

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CRESTHAVEN ACADEMY CHARTER SCHOOL
NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CRESTHAVEN ACADEMY CHARTER SCHOOL
JUNE 30, 2020
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December 22, 2020

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

Dear Commissioner:

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

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

- 1) **REPORTING ENTITY AND ITS SERVICES** The Cresthaven Academy Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.
- 2) **ENROLLMENT OUTLOOK** – Cresthaven Academy Charter School opened in 2016-2017 with a full class of 75 Kindergarten scholars. Cresthaven Academy plans to grow by one grade per year until fully enrolled as a K-8 school with 675 scholars.

- 3) **MAJOR ACCOMPLISHMENTS** – Cresthaven Academy Charter School opened in the fall of 2016 in the city of Plainfield and has already become one of the most diverse and sought-after schools in the city. Cresthaven Academy embodies the belief that all children, regardless of race or economic status, can succeed when given equal access to a high-quality education. In its first three years of operation, students at Cresthaven came from over 20 different preschools. Through its extensive recruitment and outreach activities, and commitment to access for all families, Cresthaven served a student body (86% economically disadvantaged, 9% students with disabilities, and 9% English language learners) that closely resembled that of the district.

Cresthaven Academy seeks to develop the *whole child* through academic excellence, physical wellness, emotional health, and character enrichment. The school’s educational program includes:

- **An inclusive environment** with an inclusion model starting in kindergarten and first grade - each classroom is led by two fully-certified teachers with the support of an ESL coordinator, teacher and the presence of Spanish-speaking adults.
- **Rigorous curriculum** designed to be developmentally appropriate and founded on a commitment to data driven instruction to meet the needs of each student through individualized instruction.
- **Social-emotional curriculum** taught by our school psychologist to support our scholars in achieving the highest degree of academic, emotional, and behavioral success.

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

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

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

- 5) **BUDGETARY CONTROLS:** – In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure

compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

In 2019-2020, Cresthaven Academy’s expenditures were in line with the total budget.

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

Revenue	Amount	Percent of Total
Local Sources	\$ 619,779	13%
State Sources	3,674,636	76%
Federal Sources	179,452	4%
Proprietary	307,703	6%
Miscellaneous Revenues	<u>36,305</u>	<u>1%</u>
	<u>\$ 4,817,875</u>	<u>100%</u>

The following schedule presents a summary of the General Fund, Special Revenue Fund and Food Service fund expenditures for the fiscal year ended June 30, 2020.

Expenditures	Amount	Percent of Total
General Fund	\$3,811,136	89%
Special Revenue Fund	179,452	4%
Proprietary Fund	<u>284,147</u>	<u>7%</u>
	<u>\$ 4,274,735</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 3. The school had adopted a cash management plan, which requires it to deposit public funds in public

depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION:

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

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

Respectfully submitted,



Meghan Pipchick

CRESTHAVEN ACADEMY CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2020**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Sandra Harrison, President	6/22
Barbara Ann Sellinger, Trustee	6/21
Steve Hockaday, Trustee	6/23
Toni Gamble, Trustee	6/21
Marcy Bostwick, Trustee	6/21
Rashleigh Bruce, Trustee	6/23
Kimberly Dortch	6/22

CONSULTANTS AND ADVISORS
June 30, 2020

AUDIT FIRM

Gerald D. Longo, CPA
62 Old Queens Blvd.
Manalapan, NJ 07726-3648

ATTORNEYS

Johnston Law Firm LLC
75 Midland Avenue
Suite 1
Montclair, New Jersey 07042

OFFICIAL DEPOSITORY

Bank of America

FINANCIAL SECTION

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

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732 446-4768

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Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
Cresthaven Academy Charter School
County of Union
Plainfield, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Cresthaven Academy Charter School, County of Union, State of New Jersey, as of and for the fiscal year and ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cresthaven Academy Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresthaven Academy Charter School as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2020 on my consideration of the Cresthaven Academy Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

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

Licensed Public School Accountant No. 20CS00206400

A handwritten signature in black ink that reads "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo, CPA
December 22, 2020

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

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

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

FINANCIAL HIGHLIGHTS

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

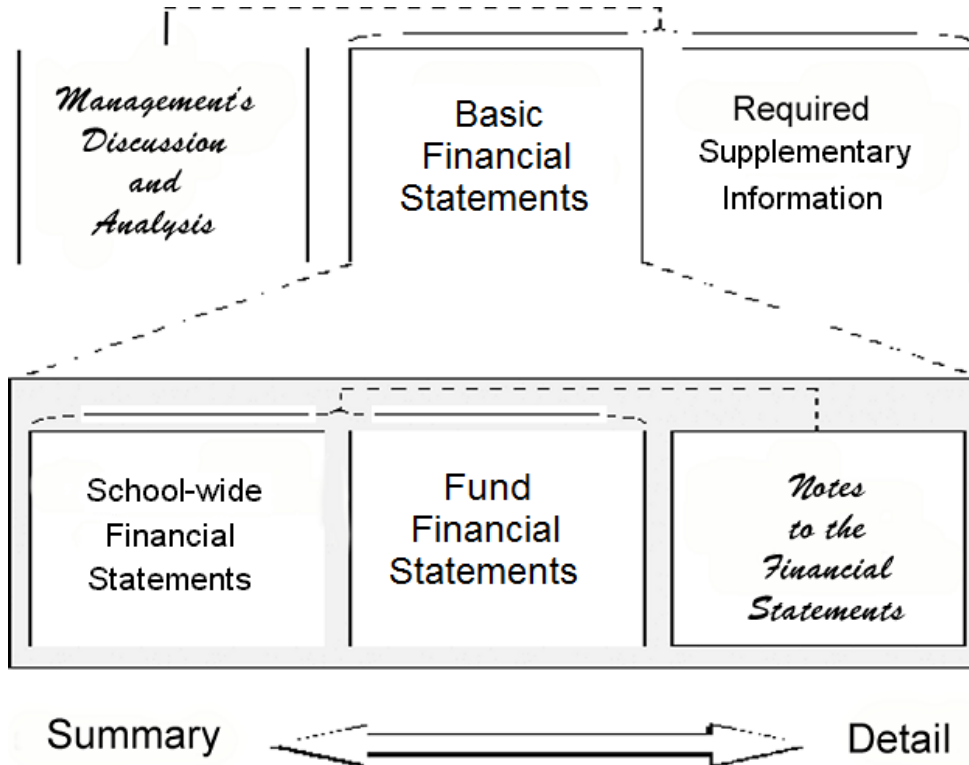
- Total School Wide Net Position was \$1,202,262.
- The unrestricted unassigned General Fund balance at June 30, 2020 is \$1,217,368 and Proprietary Fund Balance is \$70,211 for a total fund balance of \$1,296,424.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

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

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

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

School-wide Statements

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

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

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

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

Fund Financial Statements

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

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

- Some funds are required by State law.

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

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

The Cresthaven Academy Charter School has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE CRESTHAVEN ACADEMY CHARTER SCHOOL AS A WHOLE

Net position. The Cresthaven Academy Charter School's School Wide net position is \$1,202,262 as of June 30, 2020. (See Table A-1).

Governmental	<u>\$1,132,051</u>
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CRESTHAVEN ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The Cresthaven Academy Charter School's financial position is the product of these factors:

- Special Revenues and Expenditures for Federal Activities were \$179,452.
- General Fund Revenues were \$4,330,720.
- General Fund Expenditures were \$3,811,156.

Table A-1
CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Net Position - School Wide
As of June 30, 2020

	<u>Total</u>
Current and Other Assets	\$1,334,642
Capital Assets (Including Business Activities)	8,845
Deferred Outflow of Resources	296,548
Total Assets and Deferred Outflow of Resources	<u>\$1,640,035</u>
Long-Term Liabilities - Pension Liability	285,753
Other Liabilities	47,063
Deferred Inflows of Resources	104,597
Total Liabilities and Deferred Inflows of Resources	<u>437,413</u>
Net Position	
Invested In Capital Assets, Net	8,845
Unrestricted Net Position	1,193,777
Total Net Position	<u><u>\$1,202,262</u></u>
Fund Balance - June 30, 2020	\$1,287,579
Capital Assets	8,845
Net Position before Pension Adjustment	<u>1,296,424</u>
Less: Pension Adjustment	<u>(94,162)</u>
Net Position - June 30, 2020	<u><u>\$1,202,262</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$1,202,262 as of June 30, 2020.

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

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

Revenues	Total
Program revenues	
Charges for services	0
Operating grants and contributions	\$18,846
General revenues	
Local Share	619,779
Federal and State Aid-Unrestricted	3,674,636
Miscellaneous Income	36,305
Federal Aid-Restricted	179,452
Food Service	288,857
Total revenues	\$ 4,817,875
Expenses	
Regular Instruction	\$ 1,920,687
General Administrative	917,090
School Administrative	647,384
On-behalf TPAF Social Security/Pension/Medical	495,398
Food Service	284,147
Capital Outlay	10,029
Total expenses	\$ 4,274,735
Increase in net position	543,140
Net Position, Beginning of Year - July 1, 2019	719,283
Net Pension Adjustment (Decreased)	(58,801)
Decrease in Net Capital Outlay	(1,360)
Net Position - June 30, 2020	\$ 1,202,262

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

**Table A-3 (See Exhibit A-2)
CRESTHAVEN ACADEMY CHARTER SCHOOL
Total and Net Cost of Services - Governmental
For the Fiscal Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Activities			
Instruction			
Regular	B-2	\$ 1,920,687	\$ 1,769,350
Support Services			
General Administrative Services	B-2	917,090	888,975
School Administrative Services	B-2	647,384	647,384
On-behalf TPAF / Social Security	B-2	495,398	495,398
Capital Outlay	B-2	10,029	10,029
Total Activities		\$ 3,990,588	\$ 3,811,136

FINANCIAL ANALYSIS OF THE CRESTHAVEN ACADEMY CHARTER SCHOOL FUNDS

The financial performance of the Cresthaven Academy Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Cresthaven Academy Charter School completed the year, the school reported a combined fund balance of \$1,217,368.

Revenues for the Cresthaven Academy Charter School's school wide funds were \$4,922,570 while total expenses were \$4,274,735. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the Cresthaven Academy Charter School in providing educational services to students in grade K to 3.

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

The following schedule presents a summary of Revenues – School Wide.

Table A-4 (See Exhibit B-2)
CRESTHAVEN ACADEMY CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Year Ended June 30

Revenues	Year Ended 06/30/2020	Year Ended 06/30/2019	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ 3,355,360	\$ 2,371,126	\$ 984,234
Other Local Revenue	36,305	255,629	\$ (219,324)
Total Local Sources	\$ 3,391,665	\$ 2,626,755	\$ 764,910
Intergovernmental			
State Sources	\$ 939,055	\$ 774,945	\$ 164,110
Federal Sources	179,452	154,312	\$ 25,140
Proprietary Fund	307,703	229,746	\$ 189,250
Total Intergovernmental Sources	1,426,210	1,159,003	378,500
Total Revenue	\$ 4,817,875	\$ 3,785,758	\$ 1,143,410

The following schedule presents a summary of Expenditures – School Wide.

Table A-5 (See Exhibit B-2)
CRESTHAVEN ACADEMY CHARTER SCHOOL
Changes in Expenditures - School Wide
For the Fiscal Year Ended June 30

Expenditures	Year Ended 06/30/2020	Year Ended 06/30/2019	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 1,920,687	\$ 1,433,975	\$ 486,712
General Administrative Services	917,090	737,137	\$ 179,953
School Administration	647,384	639,068	\$ 8,316
On-behalf TPAF / Social Security	495,398	312,904	\$ 182,494
Capital outlay	10,029	9,834	\$ 195
Proprietary Fund	284,147	210,479	\$ 73,668
Total Expenditures	\$ 4,274,735	\$ 3,343,397	\$ 857,670

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

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the unreserved-undesignated fund balance.

Table A-6
CRESTHAVEN ACADEMY CHARTER SCHOOL
Fund Balance - School Wide
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unreserved-Unassigned Fund Balance	1,287,579	697,784	274,690
Expenditures	4,274,735	3,343,397	2,051,396
Percentages	30.1%	20.9%	13.4%

The Cresthaven Academy Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance for the subsequent years budgets \$1,287,579 for the 2020-21 school year.

CAPITAL ASSETS

Table A-7
CRESTHAVEN ACADEMY CHARTER SCHOOL
Capital Assets - School Wide
For the Fiscal Year Ended June 30, 2020

Equipment		<u>\$13,605</u>
Total		<u><u>\$13,605</u></u>
Less: Accumulated Depreciation		<u>(4,760)</u>
Total - Net Capital Assets		<u><u>\$8,845</u></u>

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

FACTORS BEARING ON THE SCHOOL'S FUTURE

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

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2020-21 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2020-21.

CONTACTING THE CRESTHAVEN ACADEMY CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Cresthaven Academy Charter School's finances and to demonstrate the Cresthaven Academy Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Cresthaven Academy Charter School, 530 West 7th Street, Plainfield, NJ 07060

BASIC FINANCIAL STATEMENTS

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

SCHOOL-WIDE FINANCIAL STATEMENTS

CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Net Position
As of June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,168,261	\$ 34,629	\$ 1,202,890
Accounts Receivable	96,170	35,582	131,752
Capital assets, net	8,845	-	8,845
Total Assets	<u>1,273,276</u>	<u>70,211</u>	<u>1,343,487</u>
Deferred outflows of resources	296,548	-	296,548
Total Assets and Deferred Outflows of Resources	<u>\$ 1,569,824</u>	<u>\$ 70,211</u>	<u>\$ 1,640,035</u>
LIABILITIES			
Accounts payable	\$ 47,063	\$ -	\$ 47,063
Net Pension Liability Long Term	285,753	-	285,753
Total Liabilities	<u>\$ 332,816</u>	<u>\$ -</u>	<u>\$ 332,816</u>
Deferred inflows of resources	104,957	-	104,957
NET POSITION			
Invested in capital assets	8,845	-	8,845
Unrestricted	1,123,206	70,211	1,193,417
Total net position	<u>\$ 1,132,051</u>	<u>\$ 70,211</u>	<u>\$ 1,202,262</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,569,824</u>	<u>\$ 70,211</u>	<u>\$ 1,640,035</u>
Fund Balance June 30, 2020 B-1	\$ 1,217,368		
Cost of capital assets net accumulated depreciation	8,845		
Net position before pension adjustments	1,226,213		
Less pension adjustments net	(94,162)		
Total net position June 30, 2020	<u>\$ 1,132,051</u>		

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

CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (1,920,687)		\$ (151,337)		\$ (1,769,350)		\$ (1,769,350)
Support services:							
General administration	(917,090)		(28,115)		\$ (888,975)		\$ (888,975)
School administrative services/ operations plant serv.	(647,384)				(647,384)		(647,384)
On - behalf TPAF Social Security/Pension/Medical	(495,398)				(495,398)		(495,398)
Capital Outlay	(10,029)				(10,029)		(10,029)
Total governmental activities	<u>(3,990,588)</u>		<u>(179,452)</u>		<u>(3,811,136)</u>		<u>(3,811,136)</u>
Business-type activities:							
Food Service and After School Program	(284,147)	(284,147)				(284,147)	(284,147)
Total business-type activities	<u>(284,147)</u>	<u>(284,147)</u>				<u>(284,147)</u>	<u>(284,147)</u>
Total primary government	<u>\$ (4,274,735)</u>	<u>\$ (284,147)</u>	<u>\$ (179,452)</u>		<u>\$ (3,811,136)</u>	<u>\$ (284,147)</u>	<u>\$ (4,095,283)</u>
General revenues:							
					619,779	0	619,779
					2,735,581	2,818	2,738,399
					939,055	286,039	1,225,094
					36,305	18,846	55,151
					(1,360)		(1,360)
Total General Revenues, Special Items, Extraordinary					<u>4,329,360</u>	<u>307,703</u>	<u>4,637,063</u>
Change in Net Position					518,224	23,556	541,780
Net Position - July 1, 2019					672,628	46,655	719,283
Net Pension Adjustment					(58,801)		(58,801)
Net Position - June 30, 2020					<u>\$ 1,132,051</u>	<u>\$ 70,211</u>	<u>\$ 1,202,262</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CRESTHAVEN ACADEMY CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,252,307	\$ (84,046)	\$ 1,168,261
Accounts Receivable	12,124	84,046	96,170
Total assets	\$ 1,264,431	\$ -	\$ 1,264,431
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 23,462	-	\$ 23,462
Due to Districts	23,601	-	23,601
Total liabilities	47,063	-	47,063
Fund Balances:			
Unassigned	1,217,368		1,217,368
Total Fund balances	1,217,368		1,217,368
Total liabilities and fund balances	\$ 1,264,431		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation	13,605 (4,760)	8,845
Net position before pension adjustments		1,226,213
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 5)		296,548
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 5)		(104,957)
Other Pension Expense		
Long-term liabilities, including net pension liability, are not due and payable in the Current period and therefore are not reported as liabilities in the funds (See Note 5)		(285,753)
Net position of governmental activities		\$ 1,132,051

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Share	\$ 619,779		\$ 619,779
State Share	2,735,581		2,735,581
Miscellaneous	36,305	-	36,305
Total - Local Sources	<u>3,391,665</u>		<u>3,391,665</u>
State Sources	939,055	-	939,055
Federal Sources		179,452	154,312
Total Revenues	<u>\$ 4,330,720</u>	<u>\$ 179,452</u>	<u>\$ 4,510,172</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 1,769,350	\$ 151,337	\$ 1,920,687
Support services- General Administrative	888,975	28,115	917,090
Support Services- School Admin/ operations plant se	647,384		647,384
On-behalf TPAF Social Security/Pension/Medical	495,398		495,398
Capital outlay	10,029		10,029
Total expenditures	<u>3,811,136</u>	<u>179,452</u>	<u>3,990,588</u>
Excess (Deficiency) of revenues over expenditures	<u>519,584</u>		<u>519,584</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	<u>-</u>		<u>-</u>
Net change in fund balances	519,584		519,584
Fund balance - July 1, 2019	697,784		697,784
Fund balance - June 30, 2020	<u>\$ 1,217,368</u>		<u>\$ 1,217,368</u>

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

CRESTHAVEN ACADEMY 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

	<u>General Fund</u>
Total net change in fund balances - governmental funds (from B-2)	\$ 519,584
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation expense	\$ (1,360)
Capital outlays	-
	<u>\$ (1,360)</u>
<p>Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.</p>	
	-
Change in net position of governmental activities	<u><u>\$ 518,224</u></u>

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

PROPRIETARY FUNDS

CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
As of June 30, 2020

			Business-type Activities
			Enterprise funds
			Food Service

ASSETS			
Current assets:			
Cash and cash equivalents	\$	34,629	
Accounts receivable		35,582	
Total current assets		70,211	-----
Noncurrent assets:			
Total noncurrent assets		-	
Total assets		70,211	=====
LIABILITIES			
Current liabilities:			
Accounts payable		-	
Total current liabilities		-	
Total liabilities		-	-----
NET POSITION			
Unrestricted		70,211	
Total net position	\$	70,211	=====

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

CRESTHAVEN ACADEMYCHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business-type Activities Enterprise Fund - Food Service
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 18,846
Total operating revenues	18,846
Operating expenses:	
Supplies, Materials and Other Expenses	(284,147)
Total Operating Expenses	(284,147)
Operating income (loss)	(284,147)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	2,818
Federal sources:	
National school breakfast program	103,380
National school lunch program	167,936
National school Snack program	14,723
Total nonoperating revenues (expenses)	288,857
Change in Net Position before contributions & transfers	23,556
Transfers in (out)	
Change in net position - Increase	23,556
Total net position - beginning July 1, 2019	46,655
Total net position - ending June 30, 2020	\$ 70,211

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

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

	Business-type
	Activities
	Enterprise Funds
	Food
	Service
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 18,885
Payments to suppliers	(284,147)
Net cash provided by (used for) operating activities	<u>(265,262)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	293,057
Net cash provided by (used for) non-capital financing activities	<u>293,057</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided by investing activities	<u> </u>
Net increase in cash and cash equivalents	27,795
Cash and Cash Equivalents - beginning of year	6,834
Cash and Cash Equivalents - end of year	<u>\$ 34,629</u>
 Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ 23,556
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities	
(Increase) decrease in accounts receivable, net	4,239
Increase (decrease) in accounts payable	
Total adjustments	<u>4,239</u>
Net cash provided by operating activities	<u>\$ 27,795</u>

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

FIDUCIARY FUNDS

Exhibit B-7

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2020**

NOT APPLICABLE

Exhibit B-8

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

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

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

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

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

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

GASB Pronouncements

Recent Accounting Pronouncements Not Yet Effective

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

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

Fund Financial Statements

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

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

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

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

B. Fund Accounting

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

Governmental Funds

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

General Fund - The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

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

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

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

Proprietary Funds

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fiduciary Funds

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

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

The Charter School receives a portion of the local tax levy and state aid from school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local Charter School revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2020, the Charter School will have an accounts receivable or accounts payable based upon the current year final enrollment count.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S 1701).

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

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

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

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Inventories and Prepaid Expenses

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

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

I. Short-Term Interfund Receivables/Payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

K. Compensated Absences

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

Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Position

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

Fund Balance – Governmental Funds

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

N. Unearned/Deferred Revenue

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

O. Fund Equity

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

P. Use of Estimates

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2020, the Charter School's bank balances of \$250,000 were insured by the FDIC and the remaining balance was subject to the provisions of GUDPA.

Investments

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

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

4 PENSION PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

4 PENSION PLANS (continued)

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

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

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

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

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

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

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

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

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

4 PENSION PLANS (continued)

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

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

COLA Suspension

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

Contribution Requirements

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

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

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

Annual Pension Costs (APC)

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

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

The School's contribution to PERS for the year ended June 30, 2019 was \$0.

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

4 PENSION PLANS (continued)

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$78,732.

Also the State paid \$416,666 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

5 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$4,379,669 as measured on June 30, 2019 and -0- as measured on June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$258,325 and revenue of \$258,325 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

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

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

For the year ended June 30, 2020, the Charter School recognized pension expense of \$258,325 and revenue of \$258,325 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2018. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

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

Collective Net Pension Liability

Component of Net Pension Liability

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

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

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

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.

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

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions.

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

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

Pension Expense

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

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

Pension Plan Fiduciary Net Position

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Public Employees’ Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2020, the Charter School reported a liability of \$285,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019. At June 30, 2019, the Charter School’s proportion was .001586%.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$78,287. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,129	\$ 1,262
Changes of assumptions	28,533	99,184
Net difference between projected and actual earnings on pension plan investments	-0-	4,511
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	247,217	-0-
Charter School contributions subsequent to the measurement date.	15,669	-0-
Total	<u>\$296,548</u>	<u>\$104,957</u>

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

The Charter School reported \$15,669 as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2020, the plan measurement date was June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020.

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

	<u>Year Ended June 30:</u>
2020	\$(8,252)
2021	(26,769)
2022	(23,903)
2023	(11,224)
2024	(1,152)
Total:	<u><u>(\$71,300)</u></u>

Collective Net Pension Liability

Component of Net Pension Liability

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

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

Actuarial Assumptions

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

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

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

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

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employers and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CRESTHAVEN ACADEMY CHARTER SCHOOL
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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

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

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

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

Changes in Proportion

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

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Pension Expense

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

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

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

The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2019 and 2018, respectively, calculated using the discount rate of 5.60% and 5.66%, respectively, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

		2018	
	1% Decrease	Current Discount Rate	1% Increase
	(4.66%)	(5.66%)	(6.66%)
Charter School’s proportionate share of the net pension liability	\$186,409	\$225,404	\$265,210
		2019	
	1% Decrease	Current Discount Rate	1% Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School’s proportionate share of the net pension liability	\$234,603	\$285,753	\$334,331

Pension Plan Fiduciary Net Position

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

6 POST RETIREMENT BENEFITS

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

General Information about the OPEB Plan

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

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6 POST RETIREMENT BENEFITS (continued)

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

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

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

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

Total OPEB Liability

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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6 POST RETIREMENT BENEFITS (continued)

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

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

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

(a) Health Care Trend Assumptions

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

(b) Discount rate

The discount rate for June 30, 2019 was 3.5%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

6 POST RETIREMENT BENEFITS (continued)

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

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

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

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

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

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

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

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

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

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

7 COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”.

A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School’s personnel policy. The Charter School’s policy permits employees to accumulate unused sick and personal days and carry forward up to 5 days to the subsequent year. Remaining days will be paid out at a rate of \$100/day.

Upon termination or upon retirement, employees are paid out \$100 per day for accrued vacation or unused sick and personal days.

8 ECONOMIC DEPENDENCY

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

9 CONTINGENT LIABILITIES

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

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

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

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

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

10 RISK MANAGEMENT

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

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

11 RECEIVABLES

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

A summary of receivables are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$12,124</u>	<u>\$84,046</u>	<u>\$35,582</u>	<u>\$131,752</u>
Gross Receivables	<u>\$12,124</u>	<u>\$84,046</u>	<u>\$35,582</u>	<u>\$131,752</u>

12 CAPITAL ASSETS

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

	<u>Beginning Balance June 30, 2019</u>	<u>Net Additions (Deletions)</u>	<u>Ending Balance June 30, 2020</u>
Governmental Activities			
Capital assets, being depreciated:			
Equipment	\$13,605	---	\$13,605
Total capital assets being depreciated	<u>\$13,605</u>	<u>\$0</u>	<u>\$13,605</u>
Less accumulated depreciation for:			
Equipment	3,400	1,360	4,760
Total accumulated depreciation	<u>\$3,400</u>	<u>(\$1,360)</u>	<u>\$4,760</u>
Total capital assets net	<u><u>\$10,205</u></u>	<u><u>(\$1,360)</u></u>	<u><u>\$8,845</u></u>

Depreciation Expense of \$1,360 was charged to an unallocated function.

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

13. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The reconciliation is as follows:

Fund balance per B-1 as of June 30, 2020	\$1,217,368
Cost of capital assets net accumulated depreciation	8,845
Pension deferred outflows	296,548
Pension deferred inflows	(104,957)
Deferred pension liability as of June 30, 2020	(285,753)
Net position (per A-1) as of June 30, 2020	<u>\$1,132,051</u>

14. RENT EXPENSE, FUTURE MINIMUM RENTAL COMMITMENTS AND RELATED PARTY

The school had entered into two different lease agreements for its premises during the fiscal year ending June 30, 2020 with the Cresthaven Academy Foundation.

The total rent expense for year ending June 30, 2020 was \$342,719. Future minimum lease payments due are as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	<u>\$450,000</u>
	<u>\$450,000</u>

15. SUBSEQUENT EVENTS

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	\$ 595,966	\$ 23,813	\$ 619,779	\$ 619,779	\$ -
State Share	2,717,531	18,050	2,735,581	2,735,581	-
Miscellaneous	-	36,305	\$ 36,305	36,305	-
Total - Local Sources	<u>3,313,497</u>	<u>78,168</u>	<u>3,391,665</u>	<u>3,391,665</u>	<u>-</u>
Special Education	163,297	(32,601)	130,696	130,696	-
Security Aid	144,452	10,409	154,861	154,861	-
Adjustmentl Aid	158,100	-	158,100	158,100	-
TPAF LTD (On-Behalf - Non-Budgeted)				802	(802)
TPAF Medical (On-Behalf - Non-Budgeted)				100,030	(100,030)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	269,636	(269,636)
TPAF Social Security (Reimbursed - Non-Budgeted)				124,930	(124,930)
Total State Sources	<u>465,849</u>	<u>(22,192)</u>	<u>443,657</u>	<u>939,055</u>	<u>(495,398)</u>
Federal Sources:					
Total - Federal Sources					
Total Revenues	<u>3,779,346</u>	<u>55,976</u>	<u>3,835,322</u>	<u>4,330,720</u>	<u>(495,398)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	1,693,888	(60,829)	1,633,059	1,522,221	\$ 110,838
Other Salaries	-	-	-	-	-
Prof/Tech Services	14,316	(6,000)	8,316	3,994	4,322
Other Purchased Services (400-500 series)	25,590	-	25,590	21,849	3,741
General Supplies	120,250	144,216	264,466	220,480	43,986
Textbooks	-	-	-	-	-
Other Objects	28,500	-	28,500	806	27,694
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>1,882,544</u>	<u>77,387</u>	<u>1,959,931</u>	<u>1,769,350</u>	<u>190,581</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	358,180	1,500	359,680	340,941	18,739
Salaries of Secretarial and Clerical Assistants	123,320	15,000	138,320	138,287	33
Cost of Benefits	446,406	(15,000)	431,406	308,234	123,172
Consultants	44,000	8,000	52,000	40,646	11,354
Other Purchased Services (400-500 series)	74,350	(12,000)	62,350	39,477	22,873
Communications/Telephone	10,234	-	10,234	6,601	3,633
Supplies and Materials	12,750	-	12,750	7,163	5,587
Other Objects	25,975	(11,500)	14,475	7,626	6,849
	<u>1,095,215</u>	<u>(14,000)</u>	<u>1,081,215</u>	<u>888,975</u>	<u>192,240</u>
Support Services - School Admin/Operation Plant Services					
Salaries	307,288	(10,500)	296,788	202,122	94,666
Purchased Professional and Technical Services	3,000	-	3,000	3,000	-
Other Purchased Services	45,070	12,050	57,120	37,606	19,514
Rental of Land and Building- other than Lease Purchase Agreements	342,719	-	342,719	342,719	-
Insurance	29,901	2,000	31,901	28,396	3,505
General Supplies	12,000	9,950	21,950	12,514	9,436
Transportation- Trips	-	-	-	-	-
Energy (Energy and Electricity)	31,200	-	31,200	21,027	10,173
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>771,178</u>	<u>13,500</u>	<u>784,678</u>	<u>647,384</u>	<u>137,294</u>
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF LTD Contributions (non-budgeted)				802	(802)
On-behalf TPAF Medical Contributions (non-budgeted)				100,030	(100,030)
On-behalf TPAF Pension Contributions (non-budgeted)				269,636	(269,636)
Reimbursed TPAF Social Security Contributions (non-budgeted)				124,930	(124,930)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,398</u>	<u>(495,398)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>1,866,393</u>	<u>(500)</u>	<u>1,865,893</u>	<u>2,031,757</u>	<u>(165,864)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>3,748,937</u>	<u>76,887</u>	<u>3,825,824</u>	<u>3,801,107</u>	<u>24,717</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Non-Instructional Equipment	-		-		-
Instructional Equipment	10,000	500	10,500	10,029	471
Interest Expense- - Current Loans	-		-	-	-
Interest Expense- Mortgages	-		-	-	-
Building Improvements	-		-	-	-
Lease paymernts	-		-	-	-
Total Equipment	<u>10,000</u>	<u>500</u>	<u>10,500</u>	<u>10,029</u>	<u>471</u>
TOTAL EXPENDITURES- GENERAL FUND	3,758,937	77,387	3,836,324	3,811,136	25,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	519,584	(520,586)
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	519,584	(520,586)
Fund Balance, July 1, 2019	-	-	697,784	697,784	
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,784</u>	<u>\$ 1,217,368</u>	<u>\$ (520,586)</u>

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

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources					
State Sources	-			-	
Federal Sources	179,452		179,452	179,452	
Total Revenues	<u>179,452</u>		<u>179,452</u>	<u>179,452</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	5,640		5,640	5,640	
Other Salaries for Instruction	-		-	-	
Purchased Professional -Educational Services	13,417		13,417	13,417	
Purchased Professional and Technical Services	-		-	-	
Food Service Subsidy	-		-	-	
Other Purchased Services (400-500 series)	45,137		45,137	45,137	
Textbooks	-		-	-	
General Supplies	86,361		86,361	86,361	
Personal Services- Employee Benefits	782		782	782	
Instructional services	-		-	-	
Equipment- instructional	-		-	-	
Equipment- Non-instructional	4,828		4,828	4,828	
Total Instruction	<u>156,165</u>	<u>-</u>	<u>156,165</u>	<u>156,165</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors	-		-	-	
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	16,700		16,700	16,700	
Supplies	6,587		6,587	6,587	
Field Trips					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	-		-	-	
Building Improvements					
Total Support Services	<u>23,287</u>		<u>23,287</u>	<u>23,287</u>	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	179,452		179,452	179,452	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

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

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

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

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Charter School Proportion of the net pension liability (asset)	\$285,753	\$225,404	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)	.001586	.001145%	N/A	N/A
Charter School Covered employee payroll	\$167,749	\$125,812	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.7%	55.8%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	170.3%	179.1%	N/A	N/A

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

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEAR ENDED JUNE 30*
(UNAUDITED)**

Public Employees' Retirement System (PERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$15,426	\$11,608	N/A	N/A
Contributions in relation to the contractually required contribution	(\$15,426)	(\$11,608)	N/A	N/A
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	N/A	N/A
Charter School Covered employee payroll	\$167,749	\$125,912	N/A	N/A
Contributions as a percentage of covered employee payroll	9.1%	9.2%	N/A	N/A

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

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	<u>\$4,379,669</u>	N/A	N/A	N/A
Total	<u>\$4,379,699</u>	N/A	N/A	N/A
Charter School Covered employee payroll	\$1,391,692	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	26.95%	N/A	N/A	N/A

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

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

Public Employees' Retirement System (PERS)

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

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>The State of New Jersey's Total OPEB Liability</u>			
Service Cost	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms			
Difference Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	(\$4,381,751,937)	(\$7,529,008,876)	(\$4,191,942,326)
Total OPEB Liability - Beginning	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's total OPEB liability**	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$884,529	\$417,193	\$0
The Charter School's proportionate share of the total OPEB liability	0	0	0
Charter School's covered employee payroll	\$1,559,441	\$1,143,170	\$0
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None
State's covered employee payroll	\$13,929,081,045	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	300.00%	338.00%	397.53%

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

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

SPECIAL REVENUE FUND

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

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

	TOTAL	TITLE IA	TITLE IA Reallocated	TITLE IIA	TITLE IIIA	TITLE IV	IDEA BASIC	CARES ACT
REVENUES								
Intergovernmental								
State								
Federal	179,452	82,181	4,501	7,302	2,993	10,000	49,752	22,723
Other Sources								
Miscellaneous								
Total Revenues	<u>179,452</u>	<u>82,181</u>	<u>4,501</u>	<u>7,302</u>	<u>2,993</u>	<u>10,000</u>	<u>49,752</u>	<u>22,723</u>
EXPENDITURES								
Instruction								
Salaries	5,640	5,640					0	0
Salaries -Other Instruction								
Other Purchased Services	45,137			0			45,137	
Purchased Prof. and Tech.and Edu Services	13,417		1,500	7,302			4,615	
General Supplies	86,361	54,231	3,001		2,993	10,000	0	16,136
Recruitment								
Personal Services - Employee Benefits	782	782						
Textbooks								
Instructional Services								
Equipment - Instructional	0					0	0	0
Total Instruction	<u>151,337</u>	<u>60,653</u>	<u>4,501</u>	<u>7,302</u>	<u>2,993</u>	<u>10,000</u>	<u>49,752</u>	<u>16,136</u>
Support Services								
Salaries of Supervisors of Instruction	0							
Salaries of Program Directors								
Salaries of Other Prof. Staff	0							
Salaries of Secretarial and Clerical Ass't								
Personal Services - Employee Benefits								
Supplies and Materials	6,587							6,587
Other Purchased Services	16,700	16,700						
Purchased Professional/Educational Services	0							
Class- room Improvements								
Building Improvements								
Non instructional Equipment	4,828	4,828						
Total Support Services	<u>28,115</u>	<u>21,528</u>			<u>0</u>	<u>0</u>	<u>0</u>	<u>6,587</u>
TOTAL EXPENDITURES	<u><u>179,452</u></u>	<u><u>82,181</u></u>	<u><u>4,501</u></u>	<u><u>7,302</u></u>	<u><u>2,993</u></u>	<u><u>10,000</u></u>	<u><u>49,752</u></u>	<u><u>22,723</u></u>

PROPRIETARY FUNDS

ENTERPRISE FUND

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

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

Exhibit G-1

CRESTHAVEN ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Net Position
As of June 30, 2020

ASSETS

	<u>Business-Type Activities</u>	
	<u>Enterprise Fund</u>	<u>Food Services</u>
Cash and Cash Equivalents	\$	34,629
Accounts Receivable - State		476
Accounts Receivable - Federal		35,106
Accounts Receivable - Other		-
Total Current Assets	\$	<u>70,211</u>

LIABILITIES

Accounts Payable	\$	-
Net Position - Unrestricted		<u>70,211</u>
Total Liabilities and Net Position	\$	<u>70,211</u>

Exhibit G-2

CRESTHAVEN ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For The Fiscal Year Ended June 30, 2020

	Business-Type Activities
	Enterprise Fund
	Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$0
Special Functions	18,846
Total Operating Revenues	18,846
OPERATING EXPENSES	
Cost of sales	(284,147)
Total Operating Expenses	(284,147)
Income (Loss) From Operations	(265,301)
Nonoperating Revenues	
State Sources	
State Sources	2,818
Federal Sources	
School Breakfast Program	103,380
National School Lunch Program	167,936
Federal Snack	14,723
Total Nonoperating Revenues	288,857
Change in Net Position - Increase	23,556
Total Net Position - Beginning of Year - July 1, 2019	46,655
Total Net Position - End of Year - June 30, 2020	\$70,211

CRESTHAVEN ACADEMY CHARTER SCHOOL
Statements of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities
	Enterprise Fund
	Food Services
Cash flows from operating activities	
Cash Received from Customers	\$18,885
Cash Payments to Suppliers for Goods and Services	(284,147)
Net Cash (Used) by Operating Activities	(265,262)
 Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	293,057
Net Cash Provided by Noncapital Financing Activities	293,057
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	-
Net Increase in Cash and Cash Equivalents	27,795
Cash and Cash Equivalents, Beginning of Year	6,834
Cash and Cash Equivalents, End of Year	\$34,629
 Reconciliation of Operating Profit to Net Cash	
Used by Operating Activities	
Operating Profit	\$23,556
Adjustments to Reconcile Operating Profit to	
Net Cash Used by Operating Activities	
Decrease in Accounts Receivable	4,239
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	0
Total Adjustment	4,239
 Net Cash Provided by Operating Activities	\$27,795

FIDUCIARY FUNDS

CRESTHAVEN ACADEMY CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2020

	<u>Fund</u> <u>Payroll</u>	<u>Summer</u> <u>Pay</u>	<u>Agency</u> <u>Fund</u> <u>Payroll</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$0	\$110,456	\$0	\$110,456
Total Assets	<u>\$0</u>	<u>\$110,456</u>	<u>\$0</u>	<u>\$110,456</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll deductions and withholdings	0	110,456	0	110,456
Total Liabilities	<u>0</u>	<u>110,456</u>	<u>0</u>	<u>110,456</u>
Net Position				
Total Liabilities and Net Position	<u>\$0</u>	<u>\$110,456</u>	<u>\$0</u>	<u>\$110,456</u>

Exhibit H-2

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

NOT APPLICABLE

Exhibit H-3

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

NOT APPLICABLE

CRESTHAVEN ACADEMY CHARTER SCHOOL
Agency Funds
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Cash and Cash Equivalents		\$2,496,569	(\$2,496,569)	
Total Liabilities		2,496,569	(2,496,569)	
LIABILITIES				
Payroll Deductions and Withholdings		969,566	(969,566)	
Net Salaries		1,527,003	(1,527,003)	
Total Liabilities		\$2,496,569	(\$2,496,569)	

Exhibit H-5

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

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

J- 1 to J-5

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

Revenue Capacity

J-6 to J-9

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

Debt Capacity

J-10 to J-13

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

Demographic and Economic Information

J-14 and J-15

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

Operating Information

J-16 to J-20

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

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

FINANCIAL TRENDS

**CRESTHAVEN ACADEMY CHARTER SCHOOL
NET POSITION BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Invested in capital assets - net	\$ 8,845	\$ 10,205	\$ 11,564	\$ 12,925
Unrestricted Fund Balance	<u>1,217,368</u>	<u>697,784</u>	<u>274,690</u>	<u>57,285</u>
Total governmental activities net position	<u>\$ 1,226,213</u>	<u>\$ 707,989</u>	<u>\$ 286,254</u>	<u>\$ 70,210</u>
Business-type activities				
Invested in capital assets - net				
Unrestricted Fund Balance	<u>70,211</u>	<u>46,655</u>	<u>27,388</u>	<u>760</u>
Total business-type activities net position	<u>\$ 70,211</u>	<u>\$ 46,655</u>	<u>\$ 27,388</u>	<u>\$ 760</u>
School-wide				
Invested in capital assets - net	8,845	10,205	11,564	12,925
Unrestricted Fund Balance	<u>1,287,579</u>	<u>744,439</u>	<u>302,078</u>	<u>58,045</u>
Total school net position	<u>\$ 1,296,424</u>	<u>\$ 754,644</u>	<u>\$ 313,642</u>	<u>\$ 70,970</u>

Source: School Financial Statements

**CRESTHAVEN ACADEMY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses				
Governmental activities				
Instruction				
Regular	\$1,920,687	\$1,433,975	\$1,059,420	\$910,713
Support Services:				
General administration	917,090	737,137	612,316	448,377
School Administrative Services	647,384	639,068	402,839	199,718
On-behalf TPAF Social Security	495,398	312,904	78,732	56,544
Capital outlay	10,029	9,834	9,294	51,632
Unallocated depreciation	1,360	1,360	1,360	680
Total governmental activities expenses	<u>3,991,948</u>	<u>3,134,278</u>	<u>2,163,961</u>	<u>1,667,664</u>
Business-type activities:				
Food service	284,147	210,479	123,214	72,843
Total business-type activities expense	<u>284,147</u>	<u>210,479</u>	<u>123,214</u>	<u>72,843</u>
Total school expenses	<u>\$4,276,095</u>	<u>\$3,344,757</u>	<u>\$2,287,175</u>	<u>\$1,740,507</u>
Program Revenues				
Governmental activities:				
Operating grants and contributions	\$179,452	\$154,312	\$111,205	\$329,191
Capital grants and contributions				
Total governmental activities program revenues	<u>179,452</u>	<u>154,312</u>	<u>111,205</u>	<u>329,191</u>
Business-type activities:				
Charges for services				
Food service	307,703	229,746	149,842	73,603
Operating grants and contributions	0	0	0	0
Capital grants and contributions				
Total business type activities program revenues	<u>307,703</u>	<u>229,746</u>	<u>149,842</u>	<u>73,603</u>
Total school program revenues	<u>\$487,155</u>	<u>\$384,058</u>	<u>\$261,047</u>	<u>\$402,794</u>
Net (Expense)/Revenue				
Governmental activities	(\$3,812,496)	(\$2,979,966)	(\$2,052,756)	(\$1,338,473)
Business-type activities	\$23,556	\$19,269	\$26,628	\$760
Total school-wide net expense	<u>(\$3,788,940)</u>	<u>(\$2,960,697)</u>	<u>(\$2,026,128)</u>	<u>(\$1,337,713)</u>
Governmental activities:				
Local share				
State Share	619,779	2,371,226	356,436	154,565
State and Federal Aid aid	3,674,636	774,945	1,577,711	827,276
Miscellaneous income	36,305	255,629	334,654	413,237
Increase (Decrease) in Net Capital Outlay	0	0	0	13,605
Transfers				
Total governmental activities	<u>\$4,330,720</u>	<u>\$3,401,800</u>	<u>\$2,268,801</u>	<u>\$1,408,683</u>
Business-type activities:				
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u>\$4,330,720</u>	<u>\$3,401,800</u>	<u>\$2,268,801</u>	<u>\$1,408,683</u>
Change in Net Position				
Governmental activities	\$518,224	\$421,834	\$216,045	\$70,210
Business-type activities	23,556	19,269	26,628	760
Total school	<u>\$541,780</u>	<u>\$441,103</u>	<u>\$242,673</u>	<u>\$70,970</u>

Source: School Financial Statements

**CRESTHAVEN ACADEMY CHARTER SCHOOL
 FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Unreserved Fund Balance	\$ 1,217,368	\$ 744,439	\$ 274,690	\$ 58,045
Total general fund	\$ 1,217,368	\$ 744,439	\$ 274,690	\$ 58,045
All Other Governmental Funds				
Unreserved				
Total all other governmental funds	_____	_____	_____	_____

Source: School Financial Statements

**CRESTHAVEN ACADEMY CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
MODIFIED ACCRUAL BASIS OF ACCOUNTING
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues				
Local share	\$619,779	\$2,371,126	\$356,436	\$154,565
Miscellaneous	55,151	277,867	334,654	413,237
State sources	3,677,454	777,053	1,577,711	827,276
Federal sources	465,491	359,712	111,205	329,191
Total revenue	<u>4,817,875</u>	<u>3,785,758</u>	<u>2,380,006</u>	<u>1,724,269</u>
Expenditures				
Instruction				
Regular Instruction	1,920,687	1,644,454	1,059,420	939,856
Support Services:				
General administration	917,090	737,137	612,316	419,234
School administrative services/Plant	931,531	639,068	402,839	199,718
TPAF / Social Security	495,398	312,904	78,732	56,544
Capital outlay	10,029	9,834	9,294	51,632
Total expenditures	<u>4,274,735</u>	<u>3,343,397</u>	<u>2,162,601</u>	<u>1,666,984</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>543,140</u>	<u>442,361</u>	<u>217,405</u>	<u>57,285</u>
Other Financing sources (uses)				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ 543,140</u>	<u>\$ 442,361</u>	<u>\$ 217,405</u>	<u>\$ 57,285</u>

Source: School Financial Statements

REVENUE CAPACITY

CRESTHAVEN ACADEMY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Year Ended June 30
(UNAUDITED)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Totals</u>
2017		\$413,237					\$413,237
2018		\$334,654					\$334,654
2019		\$255,629					\$255,629
2020		\$36,305					36,305

Source: School Financial Statements

Exhibit J-6

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

NOT APPLICABLE

Exhibit J-7

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

NOT APPLICABLE

Exhibit J-8

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

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

NOT APPLICABLE

Exhibit J-10

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

NOT APPLICABLE

Exhibit J-11

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

NOT APPLICABLE

Exhibit J-12

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

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2020**

NOT APPLICABLE

Exhibit J-16

CRESTHAVEN ACADEMY CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	12	10	7	4
Special education	14	9	5	2
Other special education				
Vocational				
Other instruction	2	1	4	2
Nonpublic school programs				
Adult/continuing education programs				
Support Services:				
Student & instruction related services	4	4	3	2
General administration	2	2	2	2
School administrative services	2	1	1	2
Other administrative services				
Central services				
Administrative Information Technology				
Plant operations and maintenance				
Pupil transportation				
Other support services				
Special Schools				
Food Service	2	2	1	
Child Care				
Total	<u>38</u>	<u>29</u>	<u>23</u>	<u>14</u>

Source: School Personnel Records

CRESTHAVEN ACADEMY CHARTER SCHOOL
Operating Statistics
For the Fiscal Year Ended June 30
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	(Initial Year)	
						Elementary				% Change in Average Daily Enrollment	Student Attendance Percentage
2017	75	1,739,827	23,198	N/A	8	8		75	72	N/A	95.84%
2018	150	2,285,815	15,239	-34.31%	16	16		150	145	100%	96.68%
2019	225	3,343,397	14,860	-2.49%	20	20		225	219	50%	97.26%
2020	300	4,274,735	14,249	-4.11%	28	28		300	290	33%	96.67%

Sources: School records

CRESTHAVEN ACADEMY CHARTER SCHOOL
School Building Information
For the Fiscal Year Ended June 30
(UNAUDITED)

<u>School Building</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Main Campus				
Square Feet	27,189	27,189	12,189	12,189
Capacity (students)	300	300	150	150
Enrollment	300	225	150	75
Number of Schools at June 30				
Elementary	1	1	1	1

Source: School Office

Exhibit J-19

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

NOT APPLICABLE

**CRESTHAVEN ACADEMY CHARTER SCHOOL
INSURANCE SCHEDULE
June 30, 2020**

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Property - Blanket Building and Contents	\$ 500,000,000.00	\$ 1,000.00
Accounts Receivable	\$ 250,000.00	\$ 1,000.00
Automobile Physical Damage	None	None
Electronic Data Processing Equipment	\$ 100,000.00	\$ 1,000.00
Comprehensive General Liability - NJSIG:		
Occurrence Limit	\$ 16,000,000.00	None
Automobile Liability	\$ 16,000,000.00	None
Employee Benefit Liability	\$ 16,000,000.00	\$ 1,000.00
Workers' Compensation - NJSIG:		
Statutory Benefits	Included	
Employer's Liability	\$ 2,000,000.00	
Supplemental Indemnity Coverage	Included	7 Day Waiting Period
School Leaders Errors & Omissions - NJSIG:		
Limit Each Loss	\$ 16,000,000.00	\$ 5,000.00
Crime - NJSIG:		
Blanket Employee Dishonesty	\$ 250,000.00	\$ 1,000.00
Computer Fraud	\$ 250,000.00	\$ 1,000.00
Forgery	\$ 250,000.00	\$ 1,000.00
Theft/Disappearance/Destruction:		
Inside	\$ 100,000.00	\$ 500.00
Outside	\$ 100,000.00	\$ 500.00
Public Official Bonds - NJISG:		
Treasurer	\$ 150,000.00	\$ 1,000.00
Board Secretary	\$ 150,000.00	\$ 1,000.00

Source: Cresthaven Academy Charter School District Financial Reports.

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**CRESTHAVEN ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

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

	2020	2019	2018	2017
Cash and Cash Equivalents	1,202,890	654,190	303,239	33,100
Current Assets	1,273,276	760,598	383,127	212,678
Capital Assets-Net	8,845	10,205	11,564	12,925
Total Assets	1,282,121	770,803	394,691	225,603
Current Liabilities	47,063	16,159	81,049	154,633
Long Term Liabilities	0	0	0	0
Total Liabilities	47,063	16,159	81,049	154,633
Net Position	1,235,058	754,644	313,642	70,970
Total Revenue	4,817,875	3,785,758	2,529,848	1,797,872
Total Expenses	4,274,735	3,343,397	2,285,815	1,739,827
Change in Net Position	543,140	442,361	244,033	58,045
Depreciation	1360	1360	1360	680
Principal Payments	0	0	0	0
Interest payments	0	0	0	0
Final average daily enrollment	298	225	150	75
March 30th budgeted Enrollment	298	225	150	75
Near term indicators	2020	2019	2018	2017
CURRENT RATIO				
Unrestricted days cash	103	71	48	7
Enrollment variance	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A

**CRESTHAVEN ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30
(UNAUDITED)**

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

	2020	2019	2018	2017
Cash and Cash Equivalents	1,202,890	654,190	303,239	33,100
Current Assets	13,334,642	760,598	383,127	212,678
Capital Assets-Net	8,845	10,205	11,564	12,925
Total Assets	13,343,487	770,803	394,691	225,603
Current Liabilities	47,063	16,159	81,049	154,633
Long Term Liabilities	0	0	0	0
Total Liabilities	47,063	16,159	81,049	154,633
Net Position	13,296,424	754,644	313,642	70,970
Total Revenue	4,817,875	3,785,758	2,529,848	1,797,872
Total Expenses	4,274,735	3,343,397	2,285,815	1,739,827
Change in Net Position	543,140	442,361	244,033	58,045
Depreciation	1360	1360	1360	680
Principal Payments	0	0	0	0
Interest payments	0	0	0	0
Final average daily enrollment	298	225	150	75
March 30th budgeted Enrollment	298	225	150	75
Sustainability Indicators	2020	2019	2018	2017
Total Margin	11.2	11.68	9.6	3.2
Debt to Asset	N/A	N/A	N//A	N//A
Cash Flow	548,700	350,951	270,139	33,160
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

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EXHIBIT K-1

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

The Honorable Chairman and
Members of the Board of Trustees
Cresthaven Academy Charter School
County of Union
Plainfield, New Jersey

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresthaven Academy Charter School ("the Charter School"), in the County of Union, State of New Jersey, as of and for the fiscal year ending June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated December 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo, CPA
December 22, 2020

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EXHIBIT K-2

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

The Honorable Chairman and
Members of the Board of Trustees
Cresthaven Academy Charter School
County of Union
Plainfield, New Jersey

Compliance

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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

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

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

Licensed Public School Accountant No. 20CS00206400

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

Gerald D. Longo, CPA
December 22, 2020

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

Federal/Grantor Program Title	FEDERAL CFDA Number	Federal Award Identification Number	Grant Period	Award Amount	Balance July 1, 2019	Prior Carry over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Deferred Revenue/ (Accounts Receivable) June 30, 2020	Due to Grantor at June 30, 2020
Enterprise Fund:												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Agriculture												
National School Lunch	10.555	19NJ304N1099	07/01/19-06/30/20	167,936	(\$21,379)		\$167,965	\$167,936			(\$21,350)	
National School Breakfast	10.553	19NJ304N1099	07/01/19-06/30/20	103,380	(13,271)		103,231	103,380			(13,420)	
National School Snack	10.558	19NJ304N1099	07/01/19-06/30/20	14,723	(\$4,743)		\$19,466	\$14,723			\$0	
Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs					<u>(\$39,393)</u>		<u>\$290,662</u>	<u>\$286,039</u>			<u>(\$34,770)</u>	
Special Revenue Fund:												
U.S. Department of Education												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Education												
Title I PART A	84.010A	S010A190030	07/01/19-06/30/20	82,181	(\$25,297)		\$65,677	\$82,181			(\$41,801)	
Title I Reallocated	84.010A	S010A190030	07/01/19-06/30/20	4,501	(\$7,200)		\$10,838	\$4,501			(\$863)	
Title II PART A	84.367A	S367A190029	07/01/19-06/30/20	7,502	(798)		3,540	7,302			(4,560)	
Title III PART A	84.365A	S365A190030	07/01/19-06/30/20	2,993	(6,997)		6,360	2,993			(3,630)	
Title IV PART A	84.424A	S424A190031	07/01/19-06/30/20	10,000	0		10,000	10,000			0	
Cares Act	84.425D	S425D200027	07/01/19-06/30/20	75,454	0		0	22,723			(22,723)	
IDEA PART B (BASIC)	84.027A	H027A190100	07/01/19-06/30/20	49,752	0		39,283	49,752			(10,469)	
Total Special Revenue/Total US Dept. of Education Pass Through Programs					<u>(\$40,292)</u>		<u>\$135,698</u>	<u>\$179,452</u>			<u>(\$84,046)</u>	
Total Federal Awards							<u>\$426,360</u>	<u>\$465,491</u>			<u>(\$118,816)</u>	

See accompanying notes to schedules of expenditures of Federal and State awards.

**EXHIBIT - K-4
Schedule B**

**CRESTHAVEN ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2020**

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2019</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjust.</u>	<u>Receivable at June 30, 2020</u>
NJ DEPARTMENT OF EDUCATION									
GENERAL FUND									
TPAF Social Security	20-495-034-5095-003	7/1/19-06/30/20	124,930		124,930	124,930			
Equalization Aid - Local	20-495-034-5120-078	7/1/19-06/30/20	619,779		619,779	619,779			
Equalization Aid - State	20-495-034-5120-078	7/1/19-06/30/20	2,735,581		2,735,581	2,735,581			
Adjustment Aid	20-495-034-5120-085	7/1/19-06/30/20	158,100		158,100	158,100			
Special Education Aid	20-495-034-5120-089	7/1/19-06/30/20	130,696		130,696	130,696			
Security Aid	20-495-034-5020-084	7/1/19-06/30/20	154,761		154,761	154,761			
TPAF LT Disability (On-Behalf - Non-Budgeted)	20-495-034-5094-002	7/1/19-06/30/20	802		802	802			
TPAF Medical (On-Behalf - Non-Budgeted)	20-495-034-5094-001	7/1/19-06/30/20	100,030		100,030	100,030			
TPAF Pension (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-06/30/20	269,636		269,636	269,636			
Total General Fund/Total State Department of Education				--	4,294,315	4,294,315			
ENTERPRISE FUND									
State School Lunch	20-100-010-3350-023	7/1/19-06/30/20	2,818	(389)	2,871	2,818			(\$336)
Total Enterprise				(389)	2,871	2,818			(336)
Total State Financial Assistance				--	4,297,186	4,297,133			(336)
On Behalf Medical and Pension									
TPAF LT Disability (On-Behalf - Non-Budgeted)	20-495-034-5094-002	7/1/19-06/30/20	802		(802)	(802)			
TPAF Medical (On-Behalf - Non-Budgeted)	20-495-034-5094-001	7/1/19-06/30/20	100,030		(100,030)	(100,030)			
TPAF Pension (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-06/30/20	269,636		(269,636)	(269,636)			
Total State Financial Assistance Subject to Single Audit				(389)	3,556,250	3,556,197			(336)

See accompanying notes to schedules of expenditures of Federal and State Awards

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -0-	\$4,294,315	\$4,294,315
Special Revenue Fund	179,452	0	179,452
Enterprise Fund	<u>286,039</u>	<u>2,818</u>	<u>288,857</u>
Total Awards and Financial Assistance	<u>\$465,491</u>	<u>\$4,297,133</u>	<u>\$4,762,624</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER INFORMATION

The TPAF Social Security Contributions of \$124,930 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 amount reported as TPAF Pension System Contributions in the amount of \$269,636 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$370,468 and long term disability contributions of \$802 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2020.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7. DE MINIMIS INDIRECT COST RATE

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

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

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

Federal Awards

N/A

Internal control over compliance:

 Material weakness(es) identified?

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

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

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

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------	--------------------------------------------------

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

Auditee qualified as low risk auditee:

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

State Awards	<u>YES</u>	<u>NO</u>	
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000		
Auditee qualified as low risk auditee:	X		
Type of auditor’s report issued:		Unmodified	
Internal control over major programs:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor’s report on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X	
Identification of major programs:			
<u>CDEA Number(s)</u>			<u>Name of State Program</u>
20-495-034-5120-078			Equalization School Aid
20-495-034-5120-085			Adjustment Aid
20-495-034-5120-084			Security Aid
20-495-034-5120-089			Special Education Aid

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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

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

**CRESTHAVEN ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

Status of Prior Year Findings

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

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