% | 8.68% | 11.59% | 7.67% |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | |
|--|-----------------------------|---------------|---------------|---------------|
| | 2017 | 2018 | 2019 | 2020 |
| State's proportion of the net pension liability attributable of the Charter School | 0.0065899% | 0.0090463830% | 0.0088943912% | 0.0102514376% |
| State's proportionate share of the net pension liability attributable to the Charter School | \$ 5,184,031 | \$ 6,099,398 | \$ 5,658,421 | \$ 6,291,404 |
| CS / District's covered employees payroll | \$ 956,293 | \$ 1,187,670 | \$ 1,187,670 | \$ 2,178,651 |
| Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll | 542.10% | 513.56% | 476.43% | 288.78% |
| Plan fiduciary net position as a p ercentage of the total pension liability | 28.71% | 22.33% | 25.41% | 26.95% |

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

**THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED**

| | Fiscal Year Ending June 30, | | | |
|--|-----------------------------|--------------------|-------------------|-------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | \$ 52,482 | \$ 101,583 | \$ 134,452 | \$ 134,452 |
| Contributions in relation to the contractually required contribution | <u>(10,230)</u> | <u>\$ (12,751)</u> | <u>(19,259)</u> | <u>(19,259)</u> |
| Contribution deficiency/(excess) | <u>\$ 42,252</u> | <u>\$ 88,832</u> | <u>\$ 115,193</u> | <u>\$ 115,193</u> |
| Charter School's covered employee payroll | \$ 956,293 | \$ 1,187,670 | \$ 1,200,000 | \$ 1,200,000 |
| Contributions as a percentage of covered employee payroll | 5.49% | 8.55% | 11.20% | 11.20% |

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

***SCHEDULE M –SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OPEB (GASB 75)***

The Benjamin Banneker Preparatory Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Four Fiscal Years
(Unaudited)

| | Fiscal Years Ending | | | |
|---|---------------------|---------------|---------------|---------------|
| | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 |
| Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School | | | | |
| OPEB Liability at Beginning of Measurement Period | \$ 1,387,318 | \$ 1,359,288 | \$ 948,308 | |
| Service cost | | 192,070 | 159,762 | 181,679 |
| Interest on Total OPEB Liability | | 44,583 | 53,948 | 43,045 |
| Difference between expected and actual experience | NOT AVAILABLE | - | (491,386) | 45,882 |
| Effect of Changes of Assumptions | | (234,358) | (108,823) | 17,908 |
| Contributions - Employee | | 1,159 | 876 | 1,093 |
| Gross Benefits Paid by the State | | (31,484) | (25,357) | (36,869) |
| Net Change in Total OPEB Liability | NOT AVAILABLE | (28,030) | (410,980) | 252,738 |
| OPEB Liability at Beginning of Measurement Period | | 1,387,318 | 1,359,288 | 948,308 |
| Total OPEB Liability at End of Measurement Period | 1,387,318 | 1,359,288 | 948,308 | 1,201,046 |

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

Notes to Schedule:

Changes in benefit terms:

None

Differences Between Expected and Actual Experiences:

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

Changes in Assumptions:

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

**SCHEDULE E – SPECIAL REVENUE FUND
DETAIL STATEMENT**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. There being no Special revenue funds this year, no Schedule E is provided.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

| | NCLB Title I | I.D.E.A. Part B | NCLB Title II Part A | Grand Total |
|---|-----------------|--------------------|----------------------------|----------------|
| REVENUE SOURCES: | | | | |
| Federal | \$ 55,679 | \$ 80,049 | \$ 14,500 | \$ 150,228 |
| Total Revenues | 55,679 | 80,049 | 14,500 | 150,228 |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Salaries | 9,400 | | | 9,400 |
| Purchased Prof/Tech Services | | | 14,500 | 14,500 |
| Other Purchased Services | 28,188 | | | 28,188 |
| General Supplies | 14,096 | | | 14,096 |
| Total Instruction | 51,684 | - | 14,500 | 66,184 |
| Support Services: | | | | |
| Other Purchased Prof/Tech Services | | 80,049 | | 80,049 |
| Other Purchased Services | 3,995 | | | 3,995 |
| Total Support Services | 3,995 | 80,049 | - | 84,044 |
| Total Expenditures | 55,679 | 80,049 | 14,500 | 150,228 |
| Total Outflows | 55,679 | 80,049 | 14,500 | 150,228 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ - |

**SCHEDULE G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services for the Charter School.

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

**SCHEDULE H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

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

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

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

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2020

| | Agency | |
|-------------------------------|----------------|-------------------------|
| | Net Payroll | Total Agency Fund |
| ASSETS: | | |
| Cash and Cash Equivalents | \$ 29 | \$ 29 |
| Total Assets | \$ 29 | \$ 29 |
| LIABILITIES: | | |
| Accrued Salaries and Benefits | 29 | 29 |
| Total Liabilities | \$ 29 | \$ 29 |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

| | Balance July 1, 2019 | Cash Additions | Cash Deletions | Balance June 30, 2020 |
|-------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ - | 1,266,131 | 1,266,131 | \$ - |
| Other Current Assets | - | 5,000 | - | 5,000 |
| Total Assets | \$ - | \$ 1,271,131 | \$ 1,266,131 | \$ 5,000 |
| LIABILITIES: | | | | |
| Interfund Accounts Payable | \$ - | - | \$ - | \$ - |
| Payroll Deductions and Withholdings | - | 1,271,131 | 1,266,131 | 5,000 |
| Total Liabilities | \$ - | \$ 1,271,131 | \$ 1,266,131 | \$ 5,000 |

SCHEDULE I – LONG-TERM DEBT

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Notes Payable
June 30, 2020

| Issue | Date of Issue | Amount of Issue | Interest Rate | Balance June 30, 2019 | Issued | Retired | Balance June 30, 2020 |
|-----------------|---------------|-----------------|---------------|--------------------------|-------------|-------------------|--------------------------|
| Mortgage | 6/29/17 | \$ 2,440,000 | 6.39% | \$ 2,317,222 | \$ - | \$ 126,719 | \$ 2,190,503 |
| Second Mortgage | 6/29/17 | \$ 210,000 | 8.00% | 201,551.00 | - | \$ 8,785 | \$ 192,766 |
| | | | | <u>\$ 2,518,773</u> | <u>\$ -</u> | <u>\$ 135,504</u> | <u>\$ 2,383,269</u> |

STATISTICAL SECTION (UNAUDITED)

The Benjamin Banneker Preparatory Charter School has been in operation for six (6) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for six (6) years is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2013; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Net Assets/Position by Component
Last Eight Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | |
|--|-----------------------------|------------|--------------|--------------|------------|-----------|------------|------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Governmental Activities | | | | | | | | |
| Net Investment in Capital Assets/ Invested in capital assets, net of related debt Unrestricted | \$ 182,319 | \$ 98,082 | (18,122.00) | (69,388.00) | - | - | - | - |
| Total Governmental Activities Net Assets/Position | \$ 448,202 | \$ 156,997 | \$ (608,285) | \$ (221,250) | \$ 99,192 | \$ 63,940 | \$ 274,563 | \$ 191,457 |
| | \$ 630,521 | \$ 255,079 | \$ (626,407) | \$ (290,638) | \$ 99,192 | \$ 63,940 | \$ 274,563 | \$ 191,457 |
| Business-Type Activities | | | | | | | | |
| Net Investment in Capital Assets/ Unrestricted | \$ 7,755 | \$ 7,755 | \$ 8,522 | \$ 16,753 | \$ 16,316 | \$ 10,479 | \$ 2,565 | \$ 7,100 |
| Total Business-Type Activities Net Assets/Position | \$ 7,755 | \$ 7,755 | \$ 8,522 | \$ 16,753 | \$ 16,316 | \$ 10,479 | \$ 2,565 | \$ 7,100 |
| Charter School-wide | | | | | | | | |
| Net Investment in Capital Assets/ Invested in capital assets, net of related debt Unrestricted | \$ 182,319 | \$ 98,082 | \$ (18,122) | \$ (69,388) | \$ - | \$ - | \$ - | \$ - |
| Total Charter School-wide Net Assets/Position | \$ 455,957 | \$ 164,752 | \$ (599,763) | \$ (204,497) | \$ 115,508 | \$ 74,419 | \$ 277,128 | \$ 198,557 |
| | \$ 638,276 | \$ 262,834 | \$ (617,885) | \$ (273,885) | \$ 115,508 | \$ 74,419 | \$ 277,128 | \$ 198,557 |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Changes in Net Assets/Position
 Last Eight Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | |
|--|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Expenses | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Instruction | \$ 3,571,079 | \$ 1,371,934 | \$ 295,337 | \$ 297,382 | \$ 289,391 | \$ 134,409 | \$ 111,113 | \$ 79,986 |
| Administration | 1,273,626 | 1,250,223 | 1,199,396 | 716,695 | 680,920 | 818,787 | 872,808 | 504,635 |
| Support Services | 565,196 | 436,625 | 423,514 | 261,417 | 355,319 | 388,518 | 196,435 | 92,813 |
| Capital Outlay | 81,160 | 131,227 | 224,141 | 27,897 | 818 | 42,933 | 11,115 | 16,574 |
| Interest on Long-Term Debt | 162,439 | 166,715 | 157,563 | - | - | - | - | - |
| Unallocated | 51,267 | 51,267 | 51,266 | - | - | - | - | - |
| Total Governmental Activities Expenses | <u>5,704,767</u> | <u>3,407,991</u> | <u>2,351,217</u> | <u>1,303,391</u> | <u>1,326,448</u> | <u>1,384,647</u> | <u>1,191,471</u> | <u>694,008</u> |
| Business-Type Activities: | | | | | | | | |
| Food Service and School Store | - | 767 | 55,509 | 53,732 | 54,945 | 43,479 | 46,302 | 41,037 |
| Total Business-Type Activities Expenses | - | 767 | 55,509 | 53,732 | 54,945 | 43,479 | 46,302 | 41,037 |
| Total Charter School Expenses | <u>5,704,767</u> | <u>3,408,758</u> | <u>2,406,726</u> | <u>1,357,123</u> | <u>1,381,393</u> | <u>1,428,126</u> | <u>1,237,773</u> | <u>735,045</u> |
| Program Revenues | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Operating Grants and Contributions | \$ 128,625 | \$ 134,250 | \$ 73,055 | \$ 47,611 | \$ 29,461 | \$ 29,892 | \$ - | \$ - |
| Total Governmental Activities Expenses | <u>128,625</u> | <u>134,250</u> | <u>73,055</u> | <u>47,611</u> | <u>29,461</u> | <u>29,892</u> | <u>-</u> | <u>-</u> |
| Business-Type Activities: | | | | | | | | |
| Charges for Services | - | - | 19,373 | 15,878 | 16,077 | 12,819 | 11,201 | 11,268 |
| Operating Grants and Contributions | - | - | 32,904 | 38,292 | 39,704 | 33,573 | 29,067 | 24,711 |
| Total Business-Type Activities Expenses | - | - | 52,277 | 54,170 | 55,781 | 46,392 | 40,268 | 35,979 |
| Total Charter School Program Revenues | <u>128,625</u> | <u>134,250</u> | <u>125,332</u> | <u>101,781</u> | <u>85,242</u> | <u>76,284</u> | <u>40,268</u> | <u>35,979</u> |
| Net (Expense)/Revenue | | | | | | | | |
| Governmental Activities | \$ (5,576,142) | \$ (3,273,741) | \$ (2,278,162) | \$ (1,255,780) | \$ (1,296,987) | \$ (1,354,755) | \$ (1,191,471) | \$ (694,008) |
| Business-Type Activities | - | (767) | (3,232) | 438 | 836 | 2,913 | (6,034) | (5,058) |
| Total Charter School-wide Net Expense | <u>(5,576,142)</u> | <u>(3,274,508)</u> | <u>(2,281,394)</u> | <u>(1,255,342)</u> | <u>(1,296,151)</u> | <u>(1,351,842)</u> | <u>(1,197,505)</u> | <u>(699,066)</u> |
| General Revenues and Other Changes in Net Assets/Position | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Purposes | \$ 2,394,934 | \$ 2,379,501 | \$ 1,116,777 | \$ 977,203 | \$ 830,104 | \$ 777,173 | \$ 768,677 | \$ 604,446 |
| Federal and State Aid Not Restricted | 3,532,669 | 3,476,340 | 2,189,485 | 1,747,498 | 1,576,798 | 1,343,532 | 1,350,516 | 1,012,474 |
| Investment Earnings | - | - | - | 5 | - | - | - | - |
| Miscellaneous Income | 23,981 | 28,813 | 38,964 | 8,571 | 39,558 | 12,617 | 4,810 | 13,184 |
| Total Governmental Activities | <u>5,951,584</u> | <u>5,884,654</u> | <u>3,345,226</u> | <u>2,733,277</u> | <u>2,446,460</u> | <u>2,133,322</u> | <u>2,124,003</u> | <u>1,618,046</u> |
| Business-Type Activities: | | | | | | | | |
| Transfers | - | - | (5,000) | - | 5,000 | 5,000 | 1,500 | 12,058 |
| Total Business-Type Activities | - | - | (5,000) | - | 5,000 | 5,000 | 1,500 | 12,058 |
| Total Charter School-wide | <u>5,951,584</u> | <u>5,884,654</u> | <u>3,340,226</u> | <u>2,733,277</u> | <u>2,451,460</u> | <u>2,138,322</u> | <u>2,125,503</u> | <u>1,630,104</u> |
| Change in Net Assets/Position | | | | | | | | |
| Governmental Activities | \$ 375,442 | \$ 2,610,913 | \$ 1,067,064 | \$ 1,477,497 | \$ 1,149,473 | \$ 778,567 | \$ 932,532 | \$ 924,038 |
| Business-Type Activities | - | (767) | (8,232) | 438 | 5,836 | 7,913 | (4,534) | 7,000 |
| Total Charter School | <u>375,442</u> | <u>2,610,146</u> | <u>1,058,832</u> | <u>1,477,935</u> | <u>1,155,309</u> | <u>786,480</u> | <u>927,998</u> | <u>931,038</u> |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Eight Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | |
|--|-----------------------------|--------------|-----------|------------|-----------|-----------|------------|------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Fund Unreserved | 1,235,046 | 1,052,468 | 44,344 | 179,328 | 99,192 | 63,940 | 274,563 | 191,457 |
| Total General Fund | \$ 1,235,046 | \$ 1,052,468 | \$ 44,344 | \$ 179,328 | \$ 99,192 | \$ 63,940 | \$ 274,563 | \$ 191,457 |
| All Other Governmental Funds Special Revenue Fund | 61,938 | (3,195) | - | 3,195 | - | - | - | - |
| Total All Other Governmental Funds | \$ 61,938 | \$ (3,195) | \$ - | \$ 3,195 | \$ - | \$ - | \$ - | \$ - |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Eight Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | |
|--|-----------------------------|--------------|--------------|------------|------------|--------------|------------|------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Revenues: | | | | | | | | |
| Local Sources: | | | | | | | | |
| Local Tax Levy | \$ 2,394,934 | \$ 2,379,501 | \$ 1,116,777 | \$ 977,203 | \$ 830,104 | \$ 777,173 | \$ 768,677 | \$ 604,446 |
| Interest In Investments | - | - | - | - | - | - | - | - |
| Miscellaneous | 23,981 | 28,813 | 38,964 | 8,571 | 39,558 | 12,617 | 4,810 | 13,184 |
| State Sources | 3,511,066 | 3,504,894 | 1,933,204 | 1,715,411 | 1,439,580 | 1,260,243 | 1,268,164 | 1,012,474 |
| Federal Sources | 150,228 | 105,696 | 105,789 | 79,698 | 166,679 | 113,181 | 82,352 | - |
| Total Revenues | 6,080,209 | 6,018,904 | 3,194,734 | 2,780,883 | 2,475,921 | 2,163,214 | 2,124,003 | 1,630,104 |
| Expenditures: | | | | | | | | |
| Instruction | 2,467,525 | 2,133,544 | 1,186,965 | 1,172,332 | 1,085,577 | 993,706 | 870,749 | 698,183 |
| Administration | 2,098,006 | 1,761,067 | 1,185,547 | 934,379 | 815,396 | 900,740 | 916,793 | 584,621 |
| Support Services | 1,088,898 | 871,375 | 733,065 | 496,755 | 538,878 | 436,458 | 242,240 | 139,269 |
| Capital Outlay | 243,202 | 244,794 | 224,141 | 97,285 | 818 | 42,933 | 11,115 | 16,574 |
| Total Expenditures | 5,897,631 | 5,010,780 | 3,329,718 | 2,700,751 | 2,440,669 | 2,373,837 | 2,040,897 | 1,438,647 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 182,578 | 1,008,124 | (134,984) | 80,132 | 35,252 | (210,623) | 83,106 | 191,457 |
| Net Change in Fund Balance | \$ 182,578 | \$ 1,008,124 | \$ (134,984) | \$ 80,132 | \$ 35,252 | \$ (210,623) | \$ 83,106 | \$ 191,457 |

Source: Charter School records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Eight Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year Ending June 30, | Donations | Prior Year Refunds | Miscellaneous Revenue | Annual Total |
|-----------------------------------|-----------|-----------------------|--------------------------|-----------------|
| 2020 | \$ - | \$ - | \$ 23,981 | \$ 23,981 |
| 2019 | - | - | 28,813 | 28,813 |
| 2018 | - | - | 38,964 | 38,964 |
| 2017 | - | 4,061 | 4,510 | 8,571 |
| 2016 | - | - | 39,558 | 39,558 |
| 2015 | - | - | 12,617 | 12,617 |
| 2014 | - | - | 4,810 | 4,810 |
| 2013 | 200 | - | 12,984 | 13,184 |

Source: Charter School records

OPERATING INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Seven Fiscal Years

| Function | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Instruction | 42 | 40 | 16 | 16 | 12 | 13 | 11 |
| Administrative | 10 | 8 | 3 | 3 | 3 | 3 | 3 |
| Support Services | 7 | 5 | 4 | 4 | 7 | 4 | 2 |
| Food Service | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 60 | 54 | 24 | 24 | 23 | 21 | 17 |

Source: Charter School Personal Records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 Operating Statistics
 Last Seven Fiscal Years

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | Percent Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|---|---|--|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2020 | 358 | \$ 5,897,631 | \$ 16,474 | 17.70% | 12 | N/A | 11:1 | 356.8 | 338.9 | 0.00% | 94.66% |
| 2019 | 358 | 5,010,780 | 13,997 | -17.19% | 12 | N/A | 11:1 | 356.8 | 338.9 | 100.56% | 94.98% |
| 2018 | 197 | 3,329,718 | 16,902 | 13.28% | 12 | N/A | 11:1 | 177.9 | 175 | 17.04% | 98.37% |
| 2017 | 181 | 2,700,751 | 14,921 | -5.24% | 12 | N/A | 11:1 | 152 | 152 | 1.00% | 100.00% |
| 2016 | 155 | 2,440,669 | 15,746 | 2.15% | 12 | N/A | 11:1 | 150.5 | 142 | 0.80% | 94.35% |
| 2015 | 154 | 2,373,837 | 15,415 | 13.29% | 11 | N/A | 11:1 | 149.3 | 141 | 26.10% | 94.44% |
| 2014 | 150 | 2,040,897 | 13,606 | N/A | 11 | N/A | 11:1 | 118.4 | 112 | 0.00% | 94.59% |

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 School Building Information
 Last Seven Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Charter School Building | | | | | | | |
| <u>Middle School</u> | | | | | | | |
| Square Feet | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Capacity (students) | 180 | 155 | 150 | 150 | 150 | 150 | 150 |
| Enrollment | 180 | 155 | 150 | 120 | 120 | 120 | 120 |
| <u>Other</u> | | | | | | | |
| <u>Administration Offices</u> | | | | | | | |
| Square Feet | 1,475 | 1,475 | 1,475 | 1,475 | 1,475 | 1,475 | 1,475 |

Number of Schools at June 30, 2020
 Middle School = 1

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Insurance Schedule
June 30, 2020

| <u>COVERAGE</u> | <u>LIMITS</u> | <u>SUMMARY</u> |
|---|---------------|---|
| Markel Insurance Company | | Annual Premium - \$7,842 (Package) CHP70003053 10/18/17 - 10/18/18 Covered Locations: 300 Willingboro Way, Willingboro, NJ 1000 Salem Road, Suite D, Willingboro, NJ |
| <u>Property</u> | | |
| Business Personal Property | \$500,000 | \$1,000 Deductible - Willingboro Way |
| Business Personal Property | \$50,000 | \$1,000 Deductible - Salem Road |
| Business Income | \$300,000 | \$1,000 Deductible |
| <u>General Liability Coverage</u> | | |
| General Aggregate Limit | \$3,000,000 | |
| Each Occurrence Limit | \$1,000,000 | |
| Products/Completed Operations Aggregate Limit | \$3,000,000 | |
| Sexual Abuse per occurrence | \$1,000,000 | |
| Sexual Abuse Aggregate | \$2,000,000 | |
| Personal Injury/Advertising Injury | \$1,000,000 | |
| Medical Expense Limit | \$10,000 | |
| Damage to Premises Rented to You | \$1,000,000 | |
| <u>Educators' Liability</u> | | |
| Each Wrongful Act w/\$2,500 Deductible | \$1,000,000 | |
| Aggregate w/\$2,500 Deductible | \$2,000,000 | |
| <u>Crime</u> | | |
| Employee Theft | \$130,000 | \$2,500 Deductible |
| Inside the Premise/Robbery or Safe Burglary | \$130,000 | \$1,000 Deductible |
| <u>Automobile Liability - Hired & Non-Owned Occurrence</u> | \$1,000,000 | |
| <u>Umbrella</u> | | |
| Markel Insurance Company | | Annual Premium - \$1,275.00 CHU70003053 10/18/17 - 10/18/18 |
| Each Occurrence | \$1,000,000 | \$10,000 Deductible |
| <u>Darwin National Assurance Company</u> | | Annual Premium - \$5,658.00 |
| <u>Educators E&O/EPLI</u> | | 0202-5168 6/25/16-6/25/17 |
| Employers E&O Limit | \$1,000,000 | \$2,500 Deductible |
| Employment Practices Liability Limit | \$1,000,000 | \$25,000 Deductible |
| Supplementary Payments for Defense Expenses-Each Claim | \$50,000 | \$2,500 Deductible |
| Supplementary Payments for Defense Expenses-All Claims | \$100,000 | \$2,500 Deductible |
| Markel Insurance Company | | Annual Premium - \$702.00 |
| <u>Student Accident</u> | | CHA70003053 |
| Accident Medical Excess Benefit (Gold Plan) | \$1,000,000 | |
| AD&D | \$10,000 | |
| Markel Insurance Company | | Annual Premium - \$24,495.00 |
| <u>Workers Compensation</u> | | MWC0099067 8/31/17-8/31/18 Based on School Professional \$1,498,727 and School Non-Professional \$75,752 |
| Each Accident | \$1,000,000 | |
| Each Employee | \$1,000,000 | |
| Policy Limit | \$1,000,000 | |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

| | 2018 Audit | 2019 Audit | 2020 Audit | Source |
|---|---------------|---------------|---------------|--------------------------------|
| Cash | 62,890 | 816,201 | 1,722,264 | Audit: Exhibit A-1 |
| Current Assets (include cash) | 166,260 | 1,101,428 | 1,912,312 | Audit: Exhibit A-1 |
| Current Liabilities | 270,957 | 339,147 | 770,012 | Audit: Exhibit A-1 |
| Total Expenses | 3,912,091 | 5,174,429 | 5,704,767 | Audit: Exhibit A-2 |
| Change in Net Position | (446,533) | 844,475 | 375,442 | Audit: Exhibit A-2 |
| Final Average Daily Enrollment (exclude PK)* | 195.10 | 356.80 | 356.80 | DOE Final Enrollment Report |
| March 30 Budgeted Enrollment (exclude PK) | 175 | 360 | 360 | March 30 Charter School Budget |
| <i>Complete section only if auditee has mortgage/note/bond payable:</i> | | | | |
| Depreciation Expense | 51,266 | 51,267 | 51,267 | Auditor/Workpapers |
| Interest Expense | 157,563 | 166,715 | 162,439 | Auditor/Workpapers |
| Principal Payments | 60,624 | 131,227 | 126,719 | Auditor/Workpapers |
| Interest Payments | - | - | - | Auditor/Workpapers |

| | 2018 | 2019 | 2020 | 3 YR CUM | Calculation*** | Target**** |
|----------------------------------|----------|---------|---------|-----------|---|--|
| Performance Indicators | | | | | | |
| Near Term Indicators | | | | | | |
| 1a. | 0.61 | 3.25 | 2.48 | | Current Assets/Current Liabilities | > 1.1 or between 1.0-1.1 with positive trend |
| 1b. | 6 | 58 | 110 | | Cash/(Total Expenses/365) | 60 days or 30-60 days with positive trend |
| 1c. | 111% | 99% | 99% | 103% | Average Daily Enrollment/Budgeted Enrollment | >95% or >95% for 3 yr cum |
| 1d.** | #NAME? | #NAME? | #NAME? | | Auditor | not in default |
| Sustainability Indicators | | | | | | |
| 2a*** | (80,927) | 753,311 | 906,063 | 1,578,447 | Net change in cash flow from prior years | 3 yr cum positive with most recent year positive |
| 2b | (3.92) | 8.10 | 4.65 | | N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments) | >1.10 |

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

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
County of Burlington
Willingboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, 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, and have issued our report thereon dated February 12, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

Compliance and Other Matters


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

We also noted other matters that we reported to the Board of Trustees of The Benjamin Banneker Preparatory Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated February 12, 2021.

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 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.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 12, 2021

BARRE & COMPANY, LLC
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE
REQUIRED BY NEW JERSEY OMB 15-08**

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
County of Burlington
Willingboro, New Jersey

Report on Compliance for Each Major State Program

We have audited The Benjamin Banneker Preparatory Charter School’s compliance, with the types of compliance requirements described in the New Jersey Circular 15-08-OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major 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

The Charter School’s management is responsible for compliance with state statutes of laws, 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and State of New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey’s OMB Circular 15-08 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 Charter School's compliance.

Opinion on Each Major State Program

In our opinion, The Benjamin Banneker Preparatory Charter School, in the County of Burlington, 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 year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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


Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Benjamin Banneker Preparatory Charter School, 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. We issued our report thereon dated February 12, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material aspects in relation to the basic financial statements as a whole.

Purpose of This Report

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


BARRE & COMPANY, LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 12, 2021

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period From To | Balance at June 30, 2019 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Pass-Through To Subrecipients | Adjustments | Repayment Of Prior Years' Balances | Accounts Receivable | Balance at June 30, 2020 Unearned Revenue | Due to Grantor |
|--|---------------------------|---------------------------|-------------------------------------|-------------------------------|-------------------------|-----------------------------|------------------------------------|------------------|---------------------------|-------------------------------------|-------------|--|------------------------|---|-------------------|
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| No Child Left Behind Cluster: | | | | | | | | | | | | | | | |
| Title I Part A | 84.010A | S010A190030 | NCLB - 6076 - 20 | \$ 94,300 | 9/1/19 | \$ - | \$ - | \$ - | \$ (55,679) | \$ - | \$ - | \$ - | \$ (55,679) | \$ - | \$ - |
| Title I Part A Carryover | 84.010A | S010A180030 | NCLB - 6076 - 19 | 77,768 | 9/1/18 | (45,659) | - | 45,659 | - | - | - | - | - | - | - |
| Title II Part A | 84.367A | S367A190029 | NCLB - 6076 - 20 | 14,500 | 9/1/19 | (10,000) | - | 10,000 | (14,500) | - | - | - | (14,500) | - | - |
| Title II Part A Carryover | 84.367A | S424A190031 | NCLB - 6076 - 19 | 10,222 | 9/1/18 | - | - | - | - | - | - | - | - | - | - |
| Title IV Safe & Drug Free | 84.186A | H027A190030 | NCLB - 6076 - 20 | 17,500 | 9/1/19 | (55,659) | - | 55,659 | (70,179) | - | - | - | (70,179) | - | - |
| Total No Child Left Behind Cluster | | | | | | | | | | | | | | | |
| Individuals with Disabilities Cluster: | | | | | | | | | | | | | | | |
| I.D.E.A. Part B Basic | 84.027 | H027A190030 | IDEA - 6076 - 20 | 80,049 | 9/1/19 | (50,036) | - | 80,049 | (80,049) | - | - | - | - | - | - |
| I.D.E.A. Part B Basic Carryover | 84.027 | H027A180030 | IDEA - 6076 - 19 | 50,036 | 9/1/18 | (50,036) | - | 50,036 | (80,049) | - | - | - | - | - | - |
| Total Individuals with Disabilities Cluster | | | | | | | | | | | | | | | |
| Total Special Revenue Fund | | | | | | (105,695) | - | 185,744 | (150,228) | - | - | - | (70,179) | - | - |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-through State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| School Breakfast Program | 10.553 | 1616INJ304N1099 | N/A | - | 7/1/19 | - | - | - | - | - | - | - | - | - | - |
| School Breakfast Program | 10.553 | 1616INJ304N1099 | N/A | - | 7/1/18 | - | - | - | - | - | - | - | - | - | - |
| National School Lunch Program | 10.555 | 1616INJ304N1099 | N/A | - | 7/1/19 | - | - | - | - | - | - | - | - | - | - |
| National School Lunch Program | 10.555 | 1616INJ304N1099 | N/A | - | 7/1/18 | - | - | - | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | | | - | - | - | - | - | - | - | - | - | - |
| Sub-Total Federal Financial Awards | | | | | | (105,695) | \$ - | \$ 185,744 | \$ (150,228) | \$ - | \$ - | \$ - | \$ (70,179) | \$ - | \$ - |

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2020

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2019 | | Carryover/(Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/Repayment of Prior Years Balance | Balance at June 30, 2020 | | Cumulative Total Expenditures |
|---|-------------------------------|-------------------------|--------------|---------|--|----------------|-----------------------------|----------------|------------------------|--|--------------------------|----------------|-------------------------------|
| | | | From | To | Unearned Revenue (Accounts Receivable) | Due to Grantor | | | | | (Accounts Receivable) | Due to Grantor | |
| State Department of Education | | | | | | | | | | | | | |
| General Fund - Public Cluster | | | | | | | | | | | | | |
| Equalization Aid | 20-495-034-5120-078 | \$ 2,786,918 | 7/1/19 | 6/30/20 | \$ - | \$ - | \$ 2,786,918 | \$ (2,786,918) | \$ - | \$ - | \$ (59,311) | \$ 80,486 | \$ 2,786,918 |
| Equalization Aid | 19-495-034-5120-078 | 2,843,402 | 7/1/18 | 6/30/19 | (86,065) | - | 86,065 | (128,625) | - | - | - | - | 128,625 |
| Special Education Categorical Aid | 20-495-034-5120-089 | 128,625 | 7/1/19 | 6/30/20 | - | - | 128,625 | (91,821) | - | - | - | - | 91,821 |
| Security Aid | 20-495-034-5120-084 | 91,821 | 7/1/19 | 6/30/20 | - | - | 91,821 | (2,987,364) | - | - | - | - | 2,987,364 |
| Adjustment Aid | 20-495-034-5120-085 | - | 7/1/19 | 6/30/20 | - | - | 3,094,604 | - | - | - | - | - | - |
| Total State Aid - Public Cluster | | | | | | | | | | | | | |
| On-Behalf TPAF Post-Retirement Medical Aid (Non-BL) | 20-495-034-5094-001 | 97,837 | 7/1/19 | 6/30/20 | - | - | 97,837 | (97,837) | - | - | - | - | 97,837 |
| On-Behalf TPAF Pension Aid (Non-Budgeted) | 20-495-034-5094-002 | 263,724 | 7/1/18 | 6/30/19 | - | - | 263,724 | (263,724) | - | - | - | - | 263,724 |
| On-Behalf TPAF Long Term Disability Aid (Non-Budgeted) | 20-495-034-5094-003 | 161,463 | 7/1/18 | 6/30/19 | (14,762) | - | 152,863 | (161,463) | (8,600) | - | - | - | 161,463 |
| Reimbursed TPAF - Social Security | 19-495-034-5094-003 | 134,814 | 7/1/18 | 6/30/19 | (100,827) | - | 14,762 | (3,511,066) | (67,911) | - | - | (12,575) | 3,511,066 |
| Total General Fund | | | | | | | | | | | | | |
| Total State Financial Assistance | | | | | | | \$ 3,624,468 | \$ (3,511,066) | \$ - | \$ - | \$ (67,911) | \$ 80,486 | \$ 3,511,066 |
| State Financial Assistance Not Subject to Grant Period Determination | | | | | | | | | | | | | |
| On-Behalf TPAF Post-Retirement Medical Aid (Non-Budget) | 17-495-034-5094-001 | 97,837 | 7/1/16 | 6/30/17 | - | - | - | (97,837) | - | - | - | - | 97,837 |
| On-Behalf TPAF Pension Aid (Non-Budgeted) | 17-495-034-5094-002 | 263,724 | 7/1/15 | 6/30/16 | - | - | - | (263,724) | - | - | - | - | 263,724 |
| On-Behalf TPAF Long Term Disability Aid (Non-Budgeted) | 17-495-034-5094-004 | 678 | 7/1/16 | 6/30/17 | - | - | - | (678) | - | - | - | - | 678 |
| Sub-total | | | | | | | | (362,239) | | | | | 115,698 |
| Total State Financial Assistance Subject to Single Audit | | | | | | | \$ 3,624,468 | \$ (3,148,627) | \$ - | \$ - | \$ (67,911) | \$ 80,486 | \$ 3,395,478 |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Recipients of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2020

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

| | Federal | State | Total |
|-------------------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 3,511,066 | \$ 3,511,066 |
| Special Revenue Fund | 150,228 | - | 150,228 |
| Food Service Fund | - | - | - |
| Total Awards & Financial Assistance | <u>\$ 150,228</u> | <u>\$ 3,511,066</u> | <u>\$ 3,661,294</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Benjamin Banneker Preparatory Charter School has no loan balances outstanding at June 30, 2020.

NOTE 6. OTHER

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2020

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in 2 CFR *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Recipients of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by programs are included in schoolwide programs for the charter school.

| Program | Total |
|--|-------------------------|
| Title I, Part A: <i>Grants to Local Education Agencies</i> | \$ 55,679 |
| Title II, Part A: <i>Teacher and Principal Training and Recruiting</i> | <u>14,500</u> |
| Total | <u><u>\$ 70,179</u></u> |

NOTE 9. MAJOR PROGRAMS

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

N/A

State Awards

| | | |
|---|------------------|-------------------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | | \$750,000 |
| Auditee qualified as low-risk auditee? | <u> X </u> Yes | _____ No |
| Internal control over major programs: | | |
| 1) Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes | None Reported <u> X </u> |
| Type of auditors’ report issued on compliance for major programs | | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? | _____ Yes | <u> X </u> No |

Identification of major state programs:

| GMIS Number(s) | Name of State Program |
|----------------------------|--|
| | <u>TOTAL STATE AID – PUBLIC CLUSTER</u> |
| <u>20-495-034-5120-078</u> | <u>EQUALIZATION AID</u> |
| <u>20-495-034-5120-089</u> | <u>SPECIAL EDUCATION CATEGORICAL AID</u> |
| <u>20-495-034-5120-084</u> | <u>SECURITY AID</u> |
| <u>20-495-034-5120-085</u> | <u>STATE ADJUSTMENT AID</u> |

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II – Schedule of Financial Statement Findings

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

No Current Year Findings

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

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

No Current Year Findings

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2020

STATUS OF PRIOR-YEAR FINDINGS

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

No Prior Year Findings